

TRUST DEED
of
DAWOOD ISLAMIC FUND

This Trust Deed is made and entered into at Karachi, on this 13th day of September, 2006 by and between:-

1. Name of the Scheme

DAWOOD ISLAMIC FUND

2. Participating Parties

- (1) **Dawood Capital Management Limited**, a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at 1500-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi-74000 (hereinafter called the "Management Company" which expression where the context so permits shall include its successors in interest and assigns) of the One Part; and
- (2) **Central Depository Company of Pakistan Limited**, a listed public company, incorporated under the Companies Ordinance, 1984, having its Registered Office at CDC House 99-B, Block "B", S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400, Pakistan and registered to act as central depository company under Rule 4(3) of the Central Depository Companies (Establishment & Regulations) Rules, 1996, (hereinafter called the "Trustee" which expression where the context so permits shall include its successors in interest and assigns) of the Other Part.

WHEREAS:

- A. The Management Company is registered as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) to undertake asset management services and to inter alia establish and operate Shariah Compliant unit trusts;
- B. The Management Company has been conveyed no objection by the Securities & Exchange Commission of Pakistan (Commission) vide its letter No.SEC/NBFC-II/DIF/AD-ZRK/598/2006 dated September 07, 2006 appended hereto as Annexure "A" to constitute the Trust under the name and title of "**Dawood Islamic Fund**" (**DIF**) (hereinafter referred to as the "Unit Trust", "Trust", "Fund", or "Scheme") and to register this Trust Deed, pending authorization for the establishment and operation of the Scheme in accordance with the provisions of the Rules, this Trust Deed and the Shariah;
- C. The Management Company has nominated and appointed the Trustee as trustee of the Scheme and the Trustee has accepted such appointment upon the terms and conditions herein contained;
- D. The Commission has approved the appointment of Trustee, vide letter No. SEC/NBFC-JD-II/158/2006 dated March 17, 2006 appended hereto as Annexure 'B'.
- E. The SECP has approved the appointment of the Shariah Advisor, vide letter No. NBFC/MF/RS/ZRK-AD/DIF/597/2006 dated September 07, 2006 appended hereto as Annexure 'C'.
- F. All conducts and acts of the Trust shall be Shariah compliant.

2.1 Declaration of Trust

- 2.1.1 Unit Trust is hereby created under the name of *Dawood Islamic Fund* (DIF) and the Trustee is hereby nominated, constituted and appointed as the trustee of the Unit Trust herein created and the Management Company is hereby appointed to establish, manage, operate and administer the Unit Trust. The Trustee and the Management Company do hereby agree to such appointments and declare that:
- (a) the Trustee shall hold and stand possessed of the Deposited Property that may from time to time be vested in the Trustee upon trust as a single common fund for the benefit of the Unit Holders ranking *pari-passu* inter se according to the number of Units held by each Unit Holder;
 - (b) the Management Company shall establish, manage, operate and administer the Scheme in accordance with the provisions of this Deed, the Rules; and
 - (c) the Deposited Property shall be invested from time to time by the Trustee at the direction of the Management Company strictly in terms of the provisions contained and the conditions stipulated in this Deed, the Offering Documents, the Rules and the conditions (if any) which may be imposed by the SECP from time to time and in compliance with Islamic Shariah.
- 2.1.2 For attaining the aims and objects, the Management Company does hereby deliver, transfer and hand over to the Trustee this day ____ of _____, 2006, initially a sum of Ten Thousand Only (Rs.10,000/=). This will be reimbursable to the Management Company by the Trust after it receives authorization from the SECP.
- 2.1.3 It is further declared that the Management Company has appointed Shariah Advisor(s) under intimation to the Trustee with the approval of SECP under the provisions of this Deed, who have certified that the provisions of this Deed are Shariah compliant vide their joint letter dated June 15, 2006 a copy of which is annexed to this Deed as Annexure "D". Provided however, the Management Company may from time to time under intimation to the Trustee and with the approval of the SECP, fill in the vacancies of Shariah Advisors that may be created by demise (God forbid), retirement, resignation or removal for genuine causes.

3. Governing Law, Jurisdiction and Shariah Compliance

3.1 Governing Law

This Deed shall be subject to and be governed by the Ordinance, the Rules and all applicable laws and regulations and it shall be deemed for all purposes whatsoever that all the provisions required to be contained in a trust deed by the Rules 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.

3.2 Jurisdiction

Subject to the Arbitration Clause 32 hereafter applicable between the Management Company and the Trustee inter se, each party, including the Unit Holders irrevocably submit to the exclusive jurisdiction of the courts at Karachi.

3.3 Shariah Governance:

- 3.3.1 All activities and investments of the Unit Trust shall be undertaken in accordance with the Islamic Shariah.

- 3.3.2 There are activities that are unlawful in Shariah, which the Fund cannot invest in. These include, among others:
- (a) Activities related to the objectives of the Fund such as investment in riba based transactions, conventional insurance transactions, intoxicants, gambling, pornography, Haram meat; and
 - (b) Activities related to the management of Fund such as taking interest bearing deposits or raising interest-bearing loans.

