

# TRUST DEED

## 1. NAME OF CLOSED-END SCHEME

### PAKISTAN STRATEGIC ALLOCATION FUND

## 2. PARTICIPATING PARTIES AND DEED OF TRUST

### 2.1. PARTICIPATING PARTIES

This Trust Deed is made and entered into at Karachi, on this 26 day of May 2004 by and between:

- (A) **Arif Habib Investment Management Limited (AHIM)**, a company incorporated under the Companies Ordinance, 1984 with its registered office at 2/1, R. Y. 16, Old Queens Road, Karachi-74000 (hereinafter called the “Investment Adviser”, which expression, where the context so permits, shall include its successors-in-interest and assigns) of the one part; and
- (B) **Central Depository Company of Pakistan Limited (CDC)**, a company incorporated under the Companies Ordinance, 1984 and registered with the Securities & Exchange Commission of Pakistan (SECP) as a Central Depository Company, with its registered office at 8th Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi (hereinafter called the “Trustee”, which expression, where the context so permits, shall include its successors-in-interest and assigns) of the other part.

### WHEREAS:

- (a) The Investment Adviser is registered as an investment adviser under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (the Rules) to inter-alia establish and operate closed-end schemes;
- (b) The Investment Adviser has been authorized by the SECP vide its letter No. NBFC-II/JD-(R)/AHIM-PSAF-445 dated 13 May 2004 appended hereto as Annexure “B” to constitute a closed-end trust scheme under the name and title of **PAKISTAN STRATEGIC ALLOCATION FUND** (hereinafter referred to as the “the Closed-end Scheme, or PSAF, or the Fund, or the Trust”) and to register this Trust Deed, pending authorization for the establishment and operation of the Scheme in accordance with the provisions of the Rules and this Trust Deed;
- (c) The Investment Adviser has nominated and appointed the CDC as trustee of the Scheme and the CDC has accepted such appointment upon the terms and conditions herein contained;
- (d) The SECP has approved the appointment of Trustee, vide letter No. NBFC-II/JD-(R)/AHIM-PSAF-444 dated 13 May 2004, appended hereto as Annexure “C”.

Unless the context requires otherwise the following words or expressions shall have the meaning respectively assigned to them in section 18 hereof:

## **NOW THIS DEED WITNESSETH:**

### **2.2. DECLARATION OF TRUST**

- 2.2.1 A Closed-end Scheme is hereby constituted as a Trust under the Trusts Act, 1882, under the name of Pakistan Strategic Allocation Fund. The Trustee is hereby nominated, constituted and appointed as the trustee of the Scheme herein created and the Trustee hereby accepts such appointment and declares that:
- (a) the Fund Property shall be invested from time to time by the Trustee at the direction of the Investment Adviser strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Document and the Rules and the conditions (if any) which may be imposed by the SECP from time to time;
  - (b) the Investment Adviser shall manage, operate and administer the Fund in accordance with the Rules.
- 2.2.2 The Trust shall have such minimum investment in compliance of the requirement of Rule 33 (b) of The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 out of which the Investment Adviser shall subscribe to and pay for in cash, or otherwise hold or beneficially own equity securities of closed-end scheme of an amount which is neither less than 10% (ten percent), nor more than 20% (twenty percent) of the paid-up value of the Certificates at any given time. Except that the proviso to Rule 33(b) referred to above, provides that where the Investment Adviser is an investment adviser to more than one closed-end funds, he can either invest or undertake to arrange the investment for a minimum period of two (2) years. Since the Investment Adviser is also the investment advisor to the Pakistan Capital Market Fund and the Pakistan Premier Fund Limited, the Investment Adviser intends to provide an undertaking to the SECP to arrange the investment of the required amount for a minimum period of two (2) years, rather than directly investing the required amount. For attaining the aims and objects, Arif Habib Investment Management Limited does hereby deliver, transfer and handover to the Trustee this day, 26 May 2004, initially a sum of one hundred thousand (100,000) Rupees, which shall be treated as advance payment against the investment to be made or arranged by the Investment Adviser after the authorization for the Scheme is received from the SECP. Details of the initial Fund size shall be included in the Offering Document that shall be issued for the Closed-end Scheme after approval from the SECP.
- 2.2.3 The Investment Adviser may increase the Fund size beyond the above-mentioned amount by virtue of Rights subscription or other modes with the approval of SECP, after fulfilling the legal formalities. The issue of Right Certificates will require the consent of the Certificate Holders through a General Meeting.
- 2.2.4 As soon as may be practicable, the Investment Adviser shall offer Certificates of the aggregate par value of Rs.10/ each to the general public, including banks and financial institutions by an Offering Document, which shall also be published in newspapers having wide circulation in the cities where the Stock Exchanges are located on which the Certificates will be listed. The Offering Document shall be in the form and substance as prescribed under the Rules, which shall be subject to the approval by the SECP and the Stock Exchanges.. Provided that the Investment Adviser may offer a portion of the Initial Issue of Certificates prior to the Public Offering of the Certificates to banks, financial institutions and other investors by private placements with the approval of the SECP.
- 2.2.5 The Public Offering shall be underwritten by at least two Underwriters approved by the SECP and firm-underwriting commitments shall be obtained from the Underwriters before issuing the Offering Document. The Underwriters shall be caused or procure subscribers to subscribe to the un-subscribed Certificates offered through Public Offering to the extent of their respective underwriting commitments.

- 2.2.6 Subject to the approval of the SECP, the Trustee, upon the direction of the Investment Adviser and with the approval of the SECP and consent of the Certificate Holders, offer Rights Issue of Certificates in proportion to the existing Certificate Holders' respective holdings of Certificates. In the event that any Rights Issue remain un-subscribed, the same may be offered to financial institutions or to other existing Certificate Holders or to other investors at the same price as offered to the existing Certificate Holders, as and when the Investment Adviser, in consultation with the Trustee may decide.
- 2.2.7 The Trustee shall hold and stand possessed of the Fund Property that may from time to time hereafter be vested in the Trustee upon Trust as a single common fund for the benefit of the Certificate Holders ranking *pari passu* inter se according to the number of Certificates held by each Certificate Holder. The Investment Adviser and the Trustee hereby further declare that:—
- (a) The Fund Property shall be invested from time to time by the Trustee at the directions of the Investment Adviser strictly in accordance with the provisions and conditions stipulated in this Deed, the Offering Document, the Rules and the conditions (if any) which may be imposed by the SECP from time to time.
- (b) The Investment Adviser shall operate and administer the Scheme in accordance with the Rules.

### **2.3. TRUST DEED**

- 2.3.1 This Deed shall be subject to and be governed by the Laws of Pakistan including the Rules and all other applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules are incorporated in this Deed as a part and parcel thereof and in the event of any conflict between this Deed and the provisions required to be contained in a trust deed by the Rules, the latter shall supersede and prevail over the provisions contained in this Deed.
- 2.3.2 Where this Deed has been altered or supplemented the Investment Adviser shall notify the Certificate Holders immediately.
- 2.3.3 The Investment Adviser may from time to time with the consent of the Trustee frame rules or regulations for conducting the business of the Trust or in respect of any other matter incidental thereto; provided such rules or regulations are not inconsistent with the provisions of this Deed or the Offer Documents or the Rules.

## **3. GOVERNING LAW**

This Deed shall be subject to and be governed by Laws of Pakistan including the Ordinance, the Rules and all other applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules are incorporated in this Deed as a part and parcel thereof and in the event of any conflict between this Deed and the provisions required to be contained in a trust deed by the Rules, the latter shall supersede and prevail over the provisions contained in this Deed.

## **4. FOR THE TRUST**

- 4.1.1 **Binding on Certificate Holders:** The terms and conditions of this Deed and any deed supplemental hereto shall be binding on each Certificate Holder and each Certificate Holder authorizes and requires the Trustee and the Investment Adviser to do as required of them by the terms of this Deed.
- 4.1.2 **Limited Liability:** A certificate holder is not liable to make any further payments after he had paid the purchase price of his certificates and that no further liability shall be imposed on certificate holders in respect of certificates they hold.

