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MCB

R. No. 236  
Sub-Registrar-II  
Saddar Town, Karachi

**TRUST DEED**

(Settlement Rs 10,000)

**MCB CASH MANAGEMENT OPTIMIZER**

(OPEN-END MONEY MARKET SCHEME)

**EXECUTED BETWEEN****MCB ASSET MANAGEMENT COMPANY LIMITED****AND****CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**

Dated as of July 10, 2009

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## **TRUST DEED**

THIS TRUST DEED is made and entered into at Karachi, on this **July 10, 2009**:

### **1 Name and Category of the Scheme**

**MCB Cash Management Optimizer, an Open-end Money Market Scheme**

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

**I. MCB Asset Management Company Limited**, a non-banking finance company constituted pursuant to the provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (hereinafter referred to as the “**Rules**”), having its registered office at 8<sup>th</sup> Floor, Techno City Corporate Tower, Hasrat Mohani Road, Karachi (hereinafter called the “**Management Company**” which expression where the context so permits, shall include its successors in interest and assigns) of the one part; and

**AND**

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

### **WITNESSETH:**

- A. The Management Company has been incorporated and licensed as an Asset Management Company pursuant to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 for the purpose of undertaking asset management services (certificate attached hereto as Annexure “**A**”).
- B. The Management Company has been authorized by the SECP vide its letter bearing reference No. NBFC/MF-RS/MCBDIF/09 attached herewith as Annexure “**B**” to constitute the Trust under the name and title of “MCB Cash Management Optimizer” (hereinafter referred to as “the Scheme”, or “the Trust” or “the Unit Trust” or “the Fund”) and to register this Trust Deed, pending registration of the Fund as a Notified Entity under Section 282CA of the Companies Ordinance, 1984 (“the Ordinance”) for the establishment and operation of the Scheme in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (hereinafter referred to as “the Regulations”) and this Trust Deed;
- C. The Management Company has nominated and appointed the Trustee as trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions herein contained and the Tariff structure for Trusteeship as per Annexure “**C**” attached herewith;
- D. The SECP has also approved the appointment of the Trustee; vide its said letter bearing reference No. NBFC/MF-RS/MCBDIF/09 attached herewith as Annexure “**D**”;
- E. The Trustee is hereby nominated, constituted and appointed as the trustee of the Unit Trust herein created and the Trustee hereby accepts such appointment on the terms and conditions contained in this Trust Deed. The Management



Company and the Trustee declare that:

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

### **3 Governing Law and Jurisdiction**

- 3.1 This Trust Deed shall be subject to and governed by the laws of Pakistan, including the Ordinance, the Rules, the Regulations and all applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules and the Regulations are incorporated in this Trust Deed as a part and parcel thereof and in the event of any conflict between this Trust Deed and the provisions required to be contained in a trust deed by the Rules and/or the Regulations, the latter shall supersede and prevail over the provisions contained in this Trust Deed unless specific waivers have been obtained from the Commission. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investment made in the Fund from outside Pakistan in foreign currency.
- 3.2 The Investments made in offshore countries and the Bank Accounts and custodial services accounts that may be opened by the Trustee for the Fund in any offshore countries on the instructions of the Management Company may become subject to the laws of such countries.
- 3.3 The Fund shall also be subject to the Regulations framed by the State Bank of Pakistan and the Commission with regard to the foreign investments by the Fund or in the Fund.
- 3.4 Subject to the Arbitration Clause 34 hereafter, applicable between the Management Company and the Trustee inter se, each party, including the Unit Holder(s) irrevocably submit to the exclusive jurisdiction of the Courts at Karachi.

### **4 For the Unit Trust (Effect of this Deed, status of Unit Holder(s) etc.)**

#### **4.1. Deed binding on each Party**

The terms and conditions of this Trust Deed and any trust deed supplemental hereto shall be binding on the Management Company and Trustee and on each Unit Holder(s) as if he had been party to it and shall be bound by Deed's provisions and shall be deemed to have authorized and required the Trustee and the Management Company to do as required of them by the terms of this Trust Deed, the Rules and the Regulations.

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

No Unit Holder(s) shall be liable to make any further payments to the Trustee or the Management Company after he has paid the Offer Price of the Units in accordance with Clause 10.3 hereafter and no further liability shall be imposed on any Unit Holder(s) in respect of the Units held by her/him.

**4.3. Units to rank *pari passu***

4.3.1 The Trustee shall hold and stand possessed of the Trust Property on Trust for the benefit of the Unit Holders. All Units and fractions thereof represent an undivided share in the Scheme and shall rank *pari passu* according to the number of Units held by each Unit Holder, including as to the rights of the Unit Holder(s) in the Net Assets, earnings and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in the Trust proportionate to the Units held by such Unit Holder and shall have such rights as are set out in this Trust Deed and the Offering Document.

4.3.2 Core Units subscribed by the Core Investors shall however be offered and issued at par. The Core Units may be of more than one type, including a restricted class which shall not be redeemable (but are transferable) for a period of two years from the close of Initial Period. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Registrar of a written acceptance of this condition by the transferee. The Trust shall have minimum investment in compliance with the requirement of Regulation 44(3)(e)(ii) of the Regulations which shall be one hundred million rupees, out of which at least rupees fifty million shall be invested by the Management Company or by Core Investors for a minimum period of two years.

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

4.4.1 The Trustee shall report on all matters provided in the Regulations, including all matters in which it is required to issue a report under the Constitutive Documents and the Rules and the Regulations to the Unit Holders, including a report to be included in the annual report and second quarterly report as to whether in its opinion, the Management Company has, in all material respect, managed the Trust Property 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.

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

**5 Role of the Management Company**

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

## **5.2 Primary Functions of the Management Company:**

### **5.2.1 Fund Management**

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

### **5.2.2 Fund Manager and Investment Committee**

The Management Company shall appoint a qualified fund manager and constitute an investment committee in accordance with the provisions of the Regulations to assist the Management Company in investing and managing the assets of the Fund. All investment and disinvestment decisions shall be made through the investment committee within the framework of the Rules, the Regulations and this Deed.

### **5.2.3 Investor Services**

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

### **5.2.4 Investor Records**

The Management Company has the responsibility to maintain investors' records and for this purpose it may appoint a Registrar, who is responsible for performing Registrar Functions, i.e. maintaining investors' (Unit Holders') records and providing related services.

### **5.2.5 Registrar Services**

The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities. The Management Company shall not remove the records or Documents pertaining to the Scheme from Pakistan to a place outside Pakistan without the prior written permission of the SECP and the Trustee. The Management Company shall perform the function of Registrar; however, at its discretion the Management Company may outsource the Registrar Function to a third party.

### **5.2.6 Distribution**

The Management Company shall (at its own expense), from time to time, appoint, remove or replace one or more suitable persons, entities or parties as Distributor(s) under intimation to Trustee for carrying on Distribution Function(s) at one or more location(s) on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distributor and the Management Company. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions. The Distributor(s) shall act as the interface between the investors, the Management Company, the Registrar and the Trustee and perform all other Distribution Function(s), as defined in Clause 37.22 hereafter.

### **5.2.7 Investment Facilitators**

The Management Company may, at its own responsibility and expense, from time to time appoint Investment Facilitators (through Direct Marketing, Co-Branding or any other marketing means) to assist it in promoting sales of Units.

### **5.2.8 Record Keeping**

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

5.2.8.2 The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Scheme, all transactions for the account of the Scheme, the amounts received by the Scheme in respect of issues of Units, amounts paid out by the Scheme on redemption of Units and the distributions made by the Scheme by way of dividends, bonus Units, etc. The Management Company shall not remove the records or documents pertaining to the Scheme from its principal place to another place without the prior written permission of the SECP and the Trustee.

5.2.8.3 The Management Company shall maintain the books of accounts and other records of the Scheme for a period not less than 10 years.

## **5.3 Other Functions and Responsibilities of the Management Company:**

5.3.1 The Management Company shall manage the Scheme in the best interest of the Unit Holder(s), 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 the Regulations and subject to any special exemptions granted by SECP. Any purchase or sale of investments made under any of the provisions of this Trust Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of this Trust Deed or the Regulations. The Management Company shall not be liable for any loss caused to the Scheme or to the value of the Trust Property due to any elements or circumstances beyond its reasonable control.

5.3.2 The Management Company shall comply with the provisions of the Rules, the Regulations and this Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Management Company by any officer(s) or responsible official(s) of the Management Company or by any nominee or agent appointed by the Management Company and any act or matter so performed shall be deemed for all the purposes of this Trust Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Trust Property where such loss has been caused by its gross negligence or reckless or willful act and/or omission of its officers, officials or agents.



- 5.3.3 The Management Company may from time to time appoint, remove or replace the Transfer Agent/Registrar under intimation to the Trustee.
- 5.3.4 The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Scheme.
- 5.3.5 The Management Company shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Regulations and the Constitutive Documents, nor shall the Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee nor for anything except for its own gross negligence or willful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of the Constitutive Documents, the Management Company shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.
- 5.3.6 The Management Company shall prepare and transmit an annual report, together with a copy of the balance sheet, income statement, cash flow statement, statement of movement in unit holders' fund or net assets and the Auditor's report of the Scheme to the Trustee, the Commission and Stock Exchanges, on which the Units of the scheme are listed, and the Unit Holder(s) within four months of the closing of the Accounting Period and balance sheet and income and expenditure accounts shall comply with the requirements set out in the Regulations.
- 5.3.7 Within one month of the closing of the first and the third quarter and two months of the closing of the second quarter of each Accounting Period, or as prescribed in the Regulations, prepare and transmit (physically or through electronic means or on the web subject to SECP approval) to the Unit Holder(s) and the SECP, the Trustee, the Stock Exchanges, on which the Units of the Scheme are listed, balance sheet as at the end of that quarter, income statement, cash flow statement and a statement of movement in units holders' fund, whether audited or otherwise, in accordance with the Regulations. Where a quarterly report mentioned above, is placed on the Management Company's website or is transmitted electronically, printed copies thereof shall be provided to the Unit Holders as and when requested but only once without any charge..
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- 5.3.7.1 statement showing the securities owned at the beginning of the relevant period, securities purchased or sold during such period, and the securities held at the end of such period together with the value (at carrying and at market) and the percentage in relation to its own net assets and the issued capital of person whose securities are owned for that quarter, whether audited or otherwise
- 5.3.8 The Management Company shall maintain a Register of Unit Holder(s) of the Trust (either in physical or electronic form) through Registrar or itself and inform the Trustee and the SECP of the address where the Register is kept.
- 5.3.9 The Management Company shall with the consent of the Trustee, appoint at the establishment of the Trust and upon any vacancy an auditor, from the approved list of auditors circulated by the SECP from time to time, who shall be chartered accountant and independent of the auditor of the Management Company and the Trustee, as the case may be, and such auditor shall not be appointed for more than five consecutive years and the contents of the Auditor's report shall also be in accordance with the Schedule V of the Regulations.
- 5.3.10 The Management Company shall ensure, where it delegates the function of distribution, that;

(i) the distributors to whom it delegates, have acquired and are maintaining the associate membership of the Association(s) constituted in consultation with the Commission and are abiding by the code of conduct prescribed by the Association(s) and;

(ii) the written contract with the distributors clearly states the terms and conditions for avoidance of frauds and sales based upon misleading information;

5.3.11 The Management Company shall be obliged to obtain a rating of the Scheme, once the scheme becomes eligible for ratings as per the rating criteria of the rating agency. Such rating shall be updated once every accounting period and also published in the annual and quarterly reports of the Scheme.

5.3.12 The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/disinvestment transactions entered into by it on behalf of the Trust. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions unless they are not in conflict with trust deed and the Regulations. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction

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

5.3.14 The Management Company shall nominate one or more of its officers to act as attorney(s) for performing the functions of Management Company and for interacting with the Trustee.

5.3.15 Subject to Clause 5.3.16 hereafter, the Management Company may appoint investment advisors to assist in investing and managing the assets of the Fund or to invest and manage part or whole of the assets of the Fund both locally as well as in offshore countries at its own cost and discretion, provided that the Management Company will be responsible for all acts of such investment advisers.

5.3.16 The Management Company may in consultation with the Trustee further appoint advisors and professionals in offshore countries for making investments in offshore countries on account of the Fund and/or for issuing Units to the investors in the offshore countries 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 the cost for such an arrangement shall be paid by the Management Company.

5.3.17 The Management Company shall account to the Trustee for all: (i) moneys received from the applicants for issuance of Units; (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function even if it has the Distribution Function delegated.

5.3.18 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.