3.4 Shariah Advisor:

- (a) The Shariah Advisory Services will be provided by the Shariah Advisor(s), appointed by the Management Company through an agreement (the Agreement). The Management Company has appointed Professor Mufti Munib-ur-Rehman, Muhammad Abubakr Siddiq and Mufti Muhammad Sabir as the initial Shariah Advisor to the Scheme vide Agreement dated July 05, 2006.
- (b) The Shariah Advisor will be appointed for a period of three years, but may be re-appointed on completion of their term. The Management Company can at any time terminate the Agreement with the Shariah Advisor or any of them by giving a notice of such period as may be provided in the Agreement, before the completion of the term and fill the casual vacancy(ies).
- (c) The Shariah Advisor will advise the Management Company on matters relating to Shariah compliance and recommend general investment guidelines, consistent with the Shariah. Any verdict issued by the Shariah Advisor in respect of any Shariah related matter would be final and acceptable by the Trustee, the Management Company, the Unit Holders and other parties related with that matter. The Shariah Advisor's responsibilities will be as under:
 - i. The Shariah Advisor has co-ordinated with the Management Company in drawing up of this Deed and other related material documents constituting Constitutive Documents for the formation of the Unit Trust and shall further provide technical guidance and support on various aspects of Shariah, so as to enable the Management Company to mould the Unit Trust into Riba free avenue of investment.
 - ii. The Shariah Advisor will do the research as appropriate on the criteria followed by Islamic unit trusts all over the world for the purpose of screening of investments. The Shariah Advisor's will then decide as to which criteria are relevant to be used in the context of Pakistan's capital markets and the instruments available therein, and which need to be modified/added/deleted.
 - iii. The Shariah Advisor will certify that all the provisions of the Scheme and proposed investments to be made on account of the Unit Trust by the Management Company are Shariah compliant with the criteria established as per Clause (i) above.
 - iv. The Shariah Advisor will be required to evaluate and advise the management Company on all new financial instruments as and when introduced for their Shariah permissibility.
 - v. At the end of each Accounting Period, the Shariah Advisor shall issue a certificate, to be included in the Scheme's financial reports, in respect of Shariah compliance of the preceding year's operations of the Scheme and the Shariah Advisor may, at the Management Company's costs, conduct such audits or other investigations as may be necessary for the issuance of the certificate.

- vi. The Shariah Advisor will determine an appropriate percentage of income and cash flows included in the income and cash flow of the companies in which the Unit Trust has invested from activities not in accordance with the principles of the Shariah, and will recommend to the Management Company the criteria for selecting the Charities to whom such sums shall be donated, subject to the Rules.

3.5 Shariah Compliance Auditor:

- (a) The Auditor of the Unit Trust will also act as Shariah Compliance Auditor, and will complete Shariah Compliance Audit of the Trust for each Accounting Period within four months from the relevant Accounting Date, and will issue a Shariah compliance audit report.
- (b) Subject to the Rules, the Shariah Compliance Auditor would verify the following aspects of the Unit Trust's activities:
 - i. Necessary approvals have been obtained from the Shariah Advisor in respect of transactions involving Shariah related matters.
 - ii. Documentation contains all necessary information to make it Shariah compliant.
 - iii. No misuse of Trust funds has been committed.
 - iv. Trust funds were placed for investment under Shariah compliant avenues.
 - v. Costs charged to Trust were in accordance with the Shariah permissions and terms of the Trust Deed.
 - vi. Share of the Mudarib in profits from investments are in accordance with the agreed rates.
 - vii. Distributions for the Unit Holders are in accordance with the terms agreed upon.
 - viii. Any other point affecting the Shariah compliance.
 - ix. The Shariah Compliance Auditor will base his audit on tests usually applied in practice.
 - x. Disclosure shall be made in the notes to the financial accounts, of earnings prohibited by Shariah, if any, and how those amounts are disposed of.
 - xi. Disclosure shall be made of whether the Zakat payment is the responsibility of the Fund or the responsibility of Unit Holders. The Fund shall also disclose the Zakat due for each Unit.
- (c) The Shariah Compliance Auditor shall be competent to carry out the Shariah Compliance audit, including that the audit firm shall have experience and requisite knowledge of conducting Shariah Compliance audits and shall have laid down systems and programs to carry out such audit. The Management Company shall, in consultation with the Shariah Adviser and the Trustee, determine the competence of the Auditor in this regard.

4. For the Unit Trust, Effect of this Deed, Status of Unit Holders and Retirement/Change of Trustee, etc.

4.1 Deed binding on each Unit Holder

The terms and conditions of this Deed shall be binding on each Unit Holder as if he had been a party to it and shall be bound by the provisions hereof and shall further be deemed to have authorized and required the Trustee and the Management Company to do so as required by them by the terms of this Deed and the Rules.

4.2 Unit Holders not liable to make further payments

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

4.3 Units to rank *pari passu*

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

4.3.2 Core Units subscribed by the Core Investors for an aggregate amount of not less than the amount prescribed under the Rules shall be offered and issued at Par Value and shall not be redeemable for a period of two years from the close of Initial Period. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units.

4.4 Trustee to report to the Unit Holders

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

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

4.5 Manner in which the Trustee may retire

The Trustee shall be entitled to retire voluntarily at any time upon prior written notice of three months to the Management Company and after obtaining prior written consent of the SECP; subject to the condition that the retirement shall not take effect except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Management Company, within a period of three months after receiving a written notice to that effect from the Trustee and with the prior written approval of the SECP, may by a deed supplemental hereto under the seal of the Management Company appoint a new trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the

Deposited Property and other assets, if any, of the Scheme in the name of the new trustee. Provided that the obligations of the Trustee shall continue and the Trustee shall also receive its remuneration until the new trustee is appointed. In case the Trustee decides to retire voluntarily, as above, it shall endeavour its best to suggest the name(s) of alternate company(ies) or institution(s) qualified for being appointed as trustee to the Management Company and the SECP for appointment as the trustee, in the place of the Trustee.