- 4.1.3 **Certificate Holders Ranking Pari Passu:** The Trustee shall hold and stand possessed of the Fund Property that may from time to time hereafter be vested in the Trustee upon trust as a single common fund for the benefit of the Certificate Holders ranking *pari passu* inter se, according to the number of Certificates held by each Certificate Holder;
- 4.1.4 **Trustee Reports to Certificate Holders:** The Trustee shall issue a report to the Certificate Holders included in the annual report or at any frequency prescribed by SECP whether in its opinion, the Investment Adviser has in all material respect managed the Fund Property in accordance with the provisions of the Rules and this Deed and if the Investment Adviser has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.
- 4.1.5 **Retirement of Trustee:** The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Investment Adviser, within a period of six months (or in default the Trustee) with the prior written approval of the SECP, may by a deed supplemental hereto under the seal of the Investment Adviser or the Trustee (as the case may be) appoint a new trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the assets of the Trust in the name of the new trustee.

## **5. INVESTMENT ADVISER**

### **5.1. ROLE OF THE INVESTMENT ADVISER**

- 5.1.1 The responsibilities of the Investment Adviser are to invest and manage the assets of PSAF according to the provisions of the Deed and the Rules, in good faith, to the best of its ability and without gaining any undue advantage for itself or any Connected Persons or its officers. The Investment Adviser shall maintain proper accounts and records of PSAF for giving a complete view of assets and liabilities, income and expenditure and amounts received in respect of subscriptions of the Certificates. The Investment Adviser shall prepare and transmit to Certificate Holders and the SECP the annual report together with balance sheet and income and expenditure accounts and auditors report. The Investment Adviser shall also prepare and transmit to Certificate Holders and SECP the balance sheet and income and expenditure accounts in respect of the first, second and the third quarters of each Accounting Period. In the unlikely event of its occurrence, the Investment Adviser shall account to Trustee for any loss in value of the assets of PSAF caused by its negligence, reckless or willful act or omission. The Investment Adviser shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as a manager as if they were its own acts or omissions. The Investment Adviser shall not be under any liability except such liability as may be expressly assumed under the Rules and the Deed, nor shall the Investment Adviser (save as otherwise provided) be liable for any act or omission of the Trustee nor for anything except its own negligence or willful breach of duty.

### **5.2. DUTIES AND POWERS OF THE INVESTMENT ADVISER**

- 5.2.1 The Investment Adviser shall comply with the provisions of the Rules and this Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Investment Adviser by any officer or responsible official of the Investment Adviser or by any nominee or agent appointed by the Investment Adviser and any act or matter so performed shall be deemed for all the purposes of this Deed to be the act of the Investment Adviser. The Investment Adviser 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 Fund Property where such loss has been caused by its negligence reckless or willful act and/or omission or by its officers, officials or agents.
- 5.2.2 The Investment Adviser shall manage the Fund Property in the interest of the Certificate Holders in

good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in this Deed and the Rules. Any purchase or sale of investments made under any of the provision of this Deed shall be made by the Trustee according to the instructions of the Investment Adviser, unless such instructions are in conflict with the provisions of this Deed or the Rules. The Investment Adviser shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.

- 5.2.3 The Investment Adviser may from time to time appoint, remove or replace the Registrar.
- 5.2.4 The Investment Adviser 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 Trust.
- 5.2.5 The Investment Adviser shall not be under any liability except such liability as may be expressly assumed by it under the Rules and this Deed nor shall the Investment Adviser (save as herein otherwise provided) be liable neither for any act or omission of the Trustee 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 Deed the Investment Adviser shall not be under any liability there for 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.
- 5.2.6 The Investment Adviser shall be responsible for all record keeping and for producing financial reports from time to time, as provided under the Rules.

### **5.3. CHANGE OF INVESTMENT ADVISOR**

- 5.3.1 The Trustee may with the prior approval of the SECP, remove the Investment Adviser by giving at least twenty-one days notice in writing to the Investment Adviser if any of the following events have occurred.
  - (a) the Investment Adviser has contravened the provisions of this Deed in any material respect and has failed to rectify the contravention within a reasonable period after the contravention has come to its notice;
  - (b) the Investment Adviser 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 Investment Adviser.
- 5.3.2 The Investment Adviser may retire at any time with the prior written consent of the SECP and the Trustee.
- 5.3.3 The removal of Investment Adviser and appointment of a new Adviser shall always require the prior approval of the SECP and the Trustee.
- 5.3.4 If the SECP has cancelled the registration of the Investment Adviser under the provisions of the Rules, the Trustee shall appoint another investment adviser for the Scheme according to the provisions of this Deed and the Rules.
- 5.3.5 Upon a new investment adviser being appointed, the Investment Adviser will take immediate steps to deliver all the documents and records pertaining to the Trust to the new investment adviser and shall pay all sums due to the Trustee.
- 5.3.6 Upon its appointment the new investment adviser shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Investment Adviser hereunder as fully as though such new investment adviser had originally been a party hereto.

## 6. INVESTMENT OF THE FUND PROPERTY & RESTRICTIONS

### 6.1. INVESTMENT OBJECTIVE

PSAF is a value based asset allocation fund, the objective of which is to invest either equity or fixed income securities depending on the valuation of the equity market based on a detailed quantitative model. The Fund will invest increasingly in equity when the model shows that equities are undervalued and decrease exposure to equities and invest in fixed income securities when the quantitative model shows that equities are over valued. The quantitative model will value equities the short, medium and long-terms using objective inputs such as economic numbers, overall earnings, yields, etc. as well as estimated numbers such as predicted earnings, inflation, etc. Following the model output will result in a disciplined investment strategy that will buy equities when they are cheap and sell them when they are expensive. This disciplined approach will also help in stabilizing the equity markets in Pakistan at levels that can be objectively supported and will work to deflate bubbles and support prices in severe bear markets.

The Fund will be invested in the following asset classes:

- (a) Fixed Income including carryover market, bank deposits, treasury bills, inter-bank market, term finance certificates and government bonds, etc.
- (b) Equities listed on the stock exchanges of Pakistan.

### 6.2 Investment Policies

6.2.1 During and prior to the completion of the Public Offering, the Trustee shall hold the Fund Property, received from pre-IPO investors, on deposit in a separate account with a Bank of good standing (having an investment grade rating, or in absence of a rating, with the approval of the SECP) approved by the Investment Adviser or in money market investments as advised by the Investment Adviser. Any income from such investments will be paid out to the Investment Adviser to set-off against formation costs of the Fund. After the Public Offering, all Fund Property, except in so far as such cash may in the opinion of the Investment Adviser be required for transfer to the Distribution Account, shall be applied by the Trustee from time to time in such Authorized Investments as may (subject always to the provisions of this Deed and the Rules) be directed by the Investment Adviser.

6.2.2 Any Investment may at any time be realized at the discretion of the Investment Adviser either in order to invest the proceeds of sale in other Authorized Investments or to provide cash required for the purpose of any provision of this Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly one and partly another. Any Investment, which ceases to be an Authorized Investment, shall be realized and the net proceeds of realization shall be applied in accordance with this clause. Provided that the Trust may postpone the realization of such Investment for such period as the Investment Adviser and the Trustee may determine to be in the interest of the Certificate Holders.

6.2.3 The purchase or sale of any Investment in listed securities for the account of the Trust shall be made on the Stock Exchange through a broker who must be a member of the Stock Exchange, unless the Investment Adviser is satisfied that it is possible and permissible under the Rules to make such purchase or sale more advantageously in some other manner. Save as allowed under the law, the Investment Adviser shall not nominate, directly or indirectly, as a broker any of its directors, officers or employees or their family members (which term shall include their spouse, parents, children, brothers and sisters).