## **6 Change of the Management Company**

- 6.1 The removal of the Management Company and appointment of a new management company shall always require the prior approval of the SECP and intimation of the same to Trustee.
- 6.2 The SECP may either on its own or on the recommendation of the of the Trustee remove the Management Company by giving at least twenty-one days notice in writing to the Management Company if any of the following events has occurred:
- (a) The Management Company has willfully contravened the provisions of this Deed in 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 SECP;
  - (b) The Management Company goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation);
  - (c) A receiver is appointed over any of the assets of the Management Company.
  - (d) The Management Company has become ineligible to act as Management Company under the Rules and/or the Regulations.
- 6.3 If the SECP has cancelled the license of the Management Company under the provisions of the Rules, the Trustee shall appoint another asset management company as the management company for the Scheme with the approval of the SECP and according to the provisions of the Constitutive Documents, the Rules and the Regulations.
- 6.4 The Management Company may voluntarily retire at any time with the prior written consent of the SECP and after giving three (3) months notice to unit holders and Trustee.
- 6.5 Upon a new management company being appointed the Management Company will take immediate steps to hand over all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee.
- 6.6 Upon its appointment the new management company shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the management company hereunder as fully as though such new management company had originally been a party hereto.
- 6.7 Furthermore the Trustee may immediately upon the issuance notice of removal of Management Company appoint Auditors with the consent of SECP from amongst the panel of Auditors designated as “A” category by State Bank of Pakistan for the Audit of the Financial Institutions or as stated in the Rules.
- 6.8 The Auditors so appointed shall be other than the existing auditors of the Fund, the Management Company, and the Trustee.
- 6.9 The auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Trustee and SECP.

- 6.10 The report for the audit shall be submitted by the auditors to the Trustee not later than 30 Business Days from their appointment. A copy of the report shall also be provided to SECP, outgoing Management Company and the new management company.
- 6.11 The cost of audit mentioned in Clause 6.10 shall be shared equally by the outgoing Management Company, the new management company, and the Trust

## **7 Role of the Trustee**

- 7.1 The Trustee shall take into its custody or control and invest, hold and/or maintain the Trust Property from time to time at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Trust Deed, the Offering Document, the Rules, the Regulations and the conditions (if any) which may be imposed by the SECP from time to time. All registerable assets shall be registered in the name of or to the order of the Trustee;
- 7.2 The Trustee has the responsibility for being the nominal owner and for the safe custody of the assets of the Unit Trusts on behalf of the beneficial owners (the Unit Holder(s)), within the framework of the Rules, the Regulations, the Trust Deed establishing the Unit Trust and Offering Document issued for the Unit Trust.
- 7.3 The Trustee shall have all the obligations entrusted to it under the Rules, the Regulations, the Trusts Act 1882, this Trust Deed and the Offering Document.
- 7.4 The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company.
- 7.5 The Trustee may in consultation with the Management Company appoint and also remove and replace from time to time one or more bank(s) and/or other depository company, to act as the Custodian(s) for holding and protecting the Trust Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms, as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Custodian(s). Provided however, the Trustee may also itself provide custodial services for the Trust with the approval of the Management Company at competitive terms as part of its normal line of business.
- 7.6 The Trustee shall comply with the provisions of this Trust Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee with the consultation of the Management Company. Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where such loss has been caused by gross negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 7.7 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holder(s). The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of this Trust Deed the Rules and the Regulations. 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:



- i) a document signed or purporting to be signed on behalf of the Management Company by any person(s) whose signature the Trustee is for the time being authorised in writing by the Management Company to accept.
  - ii) any instruction received online through the software solution adopted by the Management Company in consultation with the Trustee for managing and keeping records of the funds managed by the Management Company and to the satisfaction of the Trustee.
  - iii) instructions given electronically to the Trustee based on distinctive users IDs and passwords allocated to authorized signatories of the Management Company through a computerized system for which both the parties i.e. the Management Company and the Trustee have agreed in writing. In case of any error or omission occurring in electronic system due to system malfunction or any instruction(s) based on such system contain any error or omission due to the above malfunction, the Trustee and the Management Company not knowing the fact will act in the best interest of the Fund and the unit holders and/or
  - iv) third party evidence where required such as broker contract, bills, etc in relation to (i) and (ii) the above.
- 7.8 The Trustee shall not be liable for any loss caused to the Fund or to the value of the Trust Property due to any elements or circumstances beyond its reasonable control.
- 7.9 The Trustee shall be liable for any loss caused due to its acts or omissions or that of its agents in relation to any custody of assets or investment forming part of the property of the Scheme;
- 7.10 The Trustee shall ensure that the Management Company has specified criteria in writing to provide for a diverse panel of brokers at the time of offering of a Scheme and shall also ensure that the Management Company has been diligent in appointing brokers to avoid undue concentration of business with any broker;
- 7.11 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Trust Property unless such instructions are in conflict with the provisions of this Trust Deed and/or the Offering Document or the Rules or the Regulations and/or any other applicable law.
- 7.12 The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Trust.
- 7.13 The Trustee shall issue a report to the Unit Holder(s) included in the annual and second quarterly reports of the Fund whether in its opinion, the Management Company has in all material respects managed the Trust Property in accordance with the provisions of the Regulations, the Offering Document 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.
- 7.14 The Trustee shall ensure that the sale, purchase, issue, and transfer of Units or certificates effected by the Scheme and repurchase, redemption and cancellation of Units effected by the Scheme are carried out in accordance with the provisions of the constitutive documents, the Rules and the Regulations;

- 7.15 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules and/or the Regulations. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- 7.16 The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Trust Property or safeguarding the interest of Unit Holder(s), institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses: Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Trust under this Trust Deed, the Regulations or the Rules. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Trust Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Trust Fund.
- 7.17 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust, save in the capacity of an intermediary.
- 7.18 Subject to the Rules and the Regulations, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
- 7.19 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules, the Regulations and this Trust Deed nor shall the Trustee be liable for any act or omission of the Management Company nor for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this 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.
- 7.20 The Trustee shall ensure that Units of the Scheme have been issued after realization of subscription money.
- 7.21 The Trustee shall ensure that the investment and borrowing limitations set out in the Regulations and Constitutive Documents and the conditions under which the scheme has been registered are complied with;
- 7.22 The Trustee shall ensure that the methodology and procedures adopted by the Management Company in calculating the value of Units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the Constitutive Documents, the Rules and the Regulations.

- 7.23 The Trustee shall immediately inform the Commission if any action of the Asset Management Company contravenes the Ordinance, the Rules, these Regulations, Constitutive Documents, guidelines, codes, circulars, directives or any other applicable laws;

#### **7A Change of Trustee**

- 7A.1 The Trustee shall be entitled to retire voluntarily at any time upon prior written notice of 21 days to the Management Company and after obtaining prior written approval of the SECP; subject to the condition that the retirement shall take effect at the same time as the new trustee is appointed with the approval of the Commission or from the date of assumption of assets of the scheme by the newly appointed trustee, whichever is later. Retirement shall take effect by a trust deed supplemental hereto under the seal of the Management Company in which it will appoint a new trustee under the provisions of the Rules and the Regulations in place of the retiring Trustee and also provide in such trust deed for the automatic vesting of all the assets of the Scheme in the name of the new trustee. Provided that the obligations of the Trustee shall continue and the Trustee shall also receive its remuneration until the new trustee is appointed. In case the Trustee decides to retire voluntarily, as above, it shall endeavor its best to suggest the name(s) of alternate company(s) or institution(s) qualified for being appointed as trustee to the Management Company and the SECP for appointment as the trustee, in the place of the Trustee and provide all possible support in the hand-over process.
- 7A.2 Where the Commission is of the opinion that trustee has been in violation of these Regulations or the trust deed or is found guilty of misconduct or failed to discharge its obligations under these Regulations, it may remove the trustee after giving the trustee an opportunity of being heard.
- 7A.3 The Management Company may apply to the SECP giving cogent reasons for change of the Trustee by simultaneously proposing the appointment of a new trustee. The SECP, if satisfied with the circumstances and results for the change applied for, may accord approval of removal of the Trustee and appointment of a new trustee. Provided such removal does not by itself constitute admission of such default or non-compliance on the part of the Trustee.
- 7A.4 In the circumstances where the SECP is of the opinion that the Trustee has been in violation of the Regulations or the provisions of this Deed or is found guilty of misconduct or has failed to discharge its obligations under the Rules, and/or the Regulations, the SECP may remove the Trustee after giving opportunity of being heard.
- 7A.5 Upon the appointment of a new trustee the Trustee shall immediately hand over all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Redemption Account to the new trustee and make payments to the new trustee of all sums due from the Trustee. All dues of the Trustee upto the appointment of new trustee shall be settled accordingly from the Fund.
- 7A.6 The new trustee shall exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.
- 7A.7 Furthermore the Management Company may immediately upon the issuance of notice of removal of Trustee under Clause 7A.4 above, appoint Auditors with the consent of SECP from amongst the panel of Auditors designated as “A” category by State Bank of Pakistan for the Audit of the Financial Institutions.

- 7A.8 The Auditors so appointed shall be other than the existing auditors of the Fund, the Management Company, and the Trustee.
- 7A.9 The auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Management Company or SECP.
- 7A.10 The report for the audit shall be submitted by the auditors to the Management Company not later than 30 Business Days from their appointment. A copy of the report shall also be provided to SECP, outgoing Trustee and the new Trustee.
- 7A.11 The cost of audit shall be shared equally by the outgoing trustee, the new trustee, and the Trust.

**7B Bank Accounts & Offshore Arrangements**

- 7B.1 The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **CDC-Trustee MCB Cash Management Optimizer** for the Unit Trust at designated Bank(s) at Karachi for collection, investment, redemption or any other use of the Trust's funds subject to the condition that the ratings of such bank(s) shall be same as those specified for the investment by the Scheme.
- 7B.2 The Trustee shall also open additional Bank Account(s) titled **CDC-Trustee MCB Cash Management Optimizer** at various branches of such other Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.
- 7B.3 The Trustee shall open additional Bank Account(s) titled **CDC – Trustee MCB Cash Management Optimizer** at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and/or transfer the funds to the relevant bank accounts of the Unit Holder for redemption purposes.
- 7B.4 The Trustee shall, if requested by the Management Company, open Bank Accounts titled **CDC – Trustee MCB Cash Management Optimizer** in offshore countries where the Investments are made on account of the Fund, if such Investments necessitate opening and operation of Bank Accounts by the Trustee. For this purpose, the Trustee shall be deemed to be authorized to sign and submit the prescribed account opening forms of such Banks, including custodial/sub-custodial services accounts and brokerage accounts with such Banks, custodians, sub-custodians, and brokers, as may be required to be appointed for offshore Investments of the Fund. The opening, operation and maintenance of such Bank Accounts, custodial/sub-custodial and brokerage services accounts in offshore countries shall always be subject to the approval of the State Bank of Pakistan and the exchange control regulations, as well as any directives of the State Bank of Pakistan and/or the Commission.

The Management Company shall exercise due caution and diligence in appointing and arranging of such bank, brokerage houses and custodian/sub-custodian in offshore countries. The Management Company and the Trustee shall not incur any personal liability for any consequences that may arise in the opening and operation of such Bank Accounts, brokerage accounts and/or custodial/sub-custodial services accounts. The Management Company and the Trustee shall be indemnified out of the Fund Property for any losses, costs and expenses that may be suffered, sustained or



incurred by the Management Company /Trustee and against all consequences arising from and out of (1) the execution by the Management Company /Trustee of the account opening forms/ documents with all particulars as may be required by such Bank(s), Financial Institution(s), custodian(s)/sub-custodian(s) and brokerage house(s), (2) the opening of such account(s) with the offshore Bank(s), Financial Institution(s), custodian(s)/sub-custodian(s) and brokerage house(s), (3) the Investments made in offshore countries on account of the Trust, (4) the appointment of Bank(s), Financial Institution(s), broker(s) and/or custodian(s)/sub-custodian(s) for the Funds' Investments, securities and other assets internationally and (5) all other related or incidental activities of the Management Company/Trustee in relation to the above. Provided that such indemnity shall not be available to the Management Company and/or the Trustee, if such loss, cost or expense is sustained or incurred due to willful or negligence on their respective part. For the purpose of making arrangements in offshore countries, the Management Company may in consultation with the Trustee retain the services of advisors and professionals to ensure legal and regulatory compliances on part of the Management Company and the Trustee, as provided in Clause 5.3.16 above.

- 7B.5 The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments. This account may also be used to facilitate redemptions and other Trust related (ancillary) transactions.
- 7B.6 The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust.
- 7B.7 All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- 7B.8 All interest, income, profit etc earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holder(s) and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 7B.9 The amounts received from the Core Investors (seed capital) and other investors during the Pre IPO (as per Clause 27 below) shall be deposited in a separate Bank Account and transferred to the main Bank Account of the Fund upon the close of the Initial Period. Any income, profit, interest etc earned on the investments by the Core Investors and Private Placement Investors up to the close of the Initial Period, after reducing any expenses including Trustee Fee calculated based on Annexure incurred in this regard, shall be re paid to the Core Investors and Pre IPO Investors and shall not form part of the Trust Property. Such payments shall be in the form of cash or equivalent additional units.
- 7B.10 Notwithstanding anything contained in this Trust Deed, the beneficial ownership of the balances in the Bank Accounts, except the Bank Account(s) mentioned in Clauses 7B.6 and 7B.9 above, shall vest in the Unit Holder(s).