5. Role of the Management Company, Role of the Trustee, Bank Accounts and Deposited Property

5.A Role of the Management Company

5.A.1 Primary Functions and Fund Management

5.A.1.1 The Management Company shall manage the Scheme and the Fund in the best interest of the Unit Holders, in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its Connected Persons, and subject to the restrictions and limitations as provided in this Deed and the Rules. Purchase and sale of investments made under any of the provisions of this Deed shall be made by the Trustee according to the instructions of the Management Company in this respect, unless such instructions are in conflict with the provisions of this Deed or the Rules. The Management Company shall not be liable for any loss caused to the Scheme or to the value of the Deposited Property due to any elements or circumstances beyond its reasonable control.

5.A.1.2 The Management Company 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 Management Company by any officer(s) or responsible official(s) of the Management Company or by any nominee or agent appointed by the Management Company under intimation of the trustee and any act or matter so performed shall be deemed for all the purposes of this Deed to be the act of the Management Company. The Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions, as if these were its own acts and omissions and shall account to the Trustee for any loss in value of the Deposited Property where such loss has been caused by its gross negligence or reckless or willful act and / or omission or of its officers, officials or agents.

5.A.1.3 The Management Company has the responsibility to make all investment decisions within the framework of the Rules, this Deed and the Offering Document(s) and the advice and guidance rendered by the Shariah Advisor.

5.A.2 Investor Services

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

5.A.3 Investor Records

5.A.3.1 The Management Company has the responsibility to maintain investor records and for this purpose it may appoint a Registrar, who is responsible for performing Registrar Functions, i.e. maintaining investors' (Unit Holders) records and providing related services. The Registrar shall carry out the responsibility of maintaining investors' records, issuing statements of accounts, issuing Certificates representing Units, processing redemption requests, processing dividend payments and all other related and incidental activities.

5.A.3.2 The Management Company shall not remove the records or documents pertaining to the Scheme from Pakistan to a place outside Pakistan without the prior written permission of the SECP and the Trustee.

5.A.4 Distribution

The Management Company, shall from time to time appoint, remove or replace one or more suitable persons, entities or parties as Distribution Company(ies)/ Distributor(s) for carrying on Distribution Function(s) at one or more location(s) on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distributor and the Management Company. Provided that the Management Company may also itself act as a Distributor for carrying on Distribution Functions. The Distributor(s) shall act as the interface between the investors, the Management Company, the Registrar and the Trustee and perform all other Distribution Function(s), as defined in Clause 34.24 hereafter.

5.A.5 Investment Facilitators

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

5.A.6 Record Keeping

The Management Company has the primary responsibility for all record keeping, regular determination and announcements of prices and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Management Company of statements of accounts and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Trustee is also required to confirm daily settlement position of all types including investments/disinvestments, bank transfers redemptions etc. The Management Company shall provide the Trustee unhindered access to all records relating to the Scheme.

5.A.7 Other Functions and Responsibilities of the Management Company

5.A.7.1 The Management Company may appoint, remove or replace the Registrar/Transfer Agent, in consultation with the Trustee.

5.A.7.2 The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may reasonably require in respect of any matter relating to the Scheme.

5.A.7.3 The Management Company 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 Management Company (save as herein otherwise provided) be liable for any act or omission of the Trustee, nor for anything except for its own gross negligence or willful breach of duty. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Management Company shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder.

5.A.7.4 The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the Trust, all transactions for the account of the Trust and amounts received by the Trust in respect of issuance of Units and paid out by the Trust on redemption of Units and by way of distributions.

5.A.7.5 The Management Company shall prepare and transmit an annual report, together

with a copy of the Statement of Assets and Liabilities, income and expenditure account and the Auditor's report of the Scheme to the Trustee, the SECP and the Unit Holders within four months of the closing of the Accounting Date and Statement of Assets and Liabilities and income and expenditure accounts shall comply with the requirements set out in the Rules.

- 5.A.7.6 The Management Company shall within one month of the closing of the first and third quarter and within two months after the close of second quarter of each Accounting Date, prepare and transmit to the Trustee, the SECP and the Unit Holders, Statement of Assets and Liabilities as at the end of that quarter, profit and loss account, cash flow statement and statement of changes in equity for that quarter, whether audited or otherwise.
- 5.A.7.7 As to the Unit Holders, the Reports mentioned in Clauses 5.A.7.5 and 5.A.7.6 may be sent to the Unit Holders either physically or through electronic means or on the web, subject to the SECP's approval.
- 5.A.7.8 The Management Company shall maintain a Register of Unit Holders through its agent or in any other manner of the Trust (either in physical or electronic form) and inform the Trustee and the SECP of the address where the Register is kept.
- 5.A.7.9 The Management Company shall with the consent of the Trustee, appoint at the establishment of the Trust and upon any vacancy, the Auditor and such Auditor shall not be appointed for more than three consecutive years and the contents of the Auditor's report shall be in accordance with the provisions of the Rules.
- 5.A.7.10 The Management Company shall also furnish a copy of the annual report together with copies of the Statement of Assets and Liabilities, income and expenditure accounts and the Auditor's report of the Scheme to the SECP and the Trustee within four months of the close of the Accounting Period, together with a statement containing the following information, namely:
- (i) total number of Unit Holders; and
 - (ii) particulars of the pertinent personnel (executives, research and others) of the Management Company.
- 5.A.7.11 The Management Company shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/ disinvestment transactions entered into by it on behalf of the Trust. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee on its part, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction.
- 5.A.7.12 The Management Company shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights or warrants relating to the investments that are due to be received. The Trustee shall report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.

5.B Role of the Trustee

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

Holders), within the framework of the Rules, this Trust Deed and the Offering Document(s) issued for the Unit Trust.