6.2.4 The NBFC Rules, 2003 Rule 49(2) states that a closed-end fund having an investment policy of investment in equity securities shall not enter into any transaction in any security other than a security, which is listed on a stock exchange or for the listing of which an application has been made to a stock exchange; Provided that the closed-end fund may invest up to twenty *per cent* of its total investment portfolio in the unlisted government securities and secured debt securities having

minimum investment grade rating. The SECP has vide its letter NBFC-II/JD-(R)/AHIM-PSAF/382 dated 29 April 2004 relaxed this limit up to 50% for the Fund. The Investment Adviser may seek the SECP's approval for further relaxation in this limit

- 6.2.5 The Fund Property shall be subject to such exposure limits as are provided in the Rules. Provided that the Trustee and the Investment Adviser will have a period of three (3) months to bring the Fund into compliance with the exposure limits if the deviation is due to appreciation or depreciation of any Investment or disposal of any Investment.
- 6.2.6 If and so long as the value of the holding in a particular company shall exceed the limit imposed by the Rules, the Trustee shall not purchase any further investments in such company. However, this restriction on purchase shall not apply to any offer of right shares or any such other offering, if the Investment Adviser is satisfied that accepting such offer is in the interest of the Trust.
- 6.2.7 The Fund Property shall not be invested in any security of a company if any director or officer of the Investment Adviser or any of their Connected Person owns more than five percent of the total nominal amount of the securities issued or collectively the directors and officers of the Investment Adviser or any of their Connected Person owns more than ten percent of those securities.
- 6.2.8 PSAF shall not purchase from or sell any security to the Investment Adviser or the Trustee or to any director, officer or employee of the Investment Adviser or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Investment Adviser or the Trustee, save in the case of such party acting as a intermediary.

For the purposes of above sub-clauses the term director, officer or employee shall include their relatives including the spouse, parents, children, brothers and sisters.

### **6.3 RESTRICTIONS**

PSAF will not at any time:

- 6.3.1 merge with, acquire or take over any other closed-end fund, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over;
- 6.3.2 pledge any of the securities held or beneficially owned by it;
- 6.3.3 make a loan or advance of money to any person except in connection with the normal business of the Scheme, subject to the limits specified under the Rules;
- 6.3.4 effect a short sale in any security;
- 6.3.5 purchase any security in a forward contract.
- 6.3.6 purchase any security on margin.
- 6.3.7 participate in a joint account with others in any transaction;
- 6.3.8 apply any part of its assets to real estate, commodities or commodity contracts;
- 6.3.9 acquire any security of which another closed-end fund is the issuer;
- 6.3.10 make an investment in a Company which has the effect of vesting the management, or control over the affairs, of such company in the Scheme;
- 6.3.11 purchase or sell bearer securities or securities, which may result in assumption of unlimited or undetermined liability (actual or contingent).
- 6.3.12 employ as a broker, directly or indirectly, any director, officer or employee of the Fund or its Investment Adviser or any connected Person or member of family of such person and enter into transactions with any connected broker, which shall equal or exceed ten per cent or more of the transactions of the Fund in any one accounting year of that Fund;

Provided that the SECP may, in each case on merits, permit the ten per cent to exceed if the connected broker offers advantages to the Fund not available elsewhere;

Explanation: For the purposes of this clause the term “family” includes spouse, lineal ascendants and descendants and brothers and sisters;

- 6.3.13 issue at any time, without the prior approval of the SECP in writing, a senior security which is either stock or represents indebtedness;
- 6.3.14 apply for de-listing from Stock Exchange, unless it has obtained prior approval of the SECP in writing to the scheme of de-listing;
- 6.3.15 invest in any security of a company if any director or officer of the Investment Adviser owns more than five per cent of the total amount of securities issued, or, the directors and officers of the Investment Adviser own more than ten per cent of those securities collectively; and
- 6.3.16 invest in any company or security, at any time, in excess of an amount equal to ten per cent of the Net Assets of the Fund or an amount sufficient to acquire ten per cent of issued capital of the company or ten percent of that issue. The SECP vide its letter NBFC-II/JD-(R)/AHIM-PSAF/382 dated 29 April 2004 has clarified that the above limit does not apply to Government securities and that the Fund can invest more than 10% of its Net Assets in a particular Government security or in Government securities in general.
- 6.3.17 invest more than twenty five per cent of the Net Asset Value of the Fund in securities of any one business sector as per classification of the stock exchange in which such security is listed.

#### **6.4 EXCEPTION TO INVESTMENT RESTRICTIONS**

- 6.4.1 In the event the weightage of shares exceed the limits laid down in the Offering Document or the Rules as a result of the relative movement in the market prices of the Investments and corporate actions including bonus shares and subscription to right shares, the Investment Adviser shall make its best endeavors to bring the exposure within the prescribed limits within three (3) months of the event. But in any case the Investment Adviser shall not invest further in such shares or sectors while the deviation exists. However, this restriction on purchase shall not apply to any offer of right shares or any such other offering, if the Investment Adviser is satisfied that accepting such offer is in the interest of the Trust.
- 6.4.2 The SECP has vide its letter NBFC-II/JD-(R)/AHIM-PSAF/382 dated 29 April 2004 approved certain exceptions to the above restrictions. The Fund may;
  - (a) deposit securities for facilitation or guaranteeing settlement of its own trades and transactions in favor of an exchange or clearing house or national clearing and settlement system on acquiring associate membership of the concerned settlement system. The securities, however, shall not be pledged for any other reason with any other person or entity;
  - (b) the fund may sell its securities in forward contract if the trustee of the fund confirms that securities of such value are available in the portfolio of the fund;

### **7 VALUATION OF PROPERTY**

- 7.1.1 A security listed on a stock exchange shall be valued at its last sale price on such exchange on the date as of 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 not higher than the closing asked price nor lower than the closing bid price;
- 7.1.2 An investment purchased and awaiting payment against delivery shall be included for valuation purposes as security held, and the cash account of the company shall be adjusted to reflect the

purchase price, including brokers' commission and other expenses incurred in the purchase thereof but not disbursed as of the valuation date;

- 7.1.3 An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price;
- 7.1.4 The value of any dividends, bonus-shares or rights which may have been declared on securities in the portfolio but not received by the company as of the close of business on the valuation date shall be included as assets of the company, 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;
- 7.1.5 A security not listed or quoted on a stock exchange shall be valued at investment price or its break-up value as per last audited accounts, whichever is lower.
- 7.1.6 Interest/mark-up accrued on any interest/mark-up bearing security in the portfolio shall be included as an asset of the fund if such accrued interest/mark-up is not otherwise included in the valuation of the security;
- 7.1.7 Any other income accrued up to the date on which computation was made shall also be included in the assets; and
- 7.1.8 All liabilities, expenses, taxes and other charges due or accrued up to the date of computation which are chargeable under this Trust Deed shall be deducted from the value of the assets;
- 7.1.9 For any asset class where no specific method of valuation is prescribed in the Rules the guidance from SECP shall be obtained and valuation shall be done accordingly.

## **8 FEES AND CHARGES**

### **8.1 INVESTMENT ADVISER REMUNERATION**

- 8.1.1 The Investment Adviser shall be entitled to receive a remuneration of an amount not exceeding three percent (3.0%) per annum of the average daily Net Assets during the first five years of the Scheme and two percent (2.0%) per annum of the average daily Net Assets thereafter.
- 8.1.2 Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the Rules
- 8.1.3 The remuneration shall begin to accrue from the date of payment in full on all Certificates subscribed initially by the pre-IPO investors, including the Investment Adviser. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days accrued in the Accounting Period concerned.
- 8.1.4 The remuneration due to the Investment Adviser shall be calculated and accrued on a daily basis but paid annually after the accounts of the Fund have been audited, provided that the Investment Adviser may from time to time draw an advance out of the accrued remuneration a sum that the Trustee shall consider reasonable.
- 8.1.5 In consideration of the foregoing and save as aforesaid the Investment Adviser shall be responsible for the payment of all expenses incurred by the Investment Adviser from time to time in connection with their responsibilities as Investment Adviser of the Fund. The Investment Adviser shall not make any charge against the Certificate Holders or against the Fund 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 Deed to be payable out of Fund Property.
- 8.1.6 The Investment Adviser shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in

accordance with the provisions of this Deed.