## **8. Investment of the Trust Property and Investment Restrictions**

### **8.1 Objective of the Scheme and Investment Policy**

#### **Objective**

To provide unit-holders competitive returns from a low risk portfolio of short duration assets while maintaining high Liquidity.

**Investment Policy**

The scheme is purely a money market fund which shall make Investment in fixed income instruments with a maximum maturity of 180 days and weighted average maturity up to 90 days.

**Investment Avenues**

The Scheme can only invest in the following class of assets the details of which shall be specified in the Offering Document:

- Government Securities;
- Cash and near cash instruments which include cash in bank accounts (excluding TDRs);
- Treasury Bills;
- Money market placements & instruments;
- Deposits;
- Certificates of Deposits (COD);
- Certificates of Musharika (COM);
- Term Deposit Receipts (TDRs)
- Commercial Papers;
- Reverse REPOs against government securities\_or other debt securities stated as authorized investments in the Offering Document under an agreement\_;
- Short term deposits in foreign Currencies with Commercial banks after prior approval of the applicable regulatory authorities;

**8.2 Investment of the Trust Property**

- 8.2.1 During and prior to the commencement of the Initial Period the Trustee shall hold the Trust Property on deposit in a separate account(s) with a schedule bank(s) approved by the Board of Directors of the Management Company and having at least AA credit rating or the rating as amended by SECP from time to time. After the Initial Period all Trust Property, except in so far as such cash may in the opinion of the Management Company be required for transfer to the Distribution/Redemption Account, shall be invested by the Trustee from time to time in such Authorized Investment as may (subject always to the provisions of this Trust Deed, Offering Documents and the Regulations) be directed by the Management Company.
- 8.2.2 It is declared that the Scheme shall offer investment opportunities in accordance with the investment options as authorized by SECP from time to time and announced in the Offering Document.
- 8.2.3 Any Investment may at any time be realised at the discretion of the Management Company either in order to invest the proceeds of sale in other Authorized Investment or to provide cash required for the purpose of any provision of this Trust Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly one and partly another. Any investment which ceases to be an Authorized Investment shall be realised and the net proceeds of realisation shall be applied in accordance with this

Clause; provided that the Trust may postpone the realisation of such investment for such period as the Management Company and the Trustee may determine to be in the interest of the Holders.

- 8.2.4 The purchase or sale of any Investment in listed securities for the account of the Trust shall be made on the Stock Exchange, through a Broker(s) who must be a member of the Stock Exchange, unless the Management Company is satisfied that it is possible and permissible under the rules and regulations to make such purchase or sale more advantageously in some other manner. The Broker(s) will be appointed from time to time by the Management Company under intimation to Trustee after taking prior approval from the Board of Director. The Management Company shall specify a criteria for providing a divest panel of Brokers at the time of the offering of the Scheme and avoid undue concentration with a single Broker following the limitations specified in Clause 37(7)(h) of the Regulations. The Management Company shall not nominate, except as may be permissible under the Rules and/or the Regulations, directly or indirectly, as a Broker any of its directors, officers or employees or their family members (which term shall include their spouse, parents, children, brothers and sisters).

### **8.3 Investment and exposure restrictions**

- 8.3.1 The Trust Property shall be subject to such exposure limits investment restrictions, limitations and prohibitions as are provided under Regulations as follows or as amended by SECP through Regulations, Circulars, Notifications etc. from time to time\_(subject to any exemptions that may be specifically given to the Fund by the SECP):

- 8.3.1.1 The Scheme shall not invest in Unlisted Equity Securities unless an application for listing of such securities has been accepted by the stock exchange: Provided that the Scheme may make total investments in a pre-initial public offering (Pre-IPO) up to fifteen (15) percent of its net asset value, subject to the investment limits prescribed under the Regulations.

- 8.3.1.2 Exposure of a Collective Investment Scheme to any single entity shall not exceed an amount equal to ten (10) per cent of total net assets of the collective investment scheme, subject to following condition:

Exposure to any debt issue of a company shall not exceed ten percent of that issue.

- 8.3.1.3 Where the Exposure of a Scheme exceeds the limits specified above in 8.3.1.2 because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in net assets the excess Exposure shall be regularized within three months of the breach of limits unless the said period of three months is extended up to another three months by the Commission on an application by the Asset Management Company.

- 8.3.1.4 The Management Company shall not acquire twenty five percent or more of the voting rights or control of a company on behalf of the Scheme:

- 8.3.1.5 An Asset Management Company shall not invest more than twenty five per cent of total net assets of the Scheme in securities of any one sector as per classification of the stock exchange,

- 8.3.1.6 The Management Company, on behalf of the Scheme, shall not take Exposure of more than,-

- (a) thirty five per cent of net assets of Collective Investment Scheme in any single group; and

“Group” means persons having at least 30% common directors or 30% or more shareholding in any other company, as per publicly disclosed information;

- (b) ten per cent of net assets of the scheme in listed group companies of the asset management company and such Exposure shall only be made through the secondary market.

**8.3.1.7** Management Company on behalf of the Scheme shall not,

- (a) affect a short sale in a security whether listed or unlisted;
- (b) purchase any security in a forward contract;
- (c) purchase any security on margin;
- (d) apply any part of its assets to real estate, commodities or commodity contracts;
- (e) invest in securities of the Management Company;
- (f) issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission;
- (g) apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission;
- (h) invest in any security of a company, if, -
  - (i) any director or officer of the Asset Management Company owns more than five per cent of the total amount of securities issued by that company; or
  - (ii) the directors and officers of the Asset Management Company collectively own more than ten per cent of those securities;
- (i) 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 or other debt securities stated as authorized investments in the Offering Document under an agreement and spread transaction through ready buy and future sale or CFS or replacement thereof which are protected by the clearing company and stock exchanges shall not be attracted by clause (i) provided risk management parameters are disclosed in the offering document of the scheme; and

- (j) in any form borrow, except with the approval of trustee, for meeting redemption request and such borrowing shall not exceed fifteen per cent or such other limit as specified by the Commission of the total net asset value of an Open End Scheme at the time of borrowing and shall be repayable within a period of ninety days;
- (k) sell units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme;
- (l) without obtaining prior approval of the Commission merge Collective Investment Schemes or acquire or take over any other Collective Investment Scheme;
- (m) invest the subscription money until the closure of public offer of shares or certificates;
- (n) take Exposure in any other Collective Investment Scheme, except for overseas investment:

**8.3.2** No direct/ indirect exposure to equities, i.e. no exposure in equities, CFS, spread transactions, etc:

**8.3.3** Rating of any NBFC and Modaraba with which funds are placed shall not be lower than AAA (Triple A);

**8.3.4** Rating of any bank and DFI with which funds are placed should not be lower than AA (Double A);

**8.3.5** Time to maturity of any asset shall not exceed six months; and



**8.3.6** Weighted average time to maturity of the net assets shall not exceed 90 days.

**8.3.7.** No netting off transactions (adjustment of assets of the scheme against the investment of unit holders) are allowed within the scheme.

**8.3.8** The Management Company shall not undertake brokerage services on the Stock Exchanges or in the Money Market.

**8.3.9** The Management Company shall not rollover the investments, if the borrowing limits have already been exhausted by the Scheme or redemptions are pending for more than six (6) days.

## **9. Borrowing and borrowing restrictions**

9.1 Subject to requirements of Regulation 58(1)(k) the Management Company shall borrow for meeting redemption requests only.

9.2 The charges payable to the lender by the Trust against such borrowings on account of the Scheme as permissible under Clause 9.1 above shall not be higher than the normal prevailing bank charges or normal market rates.

9.3 The maximum borrowing for the account of the Trust shall not exceed fifteen (15) percent of the total Net Asset Value at the time of borrowing of the Scheme for a period of ninety (90) Days or such other limit as may be provided in the Regulations. If subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.

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

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

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

## **10 Valuation of Property and Pricing**

### **10.1 Valuation of Assets & Liabilities**

Net assets in relation to the Scheme shall be calculated in the following manner:

(a) a security listed on a stock exchange, local or foreign as the case may be, shall be valued at its last sale price on such exchange on the date on which it is valued or if such exchange is not open on such date, then at its last sale price on the next preceding date on which such exchange was open and if no sale is reported for such

date the security shall be valued at an amount neither higher than the closing asked price nor lower than the closing bid price;

**(b)** an Unlisted Debt Security and a debt security listed but not traded regularly on a stock exchange shall be valued in the manner specified by the Commission;

**(c)** an investment purchased and awaiting payment against delivery shall be included for valuation purposes;

**(d)** an investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;

**(e)** the value of any dividends, bonus shares or rights which may have been declared on securities in the portfolio but not received by the Collective Investment Scheme as of the close of business on the valuation date shall be included as assets of the Collective Investment Scheme if the security upon which such dividends, bonuses or rights were declared is included in the assets and is valued ex-dividend, ex-bonus or ex-rights as the case may be;

**(f)** mark-up accrued on any mark-up-bearing security in the portfolio shall be included as an asset of the Scheme if such accrued mark-up is not otherwise included in the valuation of the security;

**(g)** any other income accrued upto the date on which computation was made shall also be included in the assets;

**(h)** all liabilities, expenses and other charges due or accrued up to the date of computation which are chargeable under these Regulations and taxes shall be deducted from the value of the assets;

**(i)** the remuneration accrued up to the date of computation payable to the Asset Management Company for providing management and other services shall be included as an expense;

**(j)** a security not listed or quoted on a stock exchange, other than Government Securities or debt security, shall be valued at investment price or its break up value as per last audited accounts, whichever is lower;

**(k)** Government Securities not listed on a stock exchange and traded in the interbank market shall be valued at the average rate quoted on a widely used electronic quotation system and such average rate shall be based on the remaining tenor of the security; and

**(l)** any such method of valuation of assets and liabilities as may be specified or modified by the Commission from time to time;

**(m)** In respect of investments held in foreign currencies, the same will be translated in Pakistan Rupees using the closing buying spot rates declared by State Bank of Pakistan at each balance sheet date.

### **10.3 Determination of Offer Price**

10.3.1 During the Initial Period, the Units will be offered at an Offer Price determined by the Management Company and stated in the Offering Document. After the Initial Period, the Offer Price shall be calculated and announced by the Management Company on each Business Day in accordance with the Regulations.

- 10.3.2 The method of determining the value of assets and liabilities of the Trust Property and the NAV shall be in compliance with the Regulations.
- 10.3.3 The Offer Price shall be equal to the sum of:
- (a) the Net Asset Value as of the close of the preceding Business Day;
  - (b) any Front-end Load;
  - (c) such amount as the Management Company may consider being an appropriate provision for government taxes, Duties and Charges;
  - (d) the resultant amount to be calculated up to four decimal places.
- 10.3.4 The Management Company may announce different classes of Units with differing levels of Front-end and/or Back-end Load through the Offering Document
- 10.3.5 Units shall be issued based on the Offer (Sale) price that is fixed on the basis of the NAV so determined on the Business Day preceding the receipt of the duly completed investment application form along with the funds in favor of the trustee received at the registered office, authorized branches or distributors before the cut off time. The Management Company will make arrangements, from time to time, for receiving purchase request from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan. In general, the Offer Price applicable to purchase requests received from outside Pakistan will be the Offer Price applicable on the date the Trustee receives the payments from international investors provided it is a Subscription Day otherwise the Offer Price of the next Subscription Day will apply.
- 10.3.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 10.3.3(c) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (including such excess arises from any Duties and Charges levied with retrospective effect after the date of payment).
- 10.3.7 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 10.3.3(c) exceeds the relevant amount of Duties and Charges, the Registrar shall issue additional Units or fractions thereof to the Unit Holder(s) based on the price applicable to the Units issued against the relevant application.
- 10.3.8 The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and at the discretion of the Management Company may also be published in at least two daily newspapers, one in English and one in Urdu, widely circulated in Pakistan and be made available at its website ([www.mcbamc.com.pk](http://www.mcbamc.com.pk)).
- If the variation of the Net Asset Value at any time exceeds or falls short by five (5) percent of the Net Asset Value included in the current Offer Price calculated under sub-clause 10.3.3 above, the Management Company may suspend any issuance of Units and shall calculate forthwith a new Offer Price. The Management Company shall also inform the SECP and the Trustee of the suspension of issuance of Units along with announcement of the new Offer Price, and publish the same in newspaper in which the Unit's prices are normally published.
- 10.3.9 The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line, with the consent of the Trustee (which consent shall not be

unreasonably withheld or delayed), to the extent permitted by and in accordance with applicable law / subject to the approval of the SECP.