- 5.B.3 The Trustee shall have all the obligations entrusted to it under the Rules.
- 5.B.4 The Trustee shall nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Management Company.
- 5.B.5 The Trustee shall on the directions of the Management Company appoint and may also remove and replace from time to time one or more bank(s) and/or other depository company, to act as the Custodian(s) for holding and protecting the Deposited Property and every part thereof and for generally performing the custodial services at one or more locations and on such terms, as the Trustee and the Management Company may mutually agree and to be incorporated in custodial services agreement(s) to be executed between the Trustee and the Custodian(s). Provided however, the Trustee may also itself provide custodial services for the Trust with the approval of the Management Company at competitive terms as part of its normal line of business.
- 5.B.6 The Trustee shall comply with the provisions of this Deed for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee under intimation of the Management Company: Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Deposited Property where such loss has been caused by gross negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 5.B.7 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Unit Holders. The Trustee shall not be under any liability on account of anything done or suffered by the Trust, if the Trustee had acted in good faith in accordance with or in pursuance of any request of the Management Company provided they are not in conflict with the provisions of this 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 Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof:
- i) A document signed or purporting to be signed on behalf of the Management Company by any person whose signature the Trustee is for the time being authorized in writing by the Management Company to accept including a facsimile copy of the same, or
 - ii) Any instruction received online through the software solution adopted by the Management Company for managing and keeping records of the funds managed by the Management Company.
- 5.B.8 The Trustee shall not be liable for any loss caused to the Fund or to the value of the Deposited Property due to any elements or circumstances beyond its reasonable control.
- 5.B.9 The Trustee shall carry out the instructions of the Management Company in all matters including investment and disposition of the Deposited Property unless such instructions are in conflict with the provisions of this Deed and/or the Offering Document(s) or the Rules and / or any other applicable law; provided, however if for any reasons, it becomes highly impractical or not possible to carry out any instructions or fulfill or effectuate any of the provisions of this Deed, the Trustee shall not be responsible therefor and it shall neither incur any liability for

anything done or omitted to be done in good faith, provided it has attempted to employ its best efforts and all available means to comply with the instructions.

- 5.B.10 The Trustee shall make available or ensure that there is made available to the Management Company such information as the Management Company may reasonably require from time to time in respect of the Deposited Property and all other matters relating to the Trust.
- 5.B.11 The Trustee shall issue a report to the Unit Holders included in the annual report whether in its opinion, the Management Company has in all material respects managed the Deposited Property in accordance with the provisions of the Rules, Offering Document and this Deed and if the Management Company has not done so, the respect in which it has not done so and the steps the Trustee has taken in respect thereof.
- 5.B.12 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules. The Trustee shall endeavor to provide the certification at the earliest date reasonably possible.
- 5.B.13 The Trustee shall, if requested by Management Company or if it considers necessary for the protection of Deposited Property or safeguarding the interest of Unit Holders, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Deposited Property or any part thereof, with full powers to sign, swear, verify and submit pleadings and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All reasonable costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses: Provided that no such indemnity shall be available in respect of any action taken against the Trustee for gross negligence or breach of its duties in connection with the Trust under this Deed or the Rules. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Trustee and the Management Company shall not be liable in respect of any losses, claims, damages or other liabilities whatsoever suffered or incurred by the Trust arising from or consequent to any such suit, proceeding, arbitration or inquiry or corporate or shareholders' action or otherwise howsoever and (save as herein otherwise provided), all such losses, claims, damages and other liabilities shall be borne by the Trust Fund.
- 5.B.14 Neither the Trustee nor the Custodian (if Trustee has appointed another person as Custodian), or the Management Company or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust [save in the capacity of an intermediary].
- 5.B.15 Subject to the Rules, any transaction between the Trust and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Trustee.
- 5.B.16 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 Management Company nor for anything except its own negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed, the Trustee shall not be under any liability therefor or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted, to be done in good faith hereunder.

- 5.B.17 The Trustee may consult the Shariah advisor directly on any matter , under intimation to the Management Company.
- 5.B.18 The Trustee shall ensure that (a) the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the provisions of the Deed and the Rules; and (b) the methods adopted by the Management Company in calculating the value of units are adequate and in accordance with the provisions of the Deed and the Rules. In order to get these comforts the Trustee shall have unhindered access to records and information maintained with the Management Company or its agents.

5.C **Bank Accounts**

- 5.C.1 The Trustee, at the request of the Management Company, shall open Bank Accounts titled “**CDC-Trustee Dawood Islamic Fund**” for the Unit Trust at designated Bank(s) for collection, investment, redemption or any other use of the Trust’s funds. These shall include the following:
- 5.C.1.1 Bank Account(s) titled “**CDC-Trustee Dawood Islamic Fund**” at various branches of such Bank(s) as requested by the Management Company. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis.
- 5.C.1.2 Additional Bank Account(s) titled **CDC – Trustee Dawood Islamic Fund** at such branches of Banks and at such locations (including outside Pakistan, subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan) as may be reasonably required by the Management Company from time to time. Such accounts shall be used as collection and redemption accounts. There shall be instructions for all such collection and redemption accounts to promptly transfer the funds collected therein to the main Bank Account and/or transfer the funds to the relevant bank accounts of the Unit Holders for redemption purposes.
- 5.C.1.3 The Management Company may require the Trustee to open separate Bank Accounts for the Unit Trust to facilitate investments on account of the Trust and the receipt, tracking and reconciliation of income or other receipts relating to the investments. This account may also be used to facilitate redemptions and other Trust related (ancillary) transactions.
- 5.C.1.4 The Management Company may also require the Trustee to open a separate Bank Account for each dividend distribution out of the Unit Trust.
- 5.C.2 Notwithstanding anything in this Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
- 5.C.3 All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
- 5.C.4 All income, profit etc earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall subject to the approval of the Shariah Advisor form part of the Deposited Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.
- 5.C.5 The amounts received from the Core Investors (seed capital) and Private Placement Investors (if any) shall be deposited in a separate Bank Account titled **CDC – Trustee Dawood Islamic Fund - IPO** and transferred to the main Bank Account of the Fund upon the close of the Initial Period, Income, profit, etc. earned on the