## **8.2 TRUSTEE REMUNERATION**

- 8.2.1 The Trustee shall be entitled to a monthly remuneration out of the Fund Property based on an annual tariff of charges annexed hereto (Annexure A), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the date of payment in full by the Investment Adviser in respect of the subscription of the initial Certificates of the Fund. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.
- 8.2.2 Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.
- 8.2.3 In consideration of the foregoing and save as aforesaid the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Certificate Holders or against the Fund Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Fund Property under the provisions of the Rules and this Deed.
- 8.2.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.
- 8.2.5 Any increase in the remuneration of the Trustee agreed to by the Investment Adviser shall require the approval of the SECP.

## **8.3 FORMATION COST**

- 8.3.1 Formation Costs as explained in clause 18.1.13 herein below, to be amortized over a period not exceeding five years. Any income earned by the fund before the completion of its IPO will be set off against formation costs.

## **8.4 OTHER FEES AND CHARGES**

- 8.4.1 Brokerage and transaction costs related to investing and dis-investing of the Fund Property;
- 8.4.2 Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Certificate Holders;
- 8.4.3 Bank charges and borrowing/financial costs;
- 8.4.4 Audit Fees;
- 8.4.5 Taxes applicable to the Trust on its income, turnover, assets or otherwise.
- 8.4.6 Annual Fee payable to the SECP

## **9 TRANSACTION WITH CONNECTED PERSONS**

### **9.1 CASH FORMING PART OF THE PROPERTY**

- 9.1.1 All cash forming part of the Fund Property shall be deposited by the Trustee in a separate account to be opened in the name of the Trustee, as a nominee of the Fund, with a bank of Investment Grade Rating approved by the Investment Adviser. 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 Investment Adviser.

## **9.2 TRANSACTION WITH INVESTMENT ADVISER**

- 9.2.1 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Investment Adviser 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.
- 9.2.2 Subject to the Rules, any transaction between the Trust and the Investment Adviser or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.

## **10 TRUSTEE**

### **10.1 DUTIES AND POWERS OF THE TRUSTEE**

- 10.1.1 The Trustee shall comply with the provisions of this Deed and the Rules, 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 in consultation with the Investment Adviser. 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 Fund Property where such loss has been caused by negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 10.1.2 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Certificate Holders. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Investment Adviser, provided they are not in conflict with the provisions of this Deed or the Rules. Whenever pursuant to any provision of this Deed any certificate, notice, direction, instruction or other communication is to be given by the Investment Adviser to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Investment Adviser by any person whose signature the Trustee is for the time being authorized in writing by the Investment Adviser to accept.
- 10.1.3 The Trustee shall not be liable for any loss caused to the Fund or to the value of the Fund Property due to any elements or circumstances beyond its reasonable control.
- 10.1.4 The Trustee shall carry out the instructions of the Investment Adviser in all matters including investment and disposition of the Fund Property, unless such instructions are in conflict with the provisions of this Deed or the Rules or law.
- 10.1.5 The Trustee shall, in consultation with the Investment Adviser, from time to time appoint, remove or replace one or more Custodian for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Investment Adviser.
- 10.1.6 The Trustee shall make available or ensure that there is made available to the Investment Adviser such information as the Investment Adviser may reasonably require from time to time in respect of the Fund Property and all other matters relating to the Trust.
- 10.1.7 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Investment Adviser as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- 10.1.8 The Trustee shall, if requested by Investment Adviser and may if it considers necessary for the protection of Fund property or safeguarding the interest of Certificate Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the

Fund Property or any part thereof, with full powers to sign, swear, verify and submit pleading 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 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 negligence or breach of fiduciary duties in connection with its duties as the Trustee under this Deed or the Rules. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Trustee and the Investment Adviser 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 Fund.

10.1.9 The Trustee shall not be under any liability except such liability as may be expressly assumed by it under the Rules and this Deed nor shall the Trustee (save as herein otherwise provided) be liable for any act or omission of the Investment Adviser 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 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.

## **10.2 CHANGE OF TRUSTEE**

10.2.1 If the Trustee goes in to liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Investment Adviser for purpose of reconstruction and amalgamation) or ceases to carry on business or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Trust under the provisions of the Rules, the Investment Adviser shall forthwith by instrument in writing remove the Trustee from its appointment under this Deed and shall by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the Rules and this Deed as the new trustee.

10.2.2 The Investment Adviser may remove the Trustee, with the prior approval of the SECP, after giving at least twenty-one days notice in writing to the Trustee on grounds of any material default or non-compliance with the provisions of this Deed or the Rules, and appoint another trustee.

10.2.3 Upon the appointment of a new trustee the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Fund Property and any amount deposited in any Distribution Account to the new trustee and make payments to the new trustee of all sum due from the Trustee.

10.2.4 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.

## **11 DISTRIBUTIONS FROM THE FUND**

### **11.1 DISTRIBUTION POLICY AND DATE**

11.1.1 At least 90% of the income, excluding realized and unrealized capital gains, received by the Fund reduced by such expenses as are chargeable to the Fund under the Rules shall be distributed annually. The Invest Adviser may also include realized capital gains in the amount available for distribution. The entire amount available for distribution may be distributed as cash dividend or in any other form acceptable to the SECP and that may qualify under the tax laws. The Fund will

comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.

- 11.1.2 The Investment Adviser shall decide as soon as possible but not later than forty-five days after the Accounting Date whether to distribute among Certificate Holders, profits, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Certificate.
- 11.1.3 The amount available for distribution in respect of any Accounting Period shall be determined by the Investment Adviser after consulting the Auditors and shall be the sum total of:
- (a) The total income earned on the Fund Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit, interest and fee;
  - (b) Whole or part of the net realized appreciation, at the option of the Investment Adviser.
  - (c) From the above amounts shall be deducted expenses and such other adjustment as the Investment Adviser may determine in consultation with the Auditors.
- 11.1.4 The proceeds of sales of rights and all other receipts deemed by the Investment Adviser after consulting the Auditors to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Fund Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Investment Adviser after consulting the Auditors to be in the nature of the net realized appreciation may be distributable to the Certificate Holders by the Trustee and shall thereafter cease to form part of the Fund Property once transferred to the Distribution Account.
- 11.1.5 The income qualifying for distribution in respect of the relevant period may be adjusted as under:
- (a) deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, interest, profit or mark-up;
  - (b) adjustment if considered necessary by the Investment Adviser to reflect the diminution in value of Fund Property in consultation with the Trustee.

## **11.2 DISTRIBUTION OF INCOME**

- 11.2.1 On each Accounting Date the Investment Adviser shall instruct the Trustee to transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of this Deed be treated as part of the Fund Property but shall be held by the Trustee upon trust to distribute the same as herein provided.
- 11.2.2 After the fixation of the rate of distribution per Certificate, distribution payments shall be made by transfer to the Certificate Holders' designated bank accounts or in the case of joint Certificate Holders to designated bank account of the joint Certificate Holder, first named on the Register. The receipt of funds by such designated bankers shall be a good discharge therefore.
- 11.2.3 Before making any payment in respect of a Certificate, the Trustee or the Investment Adviser may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Certificate Holder the certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.
- 11.2.4 Where the Certificates are placed under pledge, the payment of dividends shall be made in accordance with Clause 17.8.3 below.

## 12 ANNUAL ACCOUNTING PERIOD AND DATE

- 12.1.1 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.
- 12.1.2 Accounting Date means the date 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Adviser 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.