10.3.10 NAV of the Scheme will be announced on its Business Day at Company's as well as on MUFAP's website latest by 6:30 pm or any other time announced by SECP from time to time

#### **10.4 Payment to Distribution Company/ Investment Facilitator**

10.4.1 The Distribution Companies or any Investment Facilitators / Sales Agents employed by the Management Company will be entitled to a remuneration payable by the Management Company (out of its own resources) in terms to be agreed between the Management Company and the Distribution Company/ Advisor/ Facilitator/ Sales Agent.

10.4.2 Distribution Company and investment facilitator shall be paid by the Management Company. The payment due to the Distribution Company and investment facilitator shall be made as per the terms agreed with the Management Company.

10.4.3 In the event that Distribution Function is to be performed by more than one Distribution Company, the remuneration shall be paid on the basis of the Units sold by them or as per their contract terms during the relevant period.

10.4.4 Distributor/ Investment Facilitators or Advisors located outside Pakistan may if so authorized by Trustee and the Management Company will be entitled to a remuneration (from Management Company's own resources) in terms to be agreed between the Management Company and the Distributor located outside Pakistan, subject to the law for the time being in force.

#### **10.5 Determination of Redemption Price**

10.5.1 During the Initial Period, the Units shall not be redeemed.

10.5.2 After the Initial Period the Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day preceding the day on which application for redemption is received less:

- (a) Any Back-end load if the Management Company wishes to include; and
- (b) Such amount as the Management Company may consider an appropriate provision for government taxes, Duties and Charges;
- (c) Such amount to be rounded off to the nearest four decimal places.

10.5.3 The Management Company may announce different classes of Units with differing levels of Front-end and/or Back-end Load through the Offering Document, which may also vary according to other criteria after having consent of trustee and approval of SECP. Consequently, the Offer Price and Repurchase price may differ for Units issued for different investors.

10.5.4 The redemption form that is received during business hours (as specified by the Management Company in the offering document) on any Business Day at the registered office or Authorized Branches or Distributors before the cut off time shall be redeemed based at the Redemption Price that is fixed on the basis of the NAV



determined on the preceding Business Day. The Management Company will make arrangements, from time to time, for receiving redemption request from outside Pakistan and will disclose these arrangements through its website and its Distributors and agents outside Pakistan.

- 10.5.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 10.5.2(b) above is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (including such excess arises from any Duties and Charges levied with retrospective effect after the date of payment).
- 10.5.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 10.5.2(b) above exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Holders or otherwise deposit the same as part of the Trust Property.
- 10.5.7 The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Company and at the discretion of the Management Company may also be published in at least two daily newspaper widely circulated in Pakistan and make it available at its website.
- 10.5.8 The Management Company may announce different Units with differing levels of Front-end and/ or Back-end load.
- 10.5.9 The Management Company shall ensure all redemption request are paid based on ranking of the request in a queue.

## **11 Dealing, Suspension and Deferral of Dealing**

### **11.1 Redemption of Units**

- 11.1.1 The Trustee shall at any time during the life of the Trust on the instruction of the Management Company authorize redemption of Units out of the Trust Property through duly authorized Distributors and/or Investment Facilitators.
- 11.1.2 Application for redemption of Units shall be made by completing the prescribed application form, duly signed by the authorized signatory and having all necessary information required for the redemption of units, and submitting it at any office of the Management Company, authorized branch or office of an appointed Distribution Company or Investment Advisor/ Facilitator. Application for redemption shall be retained by the Distribution Company and a copy may be supplied to the Transfer Agent, if so required by the Management Company. The Management Company may make arrangements to accept redemption requests through electronic means subject to the satisfaction of Trustee such as online, ATMs or other means of electronic use. No person shall be entitled to redeem only part of the Unit comprised in a Certificate, however in case where a Certificate is not issued any number of Units may be redeemed by the Holder thereof. The application for redemption of Units shall be accompanied by the relevant Certificate, if issued, duly endorsed on the reverse. In case of applications for redemption by joint Holders, any Holder may sign the redemption form if he/ she is so authorised by all joint Holders.
- 11.1.3 The Trustee may at its option dispense with the production of any Certificate which is lost, stolen or destroyed, upon compliance by the Unit Holder(s) with such

requirements arising in the case of any application by him/ her for the replacement thereof.

- 11.1.4 The price at which Units shall be redeemed shall be the Redemption Price fixed by the Management Company subject to clause 11.5 above. The Redemption Price shall be announced by the Management Company at the end of each Business Day as specified by the Regulations.
- 11.1.5 The amount payable on redemption shall be paid to the Holder or in the case of joint Holders, the first named joint Holder by crossed cheque or direct transfer to her/his designated bank account or any other mode, after receipt of a properly documented request for redemption of the Units in terms of this Trust Deed, provided that redemption is not suspended in terms of this Trust Deed.
- 11.1.6 The receipt of the 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 Holders any one of them may give effectual receipt for any such moneys.
- 11.1.7 The Distribution Company shall verify the particulars given in the application for redemption of Units and documents submitted therewith.
- 11.1.8 Application for redemption will be received at the authorized offices or branches of the Distribution Company on all Subscription Days. Payments of Units so redeemed shall be made within six (6) Business Days of the date of receipt of such application; provided that in the event redemption requests on any day exceed ten (10) percent of the Units in issue, the Management Company may invoke a queue system as defined below in point 11.6.
- 11.1.9 In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Trust Property being run down to an unmanageable level or is of the view that the sell-off of assets is likely to result in a significant loss in the value for the Holders who are not redeeming, it may announce winding up of the Trust. In such an event, the queue system, if already invoked, shall cease to apply and all Holders shall be paid after selling the assets and determining the final Redemption Price. The interim distributions of the proceeds may be made if the Management Company finds it feasible.
- 11.1.10 The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line or through ATMs or other means of electronic use, with the consent of the Trustee (which consent shall not be unreasonably withheld or delayed), to the extent permitted by and in accordance with applicable law.
- 11.1.11 The Asset Management Company shall ensure that no entry and exit to the scheme (including redemption and re-issuance of units to the same unit holders on different NAVs) shall be allowed other than cash settled transactions based on the formal issuance and redemption request.

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

Under the circumstances mentioned in the Offering Document, the Management Company may request the Trustee to approve a temporary change in the method of dealing in Units. Such approval shall not be unreasonably withheld. The Management Company may, at any stage, suspend the dealing of Units and for such periods it may so decide subject to the Rules.

### **11.3 Suspension of redemption of Units**

- 11.3.1 The Redemption as well as fresh issuance of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchanges on which any of the Securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holder(s), or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holder(s) to redeem Units at a price so determined in accordance with the Net Asset Value (NAV).
- 11.3.2 The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holder(s) in the event redemption requests accumulate in excess of ten (10) percent of the Units in issue or ten (10) percent of Fund NAV. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in Clause 11.6 herein below.
- 11.3.3 In the event of extra-ordinary circumstances, the Management Company may suspend or defer Redemption of Units. The circumstances under which the Management Company may suspend redemption shall be the event of war (declared), natural disasters, a major break down in law and order, breakdown of the communication system, closure of the capital markets and /or the banking system or strikes or other events that render the Management Company or the Distributors unable to function.
- 11.3.4 Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Trust Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in newspapers in which the Fund's prices are normally published.
- 11.3.5 In case of suspension of redemption of units of the Scheme, the Management Company shall also suspend issuance of fresh units of the Scheme until and unless redemption of units is resumed.
- 11.3.6 The Commission may at any time direct the Management Company to terminate the suspension.

### **11.4 Suspension of fresh issue of Units**

The Management Company may at any time under extraordinary circumstances, subject to the Rules, and the Regulations as may be modified from time to time, suspend issue of fresh Units. Such suspension may however not affect existing subscribers to any plans that may be offered by the Management Company under different administrative arrangements, the issue of bonus Units as a result of dividend distribution, the option to receive dividends in the form of additional Units. However, no such fresh administrative plan will be offered during the suspension period. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the SECP if fresh issue of Units is suspended and shall also have

the fact published, immediately following such decision, in the newspapers in which the Fund's prices are normally published.

Provided that the Commission may at any time direct the Management Company to terminate the suspension.

### **11.5 Deferral of request for fresh issue of Units**

The Management Company may at any time suspend or defer the issue of fresh Units with the intimation to trustee if in its opinion the total number or any one request for fresh issue of Units is so large that investing the funds would take some time and be contrary to the interests of the present Unit Holders. In this case the Management Company may accept certain request for fresh issue of Units and may defer part or all of certain request for fresh issue of Units and issue only a limited number of fresh units.

### **11.6 Queue System**

In the event redemption requests on any day exceed ten (10) percent of either the number of Units outstanding or the rupee redemption value of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten (10) percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of the Unit Holder(s) and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten (10) percent shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Business Day still exceed-ten (10) percent of the Units in issue or ten (10) percent of the NAV of the Fund, these shall once again be treated on first-come-first served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten (10) percent of the Units then in issue.

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

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holder(s) who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unit Holder(s) shall be paid after selling the assets and determining the final Redemption (Repurchase) Price.

**11.8.** 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.

**11.9** All the application received on the designated points for issuance, redemption, conversion etc of units of scheme will be date and time stamped to ensure timely acknowledgement of the said application.

**11.10** All applications for issuance, redemption, conversion etc received before 4:30 pm on any Business Day will be entertained by applying NAV of the preceding Business

Day. The forms received after 4:30 pm will be considered for the next Business Day.

- 11.11** Management Company may change the above cut-off time with the prior approval of SECP.

## **12 Fees and Charges**

### **12.1 Remuneration of the Management Company**

- 12.1.1 The Management Company shall be entitled to be paid monthly in arrears, accrued remuneration duly verified by the trustee, of an amount not exceeding three (3) percent per annum of the average annual Net Assets during the first five years of the scheme and two (2) percent per annum of the average daily Net Assets there after, and provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under Regulations.
- 12.1.2 The remuneration shall begin to accrue from the close of the Initial Offer period. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days accrued in the Accounting Period concerned.
- 12.1.3 The remuneration due to the Management Company shall be paid within 7 working days after the close of each calendar month after the receipt of invoice by the Trustee. The Management Company shall be entitled to draw remuneration permissible under the Regulations.
- 12.1.4 In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust. The Management Company shall not make any charge against the Unit Holder(s) or against the Trust Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and this Trust Deed to be payable out of Trust Property.
- 12.1.5 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Trust Deed.
- 12.1.6 The Management Company shall however not make any further material charge against the Unit Holder(s) nor against the Trust Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules, the Regulations, and this Trust Deed.
- 12.1.7 The fees payable on offshore investments to an international fund manager/advisor as per clause 5.3.16 above, appointed by the Management Company, if any, management fees shall be paid directly to such international fund manager/advisor by the Management Company which shall be the responsibility of the Management Company and shall not be charged to the Fund.



## **12.2 Remuneration of Trustee**

- 12.2.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property determined in accordance with Annexure “C”. The remuneration shall begin to accrue following the expiry of the Initial Period. For any period other than a full calendar month such remuneration will be pro-rated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned.
- 12.2.2 Such remuneration shall be paid to the Trustee within seven (7) Business Days after the end of each calendar month after the receipt of invoice from the Trustee.
- 12.2.3 In consideration of the foregoing and save as aforesaid and the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Holders or against the Trust Property or against the Distribution/Redemption Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Regulations and the Constitutive Documents.
- 12.2.4 The Trustee shall bear all expenditures in respect of their secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Trust Deed and the Regulations.
- 12.2.5 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the prior approval of the SECP.
- 12.2.6 The Trustee shall however not make any further material charge against the Unit Holder(s) nor against the Trust Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Regulations and the Trust.

## **12.3 Formation Costs to be amortized against Property of the Scheme**

- 12.3.1 Formation Cost shall be charged to the Fund which are estimated at and shall not exceed 1% of amount received during Pre-IPO or Five Millions rupees, whichever is lower subject to the audit of expenses and shall be reimbursable to the Asset Management Company over a period not less than five years.
- 12.3.2 Formation Cost will be amortized over a period not exceeding five years.
- 12.3.3 After charging one time advertisement expenses related to launch of the Scheme any future cost associated with marketing/advertisement of scheme shall not be charged to the Scheme.

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

- (a) listing fee payable to the Stock Exchange including renewals;
- (b) charges and levies of Stock Exchange, national clearing and settlement company and central depository company;
- (c) rating fee of collective investment scheme payable to approved rating agency;
- (d) auditors' fees and related expenses;
- (e) any fees payable to the Commission;

- (f) brokerage and transaction costs related to investing and disinvesting of the assets of the collective investment scheme;
- (g) expenses incurred by Trustee in effecting registration of all registerable assets in the name of the Trustee;
- (h) legal and related costs incurred in protecting or enhancing the interests of the Unit Holders of the collective investment scheme;
- (i) bank charges and borrowing and financial costs;
- (j) hedging costs including forward cover, forward purchase or option purchase costs;
- (k) any printing costs and related expenses for issuing the collective investment scheme's quarterly, half-yearly and annual reports, etc.;
- (l) taxes, fees, cess, duties and other charges applicable to the collective investment scheme on its income or its properties, including taxes, fees, cess, duties and other charges levied by foreign jurisdiction on investments outside Pakistan; and
- (m) In case of foreign investment, foreign currency conversion cost, commission, bank charges and buy-sell spreads, fund transfer costs, etc., charges included in Offer price in relation to the Unit Trust; including any charges or fee included in NAV
- (n) any other expense or charge as may be permitted by the Commission.