investments by the Core Investors and Private Placement Investors upto the close of the Initial Period, shall after deducting all expenses that may be incurred by the Management Company, be paid to the Core Investors and Private Placement Investors in proportion to their respective investments and shall not form part of the Deposited Property.

5.D Deposited Property

- 5.D.1 The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges and after deducting therefrom or providing thereout any applicable Sales Load shall constitute part of the Deposited Property and the Distribution Company shall remit such proceeds to the Trustee in accordance with the instructions given by the Management Company from time to time.
- 5.D.2 The Deposited Property shall initially be constituted out of the proceeds of the Units issued to the Core Investors and other Units issued during the Initial Period after deducting any applicable Duties and Charges therefrom.
- 5.D.3 The Trustee shall take the Deposited Property into its custody or under its control either directly or through the Custodian and hold it in trust for the benefit of the Unit Holders in accordance with the provisions of the Rules and this Deed. The Deposited Property shall always be kept as a separate property and may be applied to make an advance, as may be permitted by Shariah and the Rules in relation to the normal business of the Trust. All registerable Investment shall be registered in the name of the Trustee and shall remain so registered until disposed of pursuant to the provisions of this Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Deposited Property.
- 5.D.4 Save, as herein expressly provided, the Deposited Property shall always be kept as separate property free from any mortgages, charges, liens or any other encumbrances whatsoever and the Trustee or the Custodian shall not create or purport to create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee, or any other obligation actual or contingent incurred, assumed or undertaken by the Trustee, the Custodian or any other person, except for securing finances obtained from Islamic financial institutions upon the direction of the Management Company and subject to the limitations contained in the Rules.
- 5.D.5 The Trustee shall have the sole responsibility for the safe-keeping of the Deposited Property. In the event of any loss caused due to willful negligence or bad faith on 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 any loss.
- 5.D.6 All cash forming part of the Deposited Property shall be deposited by the Trustee in one or more separate bank account(s) in the name of the Trustee with one or more scheduled Bank(s) or financial institution(s) with an investment grade credit rating, rated by an international rating agency or any other rating agency licensed by the SECP or the State Bank of Pakistan, and approved by the Management Company. The Bank or financial institution shall allow profit thereon in accordance with the rules prescribed by the Bank or the financial institution for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Management Company, in consultation with the Shariah Adviser.
- 5.D.7 If cash forming part of the Scheme's assets is deposited by the Trustee with an Islamic Bank, return shall be received on the Shariah based deposit at a rate not lower than the prevailing rate for a deposit of the same size and term.
- 5.D.8 Remuneration of the Management Company and the Trustee; brokerage and Transaction Costs relating to investing and disinvesting of the Deposited Property; all expenses incurred by the Trustee effecting the registration of all registerable property in the Trustee's name; legal and related costs as may be incurred in protecting or

enhancing the interests of the Scheme or the collective interests of the Unit Holders; Bank charges and profit, loss or service charges on Shariah Compliant borrowings duly approved under the Rules; Audit Fees; listing fee payable to Stock Exchange; rating fee payable to an approved rating agency; Formation Cost; taxes if any applicable to the Trust; remuneration to Shariah Advisor; annual Fee/charges to be paid to SECP under the Rules, finance documentation fee; and payment to Charity shall be payable out of the Deposited Property.

6. Investment Policy in respect of Investments of the Deposited Property and Investment Restrictions

6.1 Investment Policy

The Trust is purely Shariah based Unit Trust which shall make investments only in Authorized Investments and shall thus offer Shariah Compliant returns to the investors in the Units of the Scheme. Hence, no investment of the Deposited Property or any portion thereof shall be made in any investment, which, in the opinion of the Shariah Advisor, is opposed to Shariah.

6.2 Investment of Deposited Property

- 6.2.1 During and prior to the commencement of the Initial Period the Trustee shall hold the Deposited Property in cash in a separate account with an Islamic Bank or Islamic Financial Institution approved by the Management Company. After the Initial Period all cash, except in so far as such cash may in the opinion of the Management Company be required for transfer to the Distribution Account, shall be invested by the Trustee from time to time in such Authorised Investments as may (subject always to the provisions of this Deed) be directed by the Management Company.
- 6.2.2 Any Investment may at any time be realized at the discretion of the Management Company either in order to invest the proceeds of sale in other Authorised Investment or to provide cash required for the purpose of any provision of this Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly one and partly another. Any Investment which ceases to be an Authorised Investment or Shariah compliant 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 Management Company and the Trustee may determine to be in the interest of the Unit Holders, with the consent of Shariah Advisor and also with the approval of SECP.
- 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 Management Company is satisfied that it is possible, subject to applicable law, to make such purchase or sale more advantageously in some other manner. The broker will be appointed from time to time by the Management Company under intimation to the Trustee. The Management Company shall not employ, as a broker, directly or indirectly any of its directors or officers or employees or a person who beneficially owns, whether individually or in association with close relative(s), 10% (ten percent) or more of the equity or other securities with voting rights, if any, issued by the Management Company, without the prior approval of the SECP and under intimation to the Trustee. The term, close relative shall have the same meaning as contemplated under the Rules. The Management Company shall not enter into transactions with any connected broker, which shall equal or exceed 10% or more of the transactions of the Scheme in any one Accounting Year. Provided further that the 10% limit may be exceeded with the prior permission of the SECP and accordingly under intimation to the trustee.