## 13 TRUSTEESHIP ARRANGEMENT

### 13.1 PRIMARY FUNCTIONS :

- 13.1.1 **Fund Management** – The Investment Adviser has the responsibility to take all investment decisions within the framework of the Rules, this Trust Deed establishing the Scheme and the Offering Documents issued for the Scheme.
- 13.1.2 **Control over Assets** - The Trustee has the responsibility for being the nominal owner for the safe custody of the assets of the Scheme on behalf of the beneficial owners (the Certificate Holders), within the framework of the Rules, this Trust Deed and the Offering Documents issued for the Scheme.
- 13.1.3 **Investor Records** – The Investment Adviser has the responsibility to maintain investor records and for this purpose it may appoint a Registrar, who is responsible for maintaining investors' (Certificate Holders') records and providing related services. The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of account, issuing Certificates representing investment of the Certificate Holders in the Scheme, processing dividend payments and all other related activities.
- 13.1.4 **Record Keeping** – The Investment Adviser has the primary responsibility for all record keeping, and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Investment Adviser of statements of account and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Investment Adviser shall provide the Trustee unhindered access to all records relating to the Scheme.

### 13.2 ADMINISTRATIVE ARRANGEMENTS

- 13.2.1 The Trustee shall have all the obligations entrusted to it under the Rules, the Trusts Act 1882 [II of 1882] the Trust Deed and the Offering Document of the Fund. However, the Trustee shall, in addition to the aforesaid obligations, facilitate the Investment Adviser's business in the following manner:
- (a) Attorney(s) and Point Person(s): 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 Investment Adviser.
  - (b) Custodian(s): The Trustee shall act as custodian for securities for which custody services are available with the Trustee at such terms as the Trustee and the Investment Adviser may mutually agree. For other securities the Investment Adviser may advise the Trustee to make appropriate arrangements with one or more Custodians for custody of securities in which investment may be made on behalf of the Fund. The Trustee shall provide custodial services to the extent others cannot be identified for this purpose.

### **13.3 BANK ACCOUNTS**

- 13.3.1 The Trustee shall open Bank Accounts for the Fund at suitable banks at the request of the Investment Adviser.
- 13.3.2 The Trustee shall open additional bank accounts 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 required by the Investment Adviser from time to time.
- 13.3.3 The Investment Adviser may also require the Trustee to open separate Bank Accounts for each dividend distribution out of the Fund.
- 13.3.4 Notwithstanding any thing in this Deed the beneficial ownership of the balances in the Accounts shall vest in the Certificate Holders.

### **13.4 FUND PROPERTY**

- 13.4.1 The Fund Property shall initially be constituted out of the proceeds of the Certificates subscribed by the Investment Adviser, the proceeds of the Certificates issued to the investors at the time of the Initial Offer and the proceeds of the Certificates issued to the general public pursuant to the Public Offering, including those subscribed by the Underwriters or the investors procured by the Underwriters, which shall all become part of the Fund Property, after deducting any applicable Duties and Charges.
- 13.4.2 The Trustee shall take the Fund Property into its custody or under its control, either directly or through the Custodian and hold it in trust for the benefit of the Certificate Holders in accordance with the provisions of the Rules and this Deed. The Fund Property shall always be kept as separate property and shall not be applied to any purpose unconnected with the Fund. All registerable Investments shall be registered in the name of the Trustee and shall remain so registered until disposed of pursuant to the provisions of this Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Fund Property.
- 13.4.3 Save, as herein expressly provided, the Fund Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee, the Investment Adviser, or the Custodian shall not, except for the purpose of the Fund, create or purport to create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee, or any other obligation, actual or contingent incurred, assumed or undertaken by the Trustee, the Investment Adviser, or the Custodian or any other person.
- 13.4.4 The Trustee shall have the sole responsibility for the safekeeping of the Fund Property. In the event of any loss, caused through negligence on the part of the Trustee, the Trustee shall have an obligation to replace the lost Investment forthwith with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss.
- 13.4.5 Remuneration of the Investment Adviser; remuneration of the Trustee; Brokerage and Transaction Costs related to investing and dis-investing of the Fund Property; Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Certificate Holders; Bank charges and borrowing/ financial costs; Audit Fees; Formation Costs, Annual Fee payable to the SECP, Listing Fee and Associate Membership Fee payable to the Stock Exchanges and taxes if any applicable to the Trust shall be payable out of the Fund Property. Provided that all the Formation Costs, including expenditure incurred in connection with the establishment and authorization of the Scheme and offer of sale of Certificates, commission payable to the Underwriters, etc., shall be borne by the Investment Adviser and shall be reimbursable out of the Fund Property in equal installments over a period of not less than five years.

### **13.5 TRANSACTIONS RELATING TO THE FUND**

- 13.5.1 The Trustee shall authorise and facilitate the Investment Adviser to receive daily statements of account for all the bank accounts being operated by the Trustee as a nominee of the Fund.
- 13.5.2 The Investment Adviser shall, from time to time, advise the Trustee of the dividend distribution for the Trust. The Trustee shall establish separate bank accounts for each dividend distribution and transfer the amount payable as cash dividend to such accounts after deducting such taxes and Zakat as may be required under the law. The Trustee shall rely on the amount certified by the Auditors as the dividend payable in cash after adjusting for dividend being distributed in the form of Certificates of the Trust, as explained in the offering document.

### **13.6 TRANSACTIONS RELATING TO INVESTMENT ACTIVITY/PORTFOLIO MANAGEMENT**

- 13.6.1 The investment advisor shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/dis-investment 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. The Investment Adviser shall ensure the settlement instructions are given promptly, complete and accurate 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.
- 13.6.2 The Trustee shall ensure that, where applicable, payments against investments are made against delivery and vice versa.
- 13.6.3 The Trustee shall promptly forward to the Investment Adviser 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.
- 13.6.4 The Trustee shall also, if so required by the nature of such notices or documents mentioned in the foregoing clause, act in a manner that is in the best interest of the 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 Trust.
- 13.6.5 The Investment Adviser 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 Investment Adviser any such amounts or warrants that are received on such accounts from time to time.
- 13.6.6 The Trustee shall provide proxies or other forms of powers of attorney to the order of the Investment Adviser with regard to any voting rights attaching to any investment.

### **13.7 VOTING RIGHTS ON FUND PROPERTY**

- 13.7.1 All rights of voting attached to any Fund Property shall be exercisable by the Investment Adviser on behalf of the Trustee and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Certificate Holders and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Certificate Holders shall not have any right to interfere or complain.
- 13.7.2 The Trustee shall upon written request by the Investment Adviser, at the expense of the Fund, from time to time execute and deliver or cause to be executed or delivered to the Investment Adviser or their nominees powers of attorneys or proxies authorizing such attorneys and proxies to vote consent or otherwise act in respect of any Investment in such form and in favour of such persons as the Investment Adviser may require in writing.

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.

- 13.7.3 The Trustee shall forward to the Investment Adviser in a timely manner all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any Investment.

## **14 MODIFICATION OF TRUST DEED**

- 14.1.1 The Trustee and the Investment Adviser acting together shall be entitled by deed supplemental hereto to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject only to the approval of the SECP, if so required. Provided that, the Trustee and the Investment Adviser shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of this Deed to be more efficiently, conveniently or economically managed or to enable the Certificates to be dealt in or quoted on Stock Exchange or otherwise for the benefit of the Certificate Holders and that it does not prejudice the interests of the Certificate Holders or any of them or operate to release the Trustee or the Investment Adviser from any responsibility to the Certificate Holders.

## **15 TERMINATION AND CONVERSION OF CLOSED-END SCHEME**

### **15.1 TERMINATION AND CONVERSION**

- 15.1.1 The Investment Adviser may terminate PSAF, at any time. The Investment Adviser shall give at least three months notice to Certificate Holders, the Trustee and the SECP and shall disclose the grounds of its decision.
- 15.1.2 The Trust may also be terminated by the SECP on the grounds given in the Rules.
- 15.1.3 This Deed may be terminated in accordance with the conditions specified in the Rules, if there is any breach of the provisions of this Deed or any other agreement or arrangement entered into between the Trustee and Investment Adviser regarding the Scheme.
- 15.1.4 The Investment Adviser may convert the Fund in to an open-end fund with the approval of Certificate holders by a majority of not less than three fourths of such Certificate holders entitled to vote as are present in person or by proxy at a general meeting of which not less than twenty one days notice specifying the intention to propose the resolution has been duly given, Trustee and the SECP, after complying the provisions of the Rules.