### **13 Transactions with Connected Persons**

**13.1** The Management Company on behalf of a Collective Investment Scheme shall not without the prior approval of the Commission in writing, purchase from, or sell any securities to any connected person or employee of the Management Company:

**Explanation:** Clause 13.1 above shall not apply to the issue, sale or redemption of units issued by the Scheme.

**13.2** Where cash forming part of assets of the Scheme 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 trustee or custodian at a rate that is not lower than the rate offered by the said banking company or NBFC to its other depositors on deposits of similar amount and maturity.

**13.3** All transactions with connected persons carried out by the Management Company on behalf of the Scheme shall be in accordance with the provisions of the Constitutive Documents and shall be disclosed in the annual report of the Scheme.

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

#### **14.1 Determination of Distributable Profits**

**14.1.1** The Management Company shall distribute by way of dividend to Unit Holders of the Scheme not less than ninety per cent of its income received or derived from sources other than capital gains as reduced by such expenses as are chargeable to the Scheme under the Regulations.

**14.1.2** The Management Company shall decide as soon as possible, but not later than 45 days after the Accounting Date whether to distribute among Unit Holders, profits, either in form of bonus Units or cash dividend, if any, available for distribution at the end of Accounting Period, and shall advise the Trustee of the rate of such distribution per Unit.

14.1.3 The profit (if any) available for distribution in respect of any Accounting Period shall be determined by the Management Company but shall not exceed the portion of Net Assets on the Accounting Date that is attributable to the sum total of:

- (a) the total income earned on the Trust Property during such Accounting Period including all amounts received in respect of dividend, mark up, profit, interest, fee and any other income;
- (b) Whole or part of the net realized as set out in sub-clause 14.1.4 below at the option of Management Company;

From which shall be deducted expenses as set out in Clause 14.1.6 below, adjustment as set out in sub-clause 14.1.6 below and such other deductions and adjustments as the Management Company may determine in consultation with the Auditor.

14.1.4 The proceeds of sale of rights and all other receipts deemed by the Management Company, after consulting the Auditors, to be in the nature of capital accruing from Investments, shall not be regarded as available for distribution in terms of this Clause but shall be retained as part of the Trust Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realised appreciation, may be distributable income to the Unit Holders by the Trustee and shall thereafter, cease to form part of the Trust Property once transferred to the Distribution Account.

14.1.5 The amount qualifying for purposes of determining distributable income in respect of the relevant period shall be ascertained by deducting expenses as are admissible under the Regulations and this Trust Deed.

14.1.6 The amount qualifying for purposes of determining distributable income in respect of the relevant period shall be adjusted as under:

- (a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investment / dividend, interest, profit or mark-up;
- (b) addition of a sum representing amounts included in the price of Units for income accrued prior to the date of issue and deduction of a sum representing all participation in income distributed upon Redemption of Units upon a reduction of the Trust during the Relevant Period;
- (c) adjustment considered necessary by the Management Company to reflect the diminution in value of Trust Property.

14.1.7 Out of the amount determined for the purpose of distributable income in respect of each Holder withholding tax, zakat or other statutory levies, as may be applicable to the relevant Holder shall be deducted out of the distributable income for the relevant Holder.

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

## **14.2 Distribution of Profits**

- 14.2.1 On each Accounting Date or interim distribution date, the Management Company shall instruct the Trustee to transfer to the Distribution Account such amount of cash as required to effect cash distribution of income to the Unit Holders. The amount standing to the credit of the Distribution Account shall not for any purposes of this Trust Deed be treated as part of the Trust Property but shall be held by the Trustee upon trust to distribute the same as herein provided.
- 14.2.2 After fixation of the rate of distribution per Unit, distribution payments shall be made by direct bank transfer or cheque or warrant by the Trustee and sent through the registered post or reliable courier service to the registered address of such Holder, or in the case of joint Holders to the registered address of the joint Holder, first named on the Register. Every such cheque or warrant shall be made payable to the order of person to whom it is delivered or sent and payment of the cheque or warrant (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the moneys payable. When an authority in that behalf shall have been received in such form as the Management Company shall consider sufficient, it shall transfer to the Holders' designated bank account or in case of joint Holder, to designated bank account of the joint Holder, first named in the Register. The receipt of funds by such designated bankers shall be a good discharge therefore.
- 14.2.3 The Management Company may offer the Holder the option to receive new Units or fractions thereof under cumulative investment instead of dividend payment, as per the terms and condition and the procedure laid down in the Offering Document.
- 14.2.4 The Management Company may offer the Unit Holder the option to encash bonus Units as may be entitled against distribution in form of bonus Units. The Unit Holders shall be entitled to change such option under the signature/s of the Unit Holder and in case of joint Holders, under the signatures of all the joint Holders.
- 14.2.5 In case of encashment, the bonus Units will be redeemed on the first Dealing Day after distribution at the NAV of the effective date of distribution after appropriation of the distribution.
- 14.2.6 Before making any payment in respect of a Unit, the Trustee or the Management Company may make such adjustments as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Holder the certificate in respect of which deduction in the prescribed form or in a form approved or acquired by the concerned authorities.
- 14.2.7 Where Units are placed under pledge/lien the payment of dividend will be made in accordance with Clause 33 of this Trust Deed.

## **15 Annual Accounting Period**

- 15.1 The Annual Accounting Period shall commence on 1<sup>st</sup> July every year and shall end on 30<sup>th</sup> June of the ensuing calendar year.
- 15.2 Accounting Date shall be the 30<sup>th</sup> day of June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.
- 15.3 Accounting Period shall be the period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Fund Property is first paid or transferred to the Trustee and (in any other case) from the end

of the preceding Accounting Period.

## **16. Audit**

- 16.1 The Management Company shall at the establishment of the Scheme and upon any vacancy with the consent of the Trustee, appoint an Auditor, a firm of chartered accountants who shall be independent of the auditor of the Management Company and the Trustee. The Management Company may at any time remove the Auditor and appoint another Auditor in its place. The appointment of the Auditors shall be as per provisions of the Regulations, as amended and/or replaced from time to time.
- 16.2 The Auditor shall hold office until transmission of the annual report and accounts but may be re-appointed for four more consecutive terms of one year each. Thereafter, the Auditors shall only be eligible for appointment after the lapse of at least one year. The first Auditor shall be A F Ferguson & Co, Chartered Accountants, State life Building No. 1-C, I.I. Chundrigar Road, Karachi. The auditor should 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 asset management company and the trustee.
- 16.3 The following persons shall not qualify to be the Auditor of the Trust:
- (a) a person who is or at any time during the preceding three (3) years was a director, officer or employee of the Management Company or the Trustee;
  - (b) a person who is a partner of, or in employment of a director, officer, employee, or Connected Person of the Management Company or Trustee;
  - (c) the spouse of a director of the Management Company or Trustee;
  - (d) a person who is indebted to the Management Company or Trustee; and
  - (e) a body corporate.
- 16.4 Appointment of a partnership firm as the Auditor shall be deemed to be the appointment of all persons who are partners in the firm for the time being.
- 16.5 The Auditor shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Transfer Agent, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 16.6 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company to facilitate the trustee in issuing the certification required under Regulations.
- 16.7 The Auditor shall prepare a written report to the Holders on the accounts and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other documents forming part of the balance sheet and income and expenditure account, including notes, statement or schedule appended thereto.
- 16.8 The contents and regularity of the Auditor's reports shall be as required in the Regulations.



**17 Base Currency**

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

**18. Modification of the Constitutive Documents**

- 18.1 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 prior approval of the SECP. Provided that, the Trustee and the Management Company shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules or the Regulations or to ensure compliance with any fiscal or statutory requirement or to enable the Trust Deed to be more efficiently, conveniently or economically managed or to enable the Units to be dealt in or quoted on Stock Exchange or otherwise for the benefit of the Unit Holder(s) and that it does not prejudice the interests of the Unit Holder(s) or any of them or release the Trustee or the Management Company from any responsibility to the Unit Holder(s).
- 18.2 Where this Trust Deed has been supplemented the Management Company shall notify the Unit Holder(s) immediately by advertising in the paper and either through mail or by posting on its website regarding such alteration/amendments.
- 18.3 If the SECP modifies the Rules and/or the Regulations to allow any relaxations or exemptions, these will deemed to have been included in this Trust Deed without requiring any modification.

**19 Cancellation of Registration and Revocation of the Scheme**

- 19.1 The Management Company, after the prior written approval of the Commission, shall give at least three months notice to unit holders and trustee if it intends to have the registration of the Scheme cancelled.
- 19.2 At the end of the notice period given above, the Commission may by an order in writing cancel the registration of the Scheme.
- 19.3 Upon representation to the Commission, by three fourth (3/4) in value of the total unit holders of the Scheme, or if in the opinion of the Commission further continuation of the registration of the Scheme will be detrimental to the interest of the unit holders or certificate holders or the market generally, the Commission may cancel the registration of such Open End Scheme or Closed End Scheme :
- Provided that the registration of the Scheme shall not be cancelled without providing an opportunity of being heard to the Management Company and the trustee.
- 19.4 In case of cancellation of registration, the Management Company shall revoke the Scheme and refund the proceeds to the unit holders in such manner and within such time as may be specified by the Commission.
- 19.5 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 Scheme is detrimental to the interest of the unit holders, or the market generally, the Commission may direct the immediate revocation of the Scheme without first

canceling 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.

19.6 Where the Commission grants approval under Regulation 45(1) of the Regulations or cancels the registration of the Scheme or orders the revocation of the Scheme, all issuance and redemption of units of the Scheme shall stand suspended immediately.

19.7 In case of revocation of the Scheme all unit holders shall be treated *pari passu*.

## **20 Distribution on liquidation, winding up or termination of the Scheme**

20.1 Upon the Trust being terminated the Management Company shall suspend the Sale and Redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Trust Property and shall repay any borrowing effected by the Trust together with any mark-up remaining unpaid.

20.2 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holder(s) pro rata to the number of Units held by them respectively all net cash proceeds derived from the realisation of the Trust Property after making payment as mentioned in Clause 20.1. above 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 or the Unit Holder(s) shall not be liable therefor 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.

## **21. Trust Property**

21.1 The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, and after deducting there from or providing there against any applicable Front-end Load, shall constitute part of the Trust Property. The Back-end Load shall also form part of the Trust Property. The Distribution Company shall remit such proceeds to the Trustee in accordance with instructions given by the Management Company from time to time.

21.2 The Trust Property shall initially be constituted out of the proceeds of the Units issued to the Core Investors and other Units issued during the Initial Offer after deducting any applicable Duties and Charges and loads there from, as provided by the Offering Document.

21.3 The Trustee shall take the Trust Property into its custody or under its control either directly or through the Custodian and hold it in trust for the benefit of the Unit Holder(s) ranking *pari passu* inter se, according to the number of Units held by each Unit Holder(s) and in accordance with the provisions of the Regulations and this Trust Deed. The Trust Property shall always be kept as separate property and shall not be applied to any purpose unconnected with the Scheme such as to make a loan or advance except in connection with the normal business of the Trust as permissible under the Regulations. All registerable Investment shall be registered in the name of the Trustee and shall remain so registered until disposed of pursuant to the provisions of this Trust Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Trust Property.

21.4 Except as specifically provided in this Trust Deed, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens or any other

encumbrances whatsoever and the Trustee shall not, except for the purpose of the Scheme, create or purport to create any mortgages, charges, liens or any other encumbrance whatsoever to secure any loan, guarantee or any other obligation actual or contingent incurred assumed or undertaken by the Trustee or any other person.

- 21.5 The Trustee shall have the sole responsibility for safekeeping and maintaining the Trust Property in its own name. In the event of any loss caused due to any negligence or willful act and/or omission, the Trustee shall have an obligation to replace the lost investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of any loss.
- 21.6 All cash forming part of the Trust Property shall be deposited by the Trustee in a separate bank account to be mutually agreed with the Management Company in the name of the Trustee, as a nominee of the Unit Trust, with a scheduled commercial Bank. whose rating should not be lower than AA (Double A). Such Bank shall be required to allow profit thereon in accordance with the rules prescribed by such Bank or the Financial Institution for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Management Company.