6.3 Investment Restrictions

- 6.3.1 The Deposited Property shall be subject to such exposure limits as are provided in the Rules. Provided further that such exposure limits shall not be applicable in case, on application of the Management Company, SECP provides a relaxation of any or all of the exposure limits provided in the Rules. Provided further that it will not be necessary for the Trustee to sell any such Investment merely because owing to appreciation or depreciation of any Investment or redemption of Units, such limit shall be exceeded subsequent to the acquisition of such Investment. However, the Management Company shall not make further investment in such Investments till such time the limits are in accordance with the Rules.
- 6.3.2 If and as long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Rules, the Trustee shall not purchase any further Investments in such company or sector. However this restriction on purchase shall not apply to any offer of right shares or any other share offering, if the Management Company is satisfied that accepting such offer is in the interest of the Trust.
- 6.3.2 The Deposited Property shall not be invested in any security of a company if any director or officer of the Management Company owns more than five percent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company own more than ten percent of those securities.
- 6.3.3 The Trust shall not purchase from or sell to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten percent or more of the equity or other securities with voting rights, if any, issued by the Management Company or the Trustee, save in the case of such party acting as an intermediary.
- 6.3.4 The Trust will not at any time:
- (a) Invest in any thing that is not Shariah Compliant or is Haram.
 - (b) Purchase or sell:
 - i. bearer securities;
 - ii. securities which result in assumption of unlimited or undetermined liability (actual or contingent);
 - iii. commodities or commodity contracts (other than securities issued by listed companies dealing in securities);
 - iv. real estate or interest in real estate (other than securities issued by real estate companies);
 - v. participate in a joint account with others in any transaction;
 - vi. make short sales of any security or maintain a short position.

6.4 Exception to Investment Restrictions

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

6.5 Borrowing and borrowing restrictions

- 6.5.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Management Company concur with the Management Company in making and varying arrangements with Banks or financial institutions for borrowings on Shariah compliant basis by the Trustee for the account of the Scheme; provided that the borrowings shall not be resorted to, except for meeting the redemption requests.
- 6.5.2 The charges payable to any Bank or financial institution against borrowings on account of the Trust as permissible under Clause 6.5.1 above, shall not be higher than the normal prevailing bank charges or normal Shariah based market rates.
- 6.5.3 Borrowings may be resorted to only for meeting redemption requests. The maximum borrowing for the account of the Trust shall not exceed fifteen per cent of the total Net Assets Value of the Scheme and shall be payable within a period of ninety (90) days or such other limits or period, as may be provided in the Rules. If subsequent to any borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Deposited Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.
- 6.5.4 Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from Banks and financial institutions. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans, finances or advances.
- 6.5.5 For the purposes of securing any such borrowings, the Trustee may with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Deposited Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limits provided under the Rules and/or any law for the time being in force.
- 6.5.6 Neither the Trustee nor the Management Company shall incur any liability by reason of any loss to the Trust or any loss that a Unit Holders may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder in good faith.

7. Valuation of Property and Pricing

- 7.1.1 The mechanism on valuation of the Deposited Property and pricing, as prescribed under the Rules shall apply to:
- (a) the method of determining the value of the assets and liabilities of the Deposited Property of the Scheme and the Net Asset Value accordingly;
 - (b) the method of calculating the Offer and Redemption Prices; and
 - (c) the method of pricing and the circumstances under which it can change.

7.2 Determination of Offer Price

- 7.2.1 Units offered and issued during the First Offer shall be issued at par. The offer and issuance of Units during the First Offer shall remain open during the period specified in the Offering Document.
- 7.2.2 After the First Offer, the Offer Price for the Unit Holder shall be determined from time to time pursuant to Clause 7.2.3 hereafter and Rule 80 of the Rules and shall be calculated and announced by the Scheme on daily basis.

- 7.2.3 The Offer Price shall be equal to the sum of:
- a) The Net Asset Value as of the close of the Business Day on which completely and correctly filled prescribed for purchase of Units as may be prescribed by the Management Company is received within business hours of the Business Day, as announced by the Management Company from time to time, provided the funds are received from the investors are credited in the Trustee's Bank Account maintained for the Scheme;
 - b) Any Front-end Load;
 - c) Such amount as the Management Company may consider an appropriate provision for Duties and Charges;
 - d) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;

Provided the resultant amounts shall be adjusted upwards to the nearest two decimal places.

- 7.2.4 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.2.3(c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions .
- 7.2.5 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.2.3(c) exceeds the relevant amount of Duties and Charges, the Registrar shall issue additional Units or fractions thereof to the Unit Holders based on the price applicable to the Units issued against the relevant application.
- 7.2.6 The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and shall be published in at least one daily newspaper widely circulated in Pakistan.
- 7.2.7 If the variation of the Net Asset Value at any time exceeds five percent (5%) of the Net Asset Value included in the current Offer Price calculated under sub-clause 7.2.3(a), the Management Company may suspend any issuance of Units and shall calculate forthwith a new Offer Price. The Management Company shall also inform the SECP and the Trustee of the suspension of issuance of Units alongwith the new Offer Price, and publish the same in the newspaper in which the Unit's prices are normally published.