### **15.2 DISTRIBUTION OF LIQUIDATION PROCEEDS**

- 15.2.1 Upon the Trust being terminated the Investment Adviser shall proceed to sell all Investments then remaining in the hands of the Trustee as part of the Fund Property.
- 15.2.2 The Trustee on the recommendation of the Investment Adviser shall from time to time distribute to the Certificate Holders pro rata to the number of Certificates held by them respectively all net cash proceeds derived from the realization of the Fund Property after making payment as mentioned in sub-clause 16.1.1 above and retaining such sum as considered or apprehended by the Investment Adviser for all costs, charges, expenses, claims and demands.
- 15.2.3 In case the Trust being terminated by the SECP on the grounds given in the Rules the SECP may appoint a liquidator in consultation with the Trustee.

## **16 CERTIFICATES**

### **16.1 LEGAL STATUS**

- 16.1.1 All Certificates represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Certificate Holder has a beneficial interest in PSAF proportionate to the Certificates held by such Certificate Holder.
- 16.1.2 By a deed supplemental to this Deed the Investment Adviser may at any time with the approval of the Trustee on giving not less than twenty-one days previous notice through publication in a newspaper widely circulated in the city in which the Certificates are listed on a stock exchange subdivide or consolidate the whole or any part of the Certificates and the Certificate Holders shall be bound accordingly. The Investment Adviser shall require in such notice that each Certificate Holder to whom Certificates have been issued, (who shall be bound accordingly) deliver up his Certificates for endorsement or enfacement with the number of Certificates 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.

### **16.2 ISSUE OF CERTIFICATES AND LIMITATION OF LIABILITY**

- 16.2.1 The Investment Adviser shall be responsible for obtaining all requisite consents and approvals for the offer and issue of Certificates and for the issue, publication or circulation of the Offering Document.
- 16.2.2 Except as provided herein the Certificates shall be offered through the authorized branches of the bankers to the issue.
- 16.2.3 Each Certificate Holder shall only be liable to pay the issue price of the Certificates subscribed by him and no further liability shall be imposed on him in respect of any Certificates held by him. The Certificates shall be issued only against receipt of full payment. No further liability shall be imposed on a subsequent Certificate Holder save any transfer fees or taxes applicable to transfers and transmission.
- 16.2.4 The Investment Adviser may require the Trustee to issue additional Certificates by way of Right Certificates against the receipt of payment and through other means, at such issue price and other terms as may be set by the Investment Adviser, subject to regulatory approvals first being obtained.

### **16.3 ISSUE OF CERTIFICATES OUTSIDE PAKISTAN**

- 16.3.1 Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Investment Adviser for the issuance of Certificates to persons not resident in Pakistan or for delivery in any country outside Pakistan, the price at which such Certificates may be issued may, at the discretion of the Investment Adviser, include in addition to the initial offer price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan.
- 16.3.2 The currency of transaction of the PSAF is the Pakistan Rupee and the Investment Adviser is not obliged to transact the issuance in any other currency, except for issuing Certificates to non-residents, pursuant to the Public Offering after fulfilling all the regulatory requirements.

### **16.4 REGISTER OF CERTIFICATE HOLDERS**

- 16.4.1 The Registrar at such a place as is agreed by the Investment Adviser shall maintain a Register. The Investment Adviser shall ensure that the Registrar shall comply with all relevant provisions of this Deed and the Rules.
- 16.4.2 The Investment Adviser shall ensure that the Registrar shall at all reasonable times during business

hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto and except when the Register is closed in accordance with the provisions of this Deed.

- 16.4.3 The Registrar shall, within two working days of receiving a written request from any Certificate Holder, post (or send by courier or through electronic means) to such Certificate Holder details of such Certificate Holder's account in the Register. Such service shall be provided free of charge to any Certificate Holder requesting so once in any financial year. The Investment Adviser may prescribe reasonable charges for servicing of any additional requests.
- 16.4.4 The Register shall contain the following information:
- (a) Full names, nationalities, NICs (in respect of Pakistan nationals) and addresses of each Certificate Holders and joint Certificate Holders;
  - (b) The number of the Certificates held and the distinctive numbers of Certificate, if any;
  - (c) The date on which the name of every Certificate Holder was entered in respect of the Certificates standing in his name;
  - (d) The date on which any transfer is registered with distinctive numbers and certificate numbers;
  - (e) Information about pledge on Certificates;
  - (f) Tax/Zakat status of the Certificate Holders;
  - (g) Nominees;
  - (h) Information about loss of Certificates and issuance of duplicates;
  - (i) Record of specimen signatures of the Certificate Holders;
  - (j) Such other information as Investment Adviser may require.
- 16.4.5 The Register shall be conclusive evidence as to the Certificates held by each Certificate Holder.
- 16.4.6 Any change of name or address of any Certificate Holder shall forthwith be notified in writing to the Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate(s) previously issued to such Certificate Holder and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue new Certificate(s) to such Certificate Holder.
- 16.4.7 The Registrar shall not register more than four joint Certificate Holders for a Certificate. In case of the death of any one of the joint Certificate Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Certificates held by the joint Certificate Holders. Provided however, the Registrar or the Trustee may at their discretion request the survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary.
- 16.4.8 A body corporate may be registered as a Certificate Holder or as one of joint Certificate Holders.
- 16.4.9 The Register may be closed in consultation with the Trustee for such period as the Investment Adviser may from time to time determine and after giving at least seven days notice to Certificate Holders, provided that it is not closed for more than forty-five days in any calendar year.
- 16.4.10 The Certificate Holder shall be the only person to be recognized by the Trustee, the Investment Adviser and the Registrar as having any right, title or interest in or to such Certificates and the Trustee, the Investment Adviser and the Registrar may recognize the Certificate Holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction. However, the Investment Adviser may authorize the Registrar to record a

pledge on any or all Certificates held by a Certificate Holder in favour of a third party at the request of such Certificate Holder or Joint Certificate Holders as the case may be.

- 16.4.11 The nominee(s), in case of nomination(s) and the executors or administrators or succession certificate holder of deceased Certificate Holder (not being one of several joint Certificate Holder) shall be the only persons recognized by the Trustee and the Investment Adviser as having title to the Certificates represented thereby.
- 16.4.12 Any person becoming entitled to a Certificate in consequence of the death or bankruptcy of any sole Certificate Holder or of the survivor of joint Certificate Holders may subject as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Holder of such Certificate upon giving the Trustee/Registrar such notice in writing of his desire or transfer such Certificate to some other person. All the limitations, restrictions and provisions of this Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer was a transfer executed by the Certificate Holder. Provided however, the Registrar or the Trustee may at their discretion request the survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary.
- 16.4.13 The Trustee shall retain any moneys payable in respect of any Certificate of which any person is, under the provisions as to the transmission of Certificates hereinbefore contained, entitled to be registered as the Certificate Holder or which any person under those provisions is entitled to transfer, until such person shall be registered as the Holder of such Certificate or shall duly transfer the same.