## **22. Transactions relating to Investors (Unit Holder(s))**

- 22.1 The Trustee shall provide the Management Company daily, statements of all the Bank Accounts being operated by the Trustee for the Unit Trust.
- 22.2 The Management Company shall also advise the Trustee on a daily basis of the details of amounts to be paid to respective Unit Holder(s) against redemption requests, if any. Such payments shall be effected by the Trustee out of the accounts of the Unit Trust by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holder(s) or through any other mode(s) of payment and such payment shall be subject to the Regulations or by dispatch of dividend cheques/ warrants/ advice to the Unit Holder(s) by registered post at their respective addresses. Such dispatch shall constitute discharge of the Management Company and the Trustee in respect of such payment.
- 22.3 The Management Company may make arrangements through branches of banks or sales offices of its distributors to facilitate issuance and Redemption of Units of the Unit Trust or may appoint Investment Facilitators for this purpose. A request for purchase of Units may also be made through the use of electronic means subject to the satisfaction of Trustee, such as Internet or ATM facilities or Credit Card facilities.
- 22.4 The Management Company shall, from time to time, advise the Trustee of the dividend distribution for the Unit Trust. The Trustee shall establish a separate Bank Account for dividend distribution and transfer the amount payable as cash dividend to such Account after deducting such Taxes and Zakat as may be required under the law.
- 22.5 The Management Company under express authority of unitholders may advise the Trustee of the allocation of funds (received in the main collection account) between two or more open ended schemes managed by the Management Company on a regular basis, provided Trustee is same for all such schemes. Based on such advice, the Trustee shall transfer the funds to the accounts of the respective schemes.
- 22.6 The Trustee shall pay to the Management Company's order such sums out of the sale proceeds of Units as are representative of Front-end load or charges or other recoveries that are specified in the Offering Document or Supplemental Offering Document, if any, as being payable out of the Issue or Redemption Prices,.

- 22.7 Without prejudice to the foregoing, and subject to any law for the time being in force, the Trustee shall endeavor to ensure and employ prudent practices to ensure that information pertaining to Trust Property, such as, but not restricted to, investments made, list of Unit Holder(s) etc., is not compromised, dispersed or provided to any third party without express consent of the Management Company.
- 22.8 Where any loss is caused to the Trust Property or to the Management Company due to Trustee's failure to comply with Clause 22.7, the Trustee shall make good that loss by depositing a sum equivalent to the loss in the Trust Property or making payment to the Management Company, as the case may be.
- 22.9 Where no loss is caused to the Fund or the Management Company, but a breach of trust has been caused by the Trustee as referred to in Clause 22.7 above, the Management Company shall be entitled to recover such other reasonable compensation from the Trustee as may be mutually agreed upon, or in case of disagreement between the Management Company and the Trustee then Clause 34 hereof shall apply.

**23. Transactions relating to Investment Activity/ Portfolio Management**

- 23.1 The Management Company shall, from time to time, instruct the Trustee of the settlement instructions relating to any investment/ disinvestment transactions entered into by it on behalf of the respective Unit Trust. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction.
- 23.2 The Trustee shall ensure that where applicable, payments against investments are made against delivery and vice versa, unless specified otherwise.
- 23.3 The Trustee shall within two (2) Business Days forward to the Management Company any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or other exchange or any other party having any connection with the transaction.
- 23.4 The Trustee shall also, if so required by the nature of such notices or documents mentioned in the foregoing clause, act, with the consent of the Management Company in a manner that is in the best interest of the Unit Trust. Such action shall include legal action if called for and the Trustee shall be entitled to recover any legal costs reasonably incurred from the Unit Trust.
- 23.5 The Management Company shall intimate the Trustee with regard to dividends, other forms of income or inflows, and any rights or warrants relating to the investments that are due to be received. Further, the Trustee shall also report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.
- 23.6 The Trustee shall provide proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attaching to any investment. The cost of such proxies and powers of attorney shall be charged to the Fund.

## **24. Other matters relating to the Unit Trust**

### **24.1 Declaration of Net Asset Value based prices**

The Management Company shall, at such frequencies as are prescribed in the relevant Offering Documents and the Regulations, determine and announce the Net Asset Value based prices. Under certain circumstances as provided in the Trust Deed and subject to the Regulations, the Management Company may suspend the announcement of the prices under intimation to the Trustee as per the Regulations and relevant Offering Document.

### **24.2 Purchase (Offer) and Redemption (Repurchase) of Units**

The Transfer Agent shall process purchase and redemption applications as well as conversion/ switching and transfer applications in accordance with the relevant Offering Document. Based on the prices applicable to the relevant purchase or Redemption, the Registrar shall determine the number of Units to be issued or redeemed.

## **25. Voting Rights on Trust Property**

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

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

The phrase “rights of voting” or the word “vote” used in this sub-clause shall be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.

25.3 The Management Company shall keep records stating reasons for casting vote in favor or against any resolution for a period of 10 years.

25.4 Not later than one (1) Business Day of receipt, the Trustee shall forward to the Management Company all notice of meetings and all reports and circulars received by the Trustee as the holder of any investment.

## **26. Units**

26.1 The Management Company may issue different classes of Units to Holders with or without Front-end Load, Back-end Load or any combination of the foregoing the details of which shall be specified in the Offering Document:



- 26.2 Units shall be issued in the Initial Period for the Initial Price to the first subscribers of such Units and to the extent of an amount determined by the Management Company and intimated to the Trustee, subject to the provisions of the Regulations. The Core Units issued at Par Value to Core Investors may be of more than one type, including a restricted class which shall not be redeemable for a period of two years from the date of such subscription. Such Units are transferable with this condition and shall rank *pari passu* with all other Units save for this restriction. Any transfer of these restricted class Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee. Such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. Details of the Core Investors shall be included in the Offering Documents to be issued for this Trust. Further the management company will notify to the trustee on each transfer of Core Units.
- 26.3 Subject to the terms of this Trust Deed, all Units and fractions thereof represent an undivided share in the Trust Property and rank *pari passu* as to their rights in the Net Assets, earnings, and the receipt of the dividends and distributions.
- 26.4 Irrespective of the different classes of Units issued, all Units issued from time to time shall rank *pari passu* inter se and shall have such rights as are set out in this Trust Deed and the Offering Documents. The liability of the Holders shall be limited to the unpaid amount (if any) on the Units. Each Unit Holder has a beneficial interest in Scheme, proportionate to the Units held by such Unit Holder.
- 26.5 The Units issued with differing classes may, as specified in the Offering Document, have differing quantum of the Front-end load added to the Net Asset Value to determine the Offer Price and differing level of Back-end load deducted for determining the Redemption Price.
- 26.6 After the Initial Offer, the Units issued at the Offer Price shall be determined from time to time pursuant to sub-clause 10.3 of this Trust Deed and the Regulations.
- 26.7 By a trust deed supplemental to this Trust Deed, the Management Company may at any time with the approval of the Trustee on giving not less than twenty one (21) days previous notice in writing to each Holder subdivide or consolidate the whole or any part of the Units of the same class and the Holder shall be bound accordingly. The Management Company shall require in such notice that each Holder to whom Certificates have been issued (who shall be bound accordingly) deliver up his Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver up the Certificates shall not delay or otherwise affect any such sub-division or consolidation.
- 26.8 Irrespective of the different loads under which Units may be issued, all Units issued, from time to time, shall rank *pari passu* inter se and shall have such rights as are set out in this Trust Deed and the Offering Document. All Units will in all other respects rank *pari passu* inter se.

**27. Issue of Units**

- 27.1 The Management Company shall be responsible for obtaining all requisite consents and approvals for the offer and issue of Units and for the issue, publication or circulation of the Offering Documents.
- 27.2 Except as provided herein the Units shall be offered at the authorised offices or branches of the Distribution Company and Management Company's authorized sales offices on all Subscription Days.
- 27.3 Application for issuance of Units shall be made by completing the prescribed application form and submitting it at the authorised branch or office of any Distribution Company together with the payment by cheque, bank draft, pay order, credit card etc. as the case may be in favour of the Trustee and crossed "**Account Payee Only**" or in cash upto the approved limits. The application for issuance of the Units and the specimen signature of each Holder shall be retained by the relevant Distribution Company with copies supplied to the Transfer Agent, if so required by the Management Company. The Distribution Company shall verify the particulars given in the application for issuance of Units and the documents submitted therewith.
- 27.4 Each Unit Holder(s) shall be liable to pay the Offer Price of the Units subscribed by him together with a sum sufficient in the opinion of the Management Company to cover any Duties, Charges, levies etc payable in connection with the purchase of such Units and no further liability shall be imposed on him in respect of any Units held by him. The Units shall be issued only against receipt of full payment.
- 27.5 The Management Company may impose processing charges for issuance of Units in such manner as it shall think fit and reasonable.
- 27.6 An application for purchase of Units shall deem to have been made in accordance with the provisions of the Offering Document, if such document prescribes automatic issuance of Units under certain circumstances.

**28. Issue of Units outside Pakistan**

- 28.1 Subject to foreign exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the issuance of Units to person(s) not resident in Pakistan or for delivery in any country outside Pakistan the price at which such Units may be issued may at the discretion of the Management Company include in addition to the Offer Price as herein before provided, a further amount sufficient to cover any currency exchange fluctuation, transaction costs, bank charges, any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates in connection therewith or the remittance of money to Pakistan.
- 28.2 In the event that the Redemption Price for Units is paid in any country outside Pakistan, the price at which such Units may be redeemed may, at the discretion of the Management Company, include as a deduction to the Redemption Price as hereinbefore provided a future amount sufficient to cover any currency exchange fluctuation, bank charges, additional transaction costs and any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such payment or redemption.
- 28.3 The currency of transaction of the Trust is the Pakistani Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the Purchase or Redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment

in any other currency or for any obligations arising there from. Neither the Trustee, nor the Management Company shall be responsible for arranging remittances of funds from the offshore countries to Pakistan and from Pakistan to offshore countries or for payment of any bank charges and other levies, if any in relation to issue and redemption of Units outside Pakistan.

## **29. Register of Unit Holder(s)**

- 29.1 The Register shall be maintained by the Transfer Agent at such a place as is agreed by the Management Company. The Management Company shall ensure that Transfer Agent shall comply with all relevant provisions of the Constitutive Documents and the Regulations and inform the SECP and the Trustee of the address where the register is kept.
- 29.2 The Management Company shall ensure that the Transfer Agent shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto, except when the Register is closed in accordance with the provisions of this Trust Deed, the Register shall during business hours (subject to such restrictions as may be mentioned in the Offering Document and for a period of at least two (2) hours in each Business Day) be open in legible form to the inspection of any Holder without charge.
- 29.3 The Register shall contain the following information in respect of each class and type of Units:
  - (a) Full names, father's/husband's name and addresses of each Holder and joint Unit Holder(s);
  - (b) Computerized National Identity Card Number (CNIC) (in respect of Pakistani nationals)/ )/Computerized National Identity Card for Overseas Pakistanis (CNICOP) or Pakistan Origin Card number (in respect of overseas Pakistanis)/passport numbers or other identifying numbers (in respect of overseas Pakistanis and Foreign Nationals);
  - (c) Nationality;
  - (d) Number of Certificate held and the distinctive numbers of Certificate, if any;
  - (e) The date on which the name of every Unit Holder was entered in respect of the Units standing in his name;
  - (f) The date on which any transfer or redemption is registered with Certificate number, if any;
  - (g) Information about lien, pledge or charge of Units;
  - (h) Information about verification of redemption/ transfer Forms;
  - (i) Tax and Zakat status of Holder, including National Tax Number, if any;
  - (j) Information about nominees (for individuals only);
  - (k) Record of signature of Holder;

- (l) Such other information as the Management Company may require.
- 29.4 The Register shall be conclusive evidence as to the Units held by each Holder.
- 29.5 The Registrar shall within two (2) working days of receiving a written request from any Unit Holder, post (or send by courier or through electronic means) to such Unit Holder's details of such Unit Holder's account in the Register. Such service shall be provided free of charge to any Unit Holder requesting so once in any financial year. The Management Company may prescribe reasonable charges for servicing of any additional requests.
- 29.6 Any change of name or address of any Holder shall forthwith be notified in writing to the Distribution Company who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee) shall forward the particulars to the Transfer Agent who on being satisfied with the compliance of formalities shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall issue where necessary a new Certificate to such Holder.
- 29.7 The Transfer Agent shall not register more than four (4) joint Holders for a Unit. In case of the death of any one of the joint Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Units held by the joint Holders.
- 29.8 A body corporate may be registered as a Holder or as one of the joint Holders.
- 29.9 The Register may be closed in consultation with the Trustee for such period as the Management Company may from time to time determine and after giving at least thirty (30) calendar days notice to Holders, provided that it is not closed for more than forty-five (45) days in any calendar year, not exceeding six (6) days at a time.
- 29.10 The Holder 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 Holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see the execution of any trust except where required by any court of competent jurisdiction. However, the Management Company may authorize the Transfer Agent to record a pledge/ lien on any or all Certificates 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.
- 29.11 The executors or administrators or succession certificate holders of deceased Holder (not being one of several joint Holders) shall be the only persons recognised by the Trustee and the Management Company as having right, title or interest in or to the Units represented thereby.
- 29.12 Any person becoming entitled to a Unit in consequence of the death or bankruptcy/ insolvency of any sole Holder or of the survivor of joint Holders may subject to as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Holder of such Unit upon giving the Trustee/ Distribution Company such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Trust Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy/ insolvency had not occurred and such notice or transfer was a transfer executed by the Holder.
- 29.13 The Trustee shall retain any moneys payable in respect of any Unit of which any person is, under the provisions as to the transmission of Units hereinbefore contained,

entitled to be registered as the Holder or which any person under those provisions is entitled to transfer, until such person shall be registered as the Holder of such Unit or shall duly transfer the same.