7.3 Allocation of Front-End Load

- 7.3.1 The remuneration of Distributors and Investment Facilitators shall be paid exclusively from any Front-end Load received by the Trustee and / or may be paid by the Management Company when the Trustee pays the Front-end Load to the Management Company for onward distribution to the Distributors and Investment Facilitators, and no charges shall be made against the Deposited Property or the Distribution Account in this respect. The Trustee shall pay the remainder of any Front-end Load after such disbursement to the Management Company as additional remuneration for their management services for the Scheme. If the Front-end Load received by the Trustee is insufficient to pay the remuneration of the Distributors and Investment Facilitators, the Management Company shall pay the amount necessary to pay in full such remuneration.

7.3.2 Such payments shall be made to the Distributors and Investment Facilitators and the Management Company on monthly basis in arrears within thirty days of the end of the calendar month.

7.3.3 A Distributor located outside Pakistan may if so authorized by the Management Company, retain such portion of the Front-end Load as is authorized by the Management Company and transfer the net amount to the Trustee, subject to the law for the time being in force.

7.4 Determination of Redemption Price

7.4.1 During the First Offer the Units shall not be redeemed.

7.4.2 After the First Offer the Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day on which a correctly and properly filled Units redemption application form is received within business hours as may be announced by the Management Company from time to time, less:

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

The Redemption Price so determined shall apply to redemption requests, complete in all respects, received by the Distributor or the Management Company during the business hours (as announced by the Management Company from time to time) on the Business Day on which a correctly and properly filled redemption application is received.

7.4.3 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 7.4.2(c) is insufficient to pay in full such Duties and Charges, the Management Company shall be liable for the payment in full of the amount of such Duties and Charges in excess of such provisions (except where such excess arises from any Duties and Charges levied with retroactive effect after the date of payment in which case such excess shall be recovered from the Deposited Property).

7.4.4 In the event that the provision for payment of Duties and Charges pursuant to sub-clause 7.4.2(c) exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders.

7.4.5 The Redemption Price determined by the Management Company shall be made available to the public at the office and branches of the Distributors and at the discretion of the Management Company may also be published in at least one daily newspaper circulated in Pakistan.

7.4.6 If the variation of the Net Asset Value at any time exceeds five percent (5%) of the Net Asset Value calculated pursuant to sub-clause 7.4.2 above for the current Redemption Price, the Management Company shall suspend any redemption of Units and shall calculate forthwith a new Redemption Price. The Management Company shall also inform the SECP and the Trustee of the suspension of redemption of Units alongwith the announcement of the new Redemption Price, and publish the same in the newspaper in which the Unit's prices are normally published.

7.5 Redemption of Units

- 7.5.1 The Trustee shall at any time during the life of the Trust on the instructions of the Management Company authorize redemption of Units out of the Trust funds through duly authorized Distributors.
- 7.5.2 An application for redemption of Units shall be made by completing the prescribed application form for redemption and submitting it at the authorized branch or office of the Distributor or the Management Company. The Distributor shall retain application for redemption and a copy may be supplied to the Registrar, if so required by the Management Company. No person shall be entitled to redeem only part of the Units comprised in a Certificate; provided however in case where a Certificate is not issued any number of Units may be redeemed by the Unit Holders thereof. The relevant Certificate shall accompany the application for redemption of Units, if issued. In case of application for redemption by joint Unit Holders such application should be signed by signatories as mentioned and required at the time of opening of the account through the Investor Account Opening Form (Details will be provided in the Offering Document.).
- 7.5.3 The Trustee may at its option dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holders with the like requirements to those arising in the case of an application by him for the replacement thereof.
- 7.5.4 The Management Company shall announce the Redemption Price on a daily basis. The Redemption Price at which Units shall be redeemed shall be the price fixed by the Management Company under the terms of this Deed. However, in the event Clause 8 hereunder comes into application, the redemption value shall be determined in accordance with the procedure laid out in Clause 8.
- 7.5.5 The amount payable on redemption shall be paid to the Unit Holders or in the case of Joint Unit Holders, to the first named Joint Unit Holder, by crossed cheque or bank draft or any other mode of payment at the request of Unit Holder, after the receipt of a properly documented request for redemption of the Units in terms of this Deed, provided that Redemption is not suspended in terms of the Deed.
- 7.5.6 The receipt of the Unit Holders for any moneys payable in respect of the Units shall be a good discharge to the Trustee and if several persons are registered as joint Unit Holders the first named Joint Unit Holder may give effectual receipt for any such moneys.
- 7.5.7 Application for redemption of Units will be received at the authorized offices or branches of the Distributor on all Business Days. Where redemption requests on any one Business Day exceed ten percent of either the total number of Units outstanding or NAV of the Fund, such redemption requests in excess of ten percent may be deferred in accordance with the procedure elaborated in Clause 8 hereof.
- 7.5.8 The Registrar shall verify the particulars given in the application for redemption of Units.
- 7.5.9 A redemption request shall deem to have been made in accordance with the provisions of the Offering Document, if such document prescribes automatic redemption under certain circumstances.
- 7.5.10 The maximum interval between the receipt of a properly documented request of redemption of Units and payment of Redemption Price to such Unit Holders(s) shall be six Business Days, subject to Clause 8 hereof.

- 7.5.11 Where lien/pledge/charge is recorded in the Register, the Management Company and the Trustee may concur to make payment to the pledgee if joint request is received from the Unit Holder and the pledgee and on receipt of such joint indemnification in favour of Management Company and Trustee as they may require.