## **16.5 ISSUANCE OF CERTIFICATES**

- 16.5.1 Upon being satisfied that the initial offer price for each Certificate has been received in full from the successful applicant, the Registrar shall issue certificates (or at the Certificate Holder's request, one consolidated certificate) that will constitute evidence of the number of Certificates registered in the name of the Certificate Holder.
- 16.5.2 Certificates shall only be issued against full payment of the subscription money.
- 16.5.3 Certificates shall be issued as herein provided not later than twenty-one Business Days after the date of receipt of evidence of payment. The Certificate may be sent to the Certificate Holder or his duly authorized nominee at his own risk by registered post or by courier service.
- 16.5.4 In the case of Certificates held jointly, the Registrar shall not issue more than one Certificate for the Certificates held by such joint Certificate Holders and delivery of such Certificate to the Certificate Holder named first therein shall constitute sufficient delivery to all joint Certificate Holders.
- 16.5.5 Certificates shall be issued in such form as may from time to time be agreed between the Investment Adviser and the Trustee. A Certificate shall be dated, shall bear the name and address of the Investment Adviser and the Trustee, shall bear a distinctive and serial number and shall specify the number of Certificates represented thereby and the name and address of the Certificate Holder as appearing in the Register.
- 16.5.6 Certificates may be engraved or lithographed or printed as the Investment Adviser may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Investment Adviser by a duly authorized officer of the Investment Adviser. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative of the Registrar, which shall always be autographic except for the initial issue of certificates after the public offering where the Investment Adviser with the approval of the Trustee may allow lithographic or other mechanical method of signature. 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 Investment Adviser or the Registrar or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Investment Adviser, Registrar or an authorized signatory.

16.5.7 Where the Certificates are in form of book entry securities registered with the Central Depository Register of the Central Depository Company of Pakistan Limited (CDC), the issue of certification or receipt in lieu of physical Certificate or any other record shall be in accordance with the procedures laid down by the Central Depository Company of Pakistan Limited Regulations.

## **16.6 REPLACEMENT OF CERTIFICATES**

16.6.1 Subject to the provisions of this Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Investment Adviser and subject to any regulations from time to time made by the Trustee with the approval of the Investment Adviser every Certificate 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 Certificates.

16.6.2 In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Registrar with the approval of the Investment Adviser may issue to the person entitled 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 Trustee /Registrar evidence satisfactory to the Investment Adviser of the loss, theft or destruction of the original Certificate, (ii) paid all expenses incurred in connection with the investigation of the facts; and (iii) furnished such indemnity as the Investment Adviser and the Trustee may require. Neither the Investment Adviser nor the Trustee nor the Registrar shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause. Provided further that the Trustee and/or the Investment Adviser may also require issuance of public notices in newspapers and/or obtention of such indemnification, as the Investment Adviser and the Trustee may be appropriate, at the cost of the pertinent Certificate Holder before issuing any new certificates.

16.6.3 Before the issuing of any Certificate under the provisions of this sub-clause the Registrar may require from the applicant for the Certificate the payment to it of a fee of twenty five Rupees for each Certificate, subject to revision of fee from time to time by the Investment Adviser together with a sum sufficient in the opinion of the Investment Adviser to cover any Duties and Charges, if any, payable in connection with the issue of such Certificate.

## **16.7 TRANSFER OF CERTIFICATES**

16.7.1 Every Certificate Holder shall be entitled to transfer the Certificates held by him by an instrument in such form as the Adviser may prescribe from time to time with the approval of the Trustee.

16.7.2 A Certificate shall be transferable only in its entirety.

16.7.3 Both the transferor and the transferee must sign every instrument of transfer and the transferor shall be deemed to remain the Holder of the Certificates transferred until the name of the transferee is entered in the Register in respect thereof.

16.7.4 Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value. Where Certificates have been issued the Trustee may dispense with the production of any Certificate where the Certificate shall have become lost, stolen or destroyed subject to compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof as provided in this Deed.

16.7.5 The Registrar shall retain all instruments of transfer.

16.7.6 The Registrar with the prior approval of the Investment Adviser and the Trustee shall be entitled to

destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiration of twelve years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of six years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from termination of the Trust. The Trustee or the Investment Adviser or the Registrar shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favour of the Trustee or the Adviser or the Registrar that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Investment Adviser or the Registrar 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 thereto) to which the document may be relevant; (ii) nothing in this sub-clause shall be construed as imposing upon the Trustee or the Investment Adviser or the Registrar any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and (iii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

## **16.8 PLEDGE OF CERTIFICATES**

- 16.8.1 Any Certificate Holder/or all joint Certificate Holders may request the Registrar to record a pledge of all or any of his/their Certificates in favour of any third party legally entitled to invest in such Certificates in its own right. The Registrar shall register a pledge on any Certificates in favour of any third party with the specific authority of the Investment Adviser.
- 16.8.2 The pledge once registered shall be removed by the authority of the party in whose favour the pledge has been registered or through an order of a competent court. Neither the Trustee, nor the Investment Adviser, nor the Registrar, shall be liable for ensuring the validity of any such pledge. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge by any party shall be at the entire discretion of such party and neither the Trustee nor the Investment Adviser nor the Registrar take any responsibility in this matter.
- 16.8.3 Payments of dividends or the issue of bonus Certificates under pledge shall be made to the pledge holder for the account of the Certificate Holder.

## **17 MISCELLANEOUS**

### **17.1 DEPOSITORY ARRANGEMENTS**

- 17.1.1 The Certificates, if eligible and deposited with a depository, shall be subject to the terms and conditions prescribed by the depository and any inconsistent terms and conditions applicable to the certificates herein, shall not apply.

### **17.2 ARBITRATION**

- 17.2.1 In the event of any disputes arising out of this Trust Deed or Offering Document between the Investment Adviser 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, the Offering Document and/or the Supplementary Offering Documents, relating to the Scheme, the same shall be referred to arbitration by two arbitrators, one to be appointed by the Investment Adviser and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners of renowned Law Firms, or senior

bankers or senior members of the Karachi Stock Exchange (Guarantee) Limited, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

### **17.3 CONFIDENTIALITY**

The Trustee, the Investment Adviser, the Registrar and the Custodian and every director or officer of the said parties who are in any way engaged in the business of the Trust and all persons employed or engaged by the said parties in connection with the business of the Trust shall observe strict confidentiality in respect of all transactions of the Trust, its Certificate 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.

### **17.4 OTHER**

17.4.1 Any notice required to be served upon the Certificate Holder shall be deemed to have been duly given if sent by post or courier service to or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.

17.4.1 The Trustee or the Investment Adviser shall advertise any such notice in two leading daily newspapers in Pakistan having its primary circulation in Karachi.

17.4.2 Service of a notice or document on any one of several joint Certificate Holders shall be deemed effective service on the other joint Certificate Holders.

17.4.3 Any notice or document sent by post or courier service to or left at the registered address of a Certificate Holder shall notwithstanding that such Certificate Holder be then dead or bankrupt and whether or not the Trustee or the Investment Adviser 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 Certificates concerned.

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

### **17.5 AUDIT**

17.5.1 The first Auditors shall be Taseer Hadi Khalid & Company, Chartered Accountants, Karachi. Thereafter, the Investment Adviser shall in consultation with the Trustee appoint as auditor, a firm of chartered accountants who shall be independent of the auditor of the Investment Adviser and the Trustee. The Investment Adviser may at any time, with the concurrence of the Trustee, and shall, if directed by the SECP, remove the Auditors and appoint another Auditor in its place.

17.5.2 The Auditors shall hold office until transmission of the annual report and accounts but may be re-appointed for up to three consecutive terms of one year each. Thereafter, that the Auditors shall only be eligible for appointment after the lapse of at least one year. The following persons shall not qualify to be the Auditors of the Trust:

- (a) A person who is or at any time during the preceding three years was a director, officer or employee of the Investment Adviser or the Trustee.
- (b) A person who is a partner of, or in employment of, a director, officer, employee, or Connected Person of the Investment Adviser or Trustee.