**30. Issuance of Certificates**

- 30.1 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 Transfer Agent who shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Holder.
- 30.2 Certificates shall be issued only if so requested by the Holder at the time of application or at any later stage and upon payment of a fee not exceeding Rs. 50/- (Rupees Fifty only) per Certificate of any denomination, subject to revision of fee from time to time by the Management Company. The proceeds of such fee will accrue to the Management Company.
- 30.3 Certificates shall only be issued for Units that have been fully paid, in such denomination as may be required by the Holder. Separate Certificates shall be issued for each class of Units.
- 30.4 Certificates, where requested, shall be issued as herein provided not later than twenty-one (21) Business Days after the date of such request. The Certificate may be sent to the Holder or his duly authorized nominee at his own risk by registered post, by courier service or may be collected by the Holder from the Distribution Company
- 30.5 In the case of Units held jointly, the Transfer Agent shall not issue more than one Certificate for the Units held by such joint Holders and delivery of such Certificate to the Holders named first therein shall constitute sufficient delivery to all joint Holders.
- 30.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive and serial number and shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.
- 30.7 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorised officer of the Trustee and on behalf of the Management Company by a duly authorised officer of the Management Company and by a duly authorized officer of the Transfer Agent/ Registrar. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorised by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorised representative of the Transfer Agent, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above mentioned. Certificate so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Transfer Agent or any person whose signature appears thereon as a duly authorised signatory may have ceased to be the Trustee, the Management Company, Transfer Agent or any authorised signatory.
- 30.8 Where the Units are in form of book entry securities registered with the Central Depository Register of the Central Depository Company of Pakistan Limited, induction and withdrawal of the same shall be in accordance with the procedures laid down by the Central Depository Company of Pakistan Limited Regulations.



### **31. Replacement of Certificates**

- 31.1 Subject to the provisions of this Trust Deed and in particular to the limitations of the denominations of Certificates, as may be fixed by the Management Company, and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.
- 31.2 In case any Certificate shall be lost, mutilated, defaced or destroyed, the Transfer Agent with the approval of the Management Company may issue to the person entitled a new certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have: (i) returned the mutilated or defaced Certificate or furnished to the Distribution Company/ Transfer Agent evidence satisfactory to the Management Company of the loss, theft or destruction of the original Certificate; (ii) paid as expenses incurred in connection with the investigation of the facts; (iii) in the case of joint Holders obtained the written consent of the joint Holders for issuance of such new certificates; and (iv) furnished such indemnity as the Management Company and the Trustee may reasonably require. Neither the Management Company, nor the Trustee nor the Distribution Company/ Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause. Provided further the Trustee and /or the Management Company may also require issuance of public notices in newspapers at the cost of the pertinent Unit Holders before issuing any duplicate certificates.
- 31.3 Before the issuing of any Certificate under the provisions of this sub-clause, the Distribution Company / Transfer Agent may require from the applicant for the Certificate the payment to it of a fee of Rs. 50/- (Rupees Fifty only) for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

### **32. Transfer of Units**

- 32.1 Every Holder shall be entitled to transfer, pledge or otherwise encumber the Units held by her/him by an instrument in such form as the Management Company may prescribe from time to time with the approval of the Trustee.
- 32.2 A Certificate shall be transferable only in its entirety.
- 32.3 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.
- 32.4 Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee may dispense with the production of any Certificate where the Certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Trust Deed.
- 32.5 All instruments of transfer shall be retained by the Distribution Company and a copy supplied to the Transfer Agent if required by the Management Company.

32.6 The Distribution Company/ Transfer Agent with the prior approval of the Management Company shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiry of twelve (12) years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of three (3) years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six (6) years from termination of the Trust. The Trustee or the Management Company or the Distribution Company/ Transfer Agent shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favour of the Trustee or the Management Company or the Distribution Company/ Transfer Agent that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Distribution Company/ Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly registered by the Trustee or the Management Company or the Distribution Company/ Transfer Agent and that every Certificate so destroyed was a valid Certificate duly and properly cancelled; provided always that: (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereof) to which the document may be relevant; (ii) nothing in this sub-clause shall be construed as imposing upon the Trustee or the Management Company or the Distribution Company/ Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and (ii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

32.7 The sale, redemption and transfer of Units and any other dealings in the Units may be carried out On-line and/ or electronically, with the consent of the Trustee (which consent shall not be unreasonably withheld or delayed), to the extent permitted by and in accordance with applicable law.

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

33.1 Any Unit Holder or all the joint Holders of a Unit or types of Units may request the Transfer Agent to record pledge or lien all or any of her/ his/ their Units in favour of third party legally entitled to invest in such units in its own rights. The Registrar shall register a lien on any Units in favor of third party with the specific authority of the Management Company as security for any debt to any third party. The Transfer agent shall take a note of the pledge/ lien charge in his record, whether the certificate has been issued or not, provided sufficient evidence of pledge to the satisfaction of the Management Company.

33.2 The lien once registered shall be removed by the authority of the party in whose favour the pledge/ lien has been registered or through an order of the competent court. Neither the Trustee nor the Management Company nor the Transfer Agent shall be liable for ensuring the validity of any such pledge/ lien/ charge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/ lien/ charge by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Transfer Agent take any responsibility in this matter.

33.3 Save any legal bar or court order requiring otherwise, any dividends that are declared on the pledged Units shall be made to the order of the pledge/lien/charge holder. Furthermore, any Units issued on reinvestments or bonus Units that the pledged Units are entitled to automatically be marked under the lien or pledge. In the event the pledged Units are redeemed for any reason, the redemption proceeds of the Units lien/pledge/ charge shall be made to the lien/ charge/ pledge holder for the account of the Holder.

- 33.4 The lien on the pledge Units shall continue till such time it is released by the pledge/lien/charge holder in writing.

### **34. Arbitration**

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

Subject to Arbitration Clause above applicable between the Management Company and the trustee inter se each party, including Unit Holders, irrevocable submit to the exclusive jurisdiction of the courts at Karachi.

### **35. Confidentiality**

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

### **36. Miscellaneous**

- 36.1 Any notice required to be served upon the Holder shall be deemed to have been duly given if sent by post to or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service, it shall be sufficient to prove that such letter was properly addressed, stamped and posted.
- (a) The Trustee or the Management Company shall advertise any such notice in two (2) leading daily newspapers in Pakistan in which prices of Units are published having wide circulation in the country.
  - (b) Service of a notice or document on any one of several joint Holders shall be deemed effective service on the other joint Holders.
  - (c) Any notice or document sent by post to or left at the registered address of a Holder shall notwithstanding that such Holder be then dead or bankrupt/ insolvent and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and

such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

- 36.2 A copy of this Trust Deed and of any such supplemental 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 to any person on application at a charge of Rs. 100/- (Rupees one hundred only) per copy or at such rate as determined from time to time by the Management Company.
- 36.3 If at any time, any Clause of this Trust Deed is or becomes in part illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, the legality, validity and enforceability of the remaining Clauses of this Trust Deed hereof, shall not in any way be effected or impaired thereby.

### 37. Definitions

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

- 37.1 **“Accounting Date”** means the 30<sup>th</sup> day of June in each year, provided that the Management Company, with the written consent of the Trustee and after obtaining the approval of the Commissioner of Income Tax and approval of SECP may change such date to any other date.
- 37.2 **“Accounting Period”** means a period ending on and including an Accounting Date and commencing in case of the first such period on the date on which the Fund Property is first paid or transferred to the Trustee and in any other case from the end of the preceding Accounting Period.
- 37.3 **“Asset Management Company”** means an asset management company as defined in the Regulations.
- 37.4 **“Auditor”** means a firm of chartered accountants that is appointed by the Management Company, with the consent of Trustee, as the auditor for the Scheme, who shall be independent of the auditor of the Management Company and the auditor of the Trustee, as provided under the Rules & the Regulations;.”
- 37.5 **“Authorized Branch and Branches”** means those branches of the Distributors authorised by the Management Company to perform the Distribution Function.
- 37.6 **“Authorised Investment”** MCB Cash Management Optimizer (C’MOP) is a Money Market Fund. Its authorized investments shall be any one or more of the following:
- Government Securities;
  - Cash and near cash instruments which include cash in bank accounts (excluding TDRs);
  - Treasury Bills;
  - Money market placements & instruments;
  - Deposits;
  - Certificates of Deposits (COD);

- Certificates of Musharika (COM);
  - Term Deposit Receipts (TDRs)
  - Commercial Papers;
  - Reverse REPOs against government securities or other debt securities stated as authorized investments in the Offering Document under an agreement ;
  - Short term deposits in foreign Currencies with Commercial banks after prior approval of the applicable regulatory authorities;
- 37.7 **“Back-end Load”** means the charge (excluding Duties and Charge) not exceeding 5% of the Net Asset Value, deducted from the Net Asset Value in determining the Redemption Price; provided however that different levels of Back-end Load may be applied to different classes of units, as may be mutually agreed between the Trustee and the Management Company. Back end load shall form part of the trust property
- 37.8 **“Bank”** means a banking company licensed under the Banking Companies Ordinance, 1962 or any other regulation for the time being in force and shall include a bank incorporated outside Pakistan and carrying on banking business in Pakistan as a scheduled bank.
- 37.9 **“Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at Banks, the beneficial ownerships in which shall vest in the Unit Holder(s).
- 37.10 **“Broker”** means any person licensed by the SECP and engaged in the business of effecting transactions in securities for the account of others.
- 37.11 **“Business Day”** means a day on which Local Banks are open for business.
- 37.12 **“Certificate”** means the definitive certificate acknowledging the number of Units registered in the name of the Holder issued at the request of the Unit Holder pursuant to the provisions of this Trust Deed.
- 37.13 **“Commission”** means the Securities and Exchange Commission of Pakistan set up under Securities and Exchange Commission of Pakistan Act, 1997
- 37.14 **“Connected Person”** shall have the same meaning as in the Regulation.
- 37.15 **“Constitutive Documents”** means this trust deed that is the principal document governing the formation, management or operation of the trust, the offering document and all material agreements in relation to the trust.
- 37.16 **“Core Units”** means such Units of the Scheme that are issued to Core Investors at Par Value. They may be of more than one type, including a restricted class with the condition that these are not redeemable for a period of two years from the date of issue. 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 first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee. Particulars of the Core Units shall be included in the Offering Document that shall be issued for this Trust.
- 37.17 **“Core Investors”** shall be issued with Core Units representing their subscriptions. Particulars of the Core Investors shall be included in the Offering Document that shall be issued for this Trust.