- (c) The spouse of a director of the Investment Adviser or Trustee,
  - (d) A person who is indebted to the Investment Adviser or Trustee, and
  - (e) A body corporate.
- 17.5.3 Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm for the time being.
- 17.5.4 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Investment Adviser, Trustee, Custodian, Registrar, or elsewhere and shall be entitled to require from the Investment Adviser, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 17.5.5 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Investment Adviser as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 17.5.6 The Auditors shall prepare a written report to the Certificate Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statements or schedules appended thereto.
- 17.5.7 The contents of the Auditors report shall be as required in the Rules.
- 17.5.8 The Investment Adviser shall:
- (a) within four months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account together with the Auditor's report for the Accounting Period to the SECP and Certificate Holders in accordance with the Rules.
  - (b) within two months after the close of the first half of its year of account, prepare and transmit to the Certificate Holders and the SECP a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules.
  - (c) within a month after the close of the first and the third quarter, prepare and transmit quarterly report to the Certificate Holders, the Investment Adviser, the Trustee and the SECP, alongwith a Profit and Loss Account and Balance Sheet as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Rules.

## 18 DEFINITIONS

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

- 18.1.1 **“Adviser”** means Investment Adviser
- 18.1.2 **“Auditors”** means, such audit firm that is appointed as the auditor of any of the Closed-end Scheme Trust Schemes managed by the Adviser for which CDC is appointed as the Trustee;
- 18.1.3 **“Authorized Investment”** means investments transacted, issued, traded or listed in Pakistan and includes any of the following:
- (a) Securities, shares, stock, bonds, debentures, debenture stock, warrants, options, participation term certificates, modaraba certificates, musharika certificates, term finance certificates, convertible bonds and other asset backed or mortgage backed securities. Such investments shall include those for ready settlement as well as those for future settlement;
  - (b) Treasury bills and other government securities;

- (c) Money market instruments including, certificates of deposit and bankers' acceptances, inter-bank transactions, repurchase transactions (REPOs) and reverse REPOs including Carry Over Transactions (COT). Purchase or sale of a security for ready settlement and the reverse thereof (sale or purchase, as the case may be) for future settlement. Carry Over Transaction (COT) is a form of financing transacted through the Stock Exchange. It consists of two simultaneous transactions, the first for purchase of an underlying security (shares) on the settlement date scheduled for the security and the second for selling back the security at a higher price for a subsequent settlement date;
  - (d) Deposits with banks or financial institutions, including deposits in currencies other than the Pakistan Rupee;
  - (e) Any other equity or debt security in respect of which permission to deal on a stock exchange is effective;
  - (f) Investment in any equity or debt security, including venture capital investments, that may or may not be listed on the Stock Exchange but does not include bearer security or any security that would involve assumption of unlimited liability.
  - (g) Derivatives and contracts provided these do not result in the Fund being exposed to unlimited risk, hybrid securities (e.g. convertible securities) and synthetic securities (e.g. letter of rights). Provided no investment in such securities/contracts will be made in contravention of the Rules.
- 18.1.4 **“Bank”** means an institution providing banking services under the banking laws of Pakistan or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan.
- 18.1.5 **“Bank Accounts”** mean those accounts the beneficial ownership of which rest in the Certificate Holders and for which CDC has been appointed the Trustee.
- 18.1.6 **“Certificate”** means one undivided share in the PSAF.
- 18.1.7 **“Certificate of holding”** means the definitive certificate acknowledging the number of Certificates of the par value of Rs.10/ registered in the name of the Holder issued at the request of the Holder pursuant to the provisions of the Trust Deed.
- 18.1.8 **“Certificate holder”** means a Holder of one or more Certificates in the Fund whether or not definitive Certificates have been issued representing such Certificates, acknowledging the number of Certificates registered in the name of the Holder with Registrar or CDC.
- 18.1.9 **“Connected Person”** shall have the same meaning as in the Rules.
- 18.1.10 **“Constitutive Document”** means this Trust Deed which is the principal Document governing the formation management or operation of the Fund.
- 18.1.11 **“Custodian”** means a bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee with the approval of the Adviser to hold and protect the Fund Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund with the approval of the Adviser at competitive terms, as part of the normal line of its business.
- 18.1.12 **“Duties and Charges”** means in relation to any particular transaction or dealing all stamp and other duties, taxes, Government charges, transfer fees, registration fee and other duties and charges in connection with the issue, sale, transfer, sale, 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.
- 18.1.13 **“Formation Cost”** means all preliminary and floatation expenses of the PSAF including expenses in connection with authorization of the Scheme, execution and registration of the Constitutive Document, issue, legal costs, printing, circulation and publication of the Offering Document,

announcements describing the Fund inviting investment therein and all expenses incurred during the period leading up to the initial issue of Certificates. Any income earned from Fund Property before the finalization of the IPO will be paid-out to the Investment Adviser and deducted from formation cost.

- 18.1.14 **“Fund’s Auditors”** mean the Auditors.
- 18.1.15 **“Fund Property”** means the aggregate proceeds of the sale of all after deducting there from or providing there against any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising there from and all cash and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Certificate Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account.
- 18.1.16 **“Initial Public Offering”** or **“IPO”** means the offering of Certificates to the general public pursuant to listing of the certificates on the stock exchange(s).
- 18.1.17 **“Investment”** means any Authorized Investment forming part of the Fund Property.
- 18.1.18 **“Net Assets”** means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified hereunder.
- 18.1.19 **“Net Asset Value”** means per Certificate Value of the Fund arrived at by dividing the Net Assets by the number of Certificates outstanding.
- 18.1.20 **“Offering Document”** means the advertisements or other documents (approved by the SECP), which contain the investment and all other information in respect of the PSAF, as required by the Rules and is calculated to invite the public to invest in the PSAF.
- 18.1.21 **“Ordinance”** means Companies Ordinance 1984.
- 18.1.22 **“Pre-IPO Investor(s)”** means the investor(s) that have subscribed to the fund before the Initial Public Offering.
- 18.1.23 **“Par Value”** means the initial offer price of a Certificate that shall be ten Rupees.
- 18.1.24 **“Pakistan Strategic Allocation Fund”, “Fund”, “PSAF”, “Trust” or “Scheme” or “Closed-end Scheme”** means the Trust constituted by this Trust Deed.
- 18.1.25 **“Personal Law”** means the law of inheritance and succession as applicable to the individual Certificate holder.
- 18.1.26 **“Register”** means the Register of the Holders kept pursuant to the Rules and the Trust Deed.
- 18.1.27 **“Registrar”** means an organization that the Adviser shall appoint for performing the Registrar Function
- 18.1.28 **“Registrar Functions”** means the functions with regard to:
- (a) Maintaining the Register;
  - (b) Processing requests for issue, transfer and transmission of Certificates and requests for recording of lien or for recording of changes in data with regard to the Certificate Holders
  - (c) Dispatching income distribution warrants and bank transfer intimations;
- 18.1.29 **“Rules”** means the Non-Bank Finance Companies Rules, 2003 as amended from time to time.
- 18.1.30 **“SECP”** means the Securities and Exchange Commission of Pakistan set up under Securities and Exchange Commission of Pakistan Act, 1997.

- 18.1.31 **“Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange or any other stock exchange registered under the Securities and Exchange Ordinance 1969.
- 18.1.32 **“Transfer Application Form”** means the prescribed form, which is given in sub-section 20 of the Offering Document.
- 18.1.33 **“Trust”** means closed-end scheme, scheme, or Fund.

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.



## CDC's Tariff Structure for Trusteeship of Closed-end Scheme

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

<i>Amount of Funds Under Management (Average NAV)</i>	<i>Tariff per annum</i>
Up to Rs. 250 million	0.20% p.a.
On amount exceeding Rs. 250 million up to Rs. 500 million	Rs. 500,000 plus 0.15% on amount exceeding Rs. 250.0 million
On amount exceeding Rs. 500 million up to Rs. 2,000 million	Rs. 875,000 plus 0.08% p.a. on amount exceeding Rs. 500 million
On amount exceeding Rs. 2,000 million up to Rs. 5,000 million	Rs. 2,075,000 plus 0.06% p.a. on amount exceeding Rs. 2,000 million
On amount exceeding Rs. 5,000 million	Rs. 3,875,000 plus 0.05% p.a. on amount exceeding Rs. 5,000 million