- 37.18 **“Custodian”** means: (a) Bank(s), the Central Depository Company of Pakistan Limited, or any other Depository for the time being which may be appointed by the Trustee with the approval of the Management Company to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; and/ or (b) the Trustee, if performing custodian functions with the approval of the Management Company.
- 37.19 **“Cut-Off Time”** is the time till which applications for issuance, redemption, conversion, transfer and pledge of units shall be received. The Cut-off Time for the Fund is 4:30 pm.
- 37.20 **“Distribution Account”** means the account (which may be a current, saving or deposit account) maintained by the Trustee with a Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holder(s) shall be transferred. Interest, income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Trust Property for the benefit of the Unit Holder(s).
- 37.21 **“Distributor / Distribution Company”, “Distribution Companies** means a Company or companies or firm or a Bank or any other financial institution appointed by the Management Company in consultation with the Trustee for performing any or all of the Distribution Functions and shall also include the Management Company itself, if it performs the Distribution Function.
- 37.22 **“Distribution Date”** means the date on which the Management Company decides to distribute the profits (if any).
- 37.23 **“Distribution Function”** mean the functions with regard to:
- a. receiving applications for issue of Units together with the aggregate Offer Price for Units applied for by the applicants;
  - b. issuing receipts in respect of (a) above;
  - c. interfacing with and providing services to the Holders including receiving redemption/ transfer applications, conversion notices and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate;
  - d. accounting to the Trustee for all: (i) moneys received from the applicants for issuance of Units; (ii) payments made to the Holders on redemption of Units; and (iii) expenses incurred in relation to the Distribution Function.
  - e. the above functions may be performed electronically, if appropriate systems are in place.
- 37.24 **“Duties and Charges”** means in relation to any particular transaction or dealing all stamp and other duties, taxes, zakat, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges in connection with the increase or decrease of the Trust Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investment or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable, but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

- 37.25 **“Exposure** shall have the same meaning as in the Regulations
- 37.26 **“Federal Government”** means the Federal Government of Islamic Republic of Pakistan.
- 37.27 **Financial Institution”** shall have the same meaning as in the Companies Ordinance, 1984
- 37.28 **“Formation Cost”** means all expenses incurred in connection with the establishment and registration of an Open End Scheme including execution and registration of the Constitutive Documents, issue, legal costs, printing, circulation and publication of the Offering Document, announcements describing the Open End Scheme and expenses incurred during the initial period.
- 37.29 **“Front-end Load”** means the sales and processing charge (excluding Duties and Charges) not exceeding 5 % of the Net Asset Value which may be included in the Offer Price of the Units; provided however that different levels of Front-end Load may be applied to different classes of units, as may be mutually agreed between the Trustee and the Management Company.
- 37.30 **“Fund Property”** means the Trust Property.
- 37.31 **“Government Securities”** include monetary obligations of the Federal Government or a Provincial Government or of a corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government and any other security as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be a Government Security.
- 37.32 **“Holder or Unit Holder”** means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of this Trust Deed.
- 37.33 **“Initial Period”** means a period determined by the Management Company not exceeding ninety (90) days during which Units will be offered at the Initial Price in terms of the Offering Document, inclusive of the offering to the Core Investors.
- 37.34 **“Initial Price”** means the price of Rs. 100 per Unit during the Initial Period determined by the management company.
- 37.35 **“Investment”** means any Authorized Investment forming part of the Trust Property.
- 37.36 **“Investment Facilitators/ Advisors/ Sales Agents”** means an individual, firm, corporate or other entity appointed by the Management Company to identify, solicit and assist investors in investing in the Scheme. The Management Company shall compensate the Investment Facilitators/ Advisors/ Sales Agents out of the Front-end Load collected by it in the Offer Price and /or from Management Fee.
- 37.37 **“Management Company”** is defined in the preamble hereto.
- 37.38 **“MCB Cash Management Optimizer” or “C’MOP” or “Trust” or “Unit Trust” or “Fund” or “Scheme”** means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units.
- 37.39 **“Net Assets”** means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified in the Regulations

- 37.40 **“Net Asset Value”** means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 37.41 **“Offer Price”** means the sum to be paid to the Trustee for the benefit of the Trust for issuance of one Unit, such price to be determined pursuant to Clause 10.3 of this Trust Deed.
- 37.42 **“Offering Document”** means the prospectus, advertisement or other document (approved by the SECP) which contains the investments and distribution policy, unit structure(s) and all other information in respect of the Unit Trust, as required by the Rules or the Regulations and is circulated to invite offers by the public to invest in the Scheme.
- 37.43 **“On-line”** means transactions through electronic data-interchange whether real time transactions or otherwise, which may be through the internet, intranet networks and the like.
- 37.44 **“Ordinance”** means the Companies Ordinance, 1984.
- 37.45 **“Par Value”** means the face value of a Unit as defined in the Offering Documents.
- 37.46 **“Personal Law”** means the law of inheritance and succession as applicable to the Individual Unit Holder(s).
- 37.47 **“Pre IPO”** means the period during which Units shall be subscribed by investors before the Initial Period.
- 37.48 **“Redemption Account”** means the account(s) (which may be a current, saving or deposit account(s)) maintained by the Trustee with any bank having prescribed rating and approved by the Management Company in which the amount required for redemption of Units to the Holders may be transferred.
- 37.49 **“Redemption Price”** means the amount to be paid to the relevant Unit Holder(s) upon redemption of that Unit, such amount to be determined pursuant to Clause 10.5 of this Trust Deed.
- 37.50 **“Register”** means the Register of the Unit Holder(s) kept pursuant to the Regulations and this Trust Deed.
- 37.51 **“Registrar Functions”** means the functions with regard to:
- a) maintaining the Register, including keeping a record of change of addresses/ other particulars of the Unit Holder(s);
  - b) issuing account statements to the Unit Holder(s);
  - c) issuing Certificate, including Certificates in lieu of undistributed income to Unit Holder(s);
  - d) canceling old Certificates on redemption or replacement thereof;
  - e) processing of applications for issue, redemption, transfer and transmission of Units, recording of pledges, liens and changes in the data with regard to the Unit Holder(s);
  - f) issuing and dispatching of Certificates;

- g) dispatching income distribution warrants, and bank transfer intimation and distributing bonus Units or partly both and allocating Units to Holders on re-investment of dividends;
- h) receiving applications for redemption and transfer/ transmission of Units directly from Holder or legal representatives or through Distributor;
- i) maintaining record of lien/ pledge/ charge.
- j) keeping record of change of addresses/other particulars of the Holders.

37.52 **“Rules”** means The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

37.53 **“Regulations”** means The Non-Banking Finance Companies and Notifies Entities Regulations, 2007.

37.54 **“SECP”** is the Securities and Exchange Commission of Pakistan.

37.55 **“Stock Exchange”** means Stock Exchanges registered under the Securities & Exchange Ordinance, 1969.

37.56 **“Subscription Day”** means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven (7) days notice in the two (2) widely circulated English & Urdu newspapers declare any particular Business Day or days not to be a Subscription Day.

37.57 **“Transaction Costs”** means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to, brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust’s portfolio, *inter alia*, necessitated by creation or cancellation of Units, which costs may be added to the NAV for determining the Offer Price of Units or to be deducted from the NAV in determining the Redemption Price. The element of Transaction Costs taken into account in determining the prices and collected so, shall form a part of the Trust Property.

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

37.59 **“Trust Deed”** means this trust deed executed between the Management Company and the Trustee along with all the exhibits appended hereto. It is the principal Document governing the formation, management and operation of MCB C’MOP.

37.60 **“Trust Property”** means the aggregate proceeds of all Units issued from time to time after deducting applicable Front-end Load as charged by the Management Company and after adding thereto transaction costs and Back-end Load.

All Investments made by the Trustee in terms of this Deed and all income, profit (including accrued profits) and other benefits arising there from and all cash and other assets including moveable or immovable and property of every description (including present and future actionable claims) for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Holders pursuant to this Deed; and

Amounts standing to the credit of the accounts maintained by the Scheme, including profits accruing therein, until, from time to time, such amounts (or part thereof) are

actually paid to Holders upon receipt of a request by such Holders to redeem their Units in accordance with the provisions of this Deed but shall not include any amount standing to the credit of the Distribution Account and the income earned on the investments of the Core Investors (seed capital) and Private Placement Investors upto the date of the close of the Initial Period which shall not form part of the Trust Property

37.61 "Trustee" is defined in the preamble hereto.

37.62 "Unit" means one undivided share in the Trust, and where the context so indicates, a fraction thereof.

37.63 "Zakat" has the same meaning as in the Zakat and Ushr Ordinance, 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words "written" or "in writing" include printing, engraving, lithography or other means of visible reproduction.

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

WITNESSES:

For MCB Asset Management  
Company Limited

Name: MUHAMMAD ALI

Signature:

NIC No: 42201-5461009-3

(YASIR QADRI)  
42301-1077910-3

For Central Depository Company of  
Pakistan Limited

Name: Muhammad Khuram

Signature:

NIC No: 42301-0576375-3

KAMRAN AHMED RAZI



Annexure 'A'

R. No. 236  
Sub-Registrar-II  
Saddar Town, Karachi

**Securities and Exchange Commission of Pakistan**  
**Specialized Companies Division**  
**NBFC Department**

No. NBFC-II/ 49 / MCBAMCL/ 26 /2008Islamabad December 24, 2008

**LICENCE TO CARRY OUT**  
**ASSET MANAGEMENT SERVICES**  
**AS NON-BANKING FINANCE COMPANY**

The Securities and Exchange Commission of Pakistan, having considered the application for renewal of license to undertake **Asset Management Services** submitted by **MCB Asset Management Company Limited** under rule 5 of the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003 as amended through S.R.O. 1131(I) 2007 (the "Rules"), and being satisfied that it would be in the public interest so to do, in exercise of powers conferred by sub-rule 9 of rule 5 of the Rules, hereby renews the license of **MCB Asset Management Company Limited** to carry out **Asset Management Services** subject to the conditions stated herein below or as may be prescribed or imposed hereafter: -

**MCB Asset Management Company Limited** and the collective investment schemes under its management shall comply with the Companies Ordinance, 1984, the Rules, Non-Banking Finance Companies and Notified Entities, Regulations, 2008, and any directives, circulars, codes, notifications, and guidelines issued by the Commission;

2. **MCB Asset Management Company Limited** shall submit annual, half yearly, quarterly or such other reports as specified in the Rules and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (as amended or replaced); and
3. The license is valid for a period of one year **w.e.f. December 15, 2008** and shall be renewable annually as specified in the Rules.

**(SALMAN ALI SHAIKH)**  
Commissioner (SCD)

## Annexure 'B'

236  
 No. 236  
 Sub-Registrar-II  
 Saddar Town, Karachi



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
 Specialised Companies Division  
 NBFC Department

No. NBFC/MF-RS/MCB DIF/09

July 09, 2009.

Mr. Yasir Qadri  
 Chief Executive Officer  
 MCB Asset Management Company Ltd.  
 8<sup>th</sup> Floor, Techno City Corporate Tower,  
 Hasrat Mohani Road, Karachi.  
 2276900-07

**Subject: Approval of Trust Deed of Proposed MCB Cash Management Optimizer.**

Dear Sir,

I am directed to refer to your correspondence dated May 08, 2009 and July 23, 2009 whereby you have submitted for approval the revised/amended Trust Deed of MCB Cash Management Optimizer (the Proposed Scheme, formerly MCB Dynamic Income Fund) proposed to be executed between the MCB Asset Management Limited (the Management Company) and the Central Depository Company of Pakistan Limited (the Trustee).

In this regard, the Securities and Exchange Commission of Pakistan has no objection to the registration of the afore-mentioned Trust Deed of the Proposed Scheme under the Trusts Act, 1882 subject to the following conditions:

- 1) Only the Approved Version of the Trust Deed shall be registered; and
- 2) The NOC for registration of Trust Deed of Proposed Scheme shall not be construed as guarantee for registration of the Proposed Scheme.

Further, our NOC granted through letter No. NBFC/MF-RS/MCB DIF/DD-ZRK/771/2008 and approval granted through letter No. NBFC/MF-RS/MCB DIF/DD-ZRK/772/2008, both dated September 17, 2008, shall stand cancelled/withdrawn.

The clearance of the draft Trust Deed is without prejudice to the consequences of verifying compliance to the conditions stipulated in the license issued in favor of the MCB Asset Management Limited, the requirements stipulated in the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified entities Regulations 2008. Further action will be taken on receipt of duly registered copy of the Trust Deed.

Regards,

  
 Muhammad Imran Sajid  
 Deputy Director

5<sup>th</sup> Floor, NIC Building, 63, Jinnah Avenue, Islamabad  
 PBX: 9207091-4 XT: 125 Fax: 9218590  
 imran.sajid@secp.gov.pk



**Annexure 'C'****TARIFF STRUCTURE FOR OPEN-END MUTUAL FUNDS UNDER CDC'S TRUSTEESHIP**

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

R. No. 236  
Sub-Registrar-II  
Saddar Town, Karachi

| Net Assets (Rupees in millions) |         | TARIFF   |
|---------------------------------|---------|--|
| From                            | To      |  |
| 1                               | 1,000   | Rs. 0.7 million or 0.20% p.a. of NAV which ever is higher          |
| 1,000                           | & Above | Rs. 2.0 million plus 0.10% p.a. of NAV exceeding Rs. 1,000 million |



**Annexure 'D'**



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
Specialised Companies Division  
NBFC Department

No. NBFC/MF-RS/MCBDF/09

July 09, 2009.

Mr. Yasir Qadri  
Chief Executive Officer  
MCB Asset Management Company Ltd.  
8<sup>th</sup> Floor, Techno City Corporate Tower,  
Hasrat Mohani Road, Karachi.  
2276900-07


R. No. 236  
Sub-Registrar-II  
Saddar Town, Karachi

**Subject: Appointment of Central Depository Company of Pakistan Limited as Trustee of Proposed MCB Cash Management Optimizer.**

Dear Sir,

I am directed to refer to your correspondence dated May 08, 2009 and July 23, 2009 and convey the approval of the Securities and Exchange Commission of Pakistan for appointment of the Central Depository Company of Pakistan Limited as Trustee of Proposed MCB Cash Management Optimizer under Regulation 39 of Non-Banking Finance Companies and Notified Entities Regulations 2008.

Regards,

  
Muhammad Imran Sajid  
Deputy Director

5<sup>th</sup> Floor, NIC Building, 63, Jinnah Avenue, Islamabad  
PBX: 9207091-4 XT: 125 Fax: 9218590  
imran.sajid@secp.gov.pk