8. Dealing, suspension and deferral of dealing

8.1 Temporary change in the method of dealing

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

8.2 Suspension of fresh issue of Units

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

8.3 Suspension of redemption of Units

- 8.3.1 The redemption of Units may be suspended during extraordinary circumstances including closure of one or more Stock Exchanges on which any of the Securities invested in by the Scheme are listed, the existence of a state of affairs, which in the opinion of the Management Company, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Scheme or of the Unit Holders, or a break down in the means of communication normally employed in determining the price of any investment, or when remittance of money can not be carried out in reasonable time and if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem Units at a price so determined in accordance with the Net Asset Value. The Management Company may announce a suspension or deferral of redemption and such a measure shall be taken to protect the interest of the Unit Holders in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Management Company may decide to wind up the Fund. Details of the procedure are given in Clause 8.5 hereinbelow.

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

8.4 Queue System

- 8.4.1 In the event redemption requests on any day exceed ten percent of Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for upto ten percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/ or arrange borrowing as it deems fit in the best interest of the Unit Holders and shall determine the redemption price to be applied to the redemption requests based on such action. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same Business Day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the ten-percent shall be treated as redemption requests qualifying for being processed on the next Business Day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next Business Day still exceed-ten percent of the Units in issue or 10% of the NAV of the Fund, these shall once again be treated on first-come-first served basis and the process for generating liquidity and determining the Redemption Price shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent of the Units then in issue.
- 8.4.2 Such suspension or queue system shall end on the day following the first Business Day on which the conditions giving rise to the suspension or queue system shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a queue system and end of suspension and queue system the Management Company shall immediately notify the SECP and publish the same in newspapers in which the Fund's prices are normally published.

8.5 Winding up in view of major redemptions:

In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Fund. In such an event, the queue system, if already invoked, shall cease to apply and all Unit Holders shall be paid after selling the assets and determining the final Redemption Price. However, interim distributions of the proceeds may be made if the Management Company finds it feasible. Such announcement shall be communicated to the Unit holders either by publishing a notice in a newspaper circulating in Pakistan or by sending the notice by registered mail to the Unit Holders.

9. Fees and Charges

- 9.1 The Management Company shall be entitled to charge remuneration not exceeding the maximum limit permitted under the Rules.
- 9.1.1 A Sales Load (not exceeding five *per cent* (5%) of the Offer Price
- 9.1.2 A remuneration during the first five years of the Scheme's existence of an amount not exceeding three *per cent* (3%) of the average annual Net Assets of the Scheme and thereafter of an amount equal to two *per cent* (2%) of such assets.
- 9.1.3 The remuneration shall begin to accrue from the close of the Initial Period. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days accrued in the Accounting Period concerned.

- 9.1.4 The Management Company shall be entitled to draw advance remuneration on monthly basis (or other periodic basis) from the Deposited Property out of its accrued remuneration, as may be considered reasonable by the Trustee.
- 9.1.5 In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust. The Management Company shall not make any charge against the Unit Holders or against the Deposited 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 Deposited Property.
- 9.1.6 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.
- 9.1.7 The Management Company shall however not make any further material charge against the Unit Holders nor against the Deposited Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules and the Deed to be payable out of Deposited Property.

9.2. Remuneration of Trustee and its Agents:

- 9.2.1 The Trustee shall be entitled to a monthly remuneration out of the Deposited Property based on an annual tariff of charges annexed hereto (Annexure "E"), which shall be applied to the average daily Net Assets during such calendar month. The remuneration shall begin to accrue from the close of the First Offer Period. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the calendar month concerned.
- 9.2.2 Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.
- 9.2.3 In consideration of the foregoing and save as aforesaid and as provided in Annexure "E", 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 Unit Holders or against the Deposited Property or against the Distribution Account for its services or for its expenses, except such expenses as are expressly authorized to be paid out of the Deposited Property under the provisions of the Rules and this Deed.
- 9.2.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.
- 9.2.5 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the SECP.
- 9.2.6 The Trustee shall however not make any further material charge against the Unit Holders nor against the Deposited Property nor against the Distribution Account for its services nor for expenses, except such expenses or fees as are expressly authorized under the provisions of the Rules and the Deed to be payable out of Deposited Property.

9.3 Formation Costs to be amortized against Property of the Scheme

- 9.3.1 Formation Cost shall be charged to the Fund which are estimated at and shall not exceed 1% of the subscription amount of the Core Investors (seed capital)
- 9.3.2 Formation Cost will be amortized over a period not exceeding five years.
- 9.4 Other costs and expenses to be charged to and borne by the Trust**
- 9.4.1 Brokerage and Transaction Costs related to investing and disinvesting of the Deposited Property.
- 9.4.2 Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders
- 9.4.3 Bank charges and borrowing/financial costs; provided that the charges payable to any bank or financial institution against borrowings on account of the Trust as permissible under Clause 6.4 above, shall not be higher than the normal prevailing bank charges or normal market rates.
- 9.4.4 Auditors' Fees and expenses and
9.4.5 Listing Fee payable to the Stock Exchange(s) on which Units may be listed.
- 9.4.6 Annual fee payable to the SECP under Rule 79 of the Rules; and
- 9.4.7 Taxes, if any, applicable to the Trust and its income and/or its properties.
- 9.4.8 Mutual Funds Association fee and other expenses directly related to or arising out of the activities of the Fund.
- 9.4.9 Charges and levies of stock exchanges, national clearing and settlement company, SECP charges, CDC charges, CVT, Laga and such other levies and charges and transfer charges as payable to Banks at the time of the transfer of funds to Unit Holders' accounts.
- 9.4.10 Shariah Advisors' remuneration
- 9.4.11 Credit rating fee payable against rating of the Scheme
- 9.4.12 Such expenses shall be paid to the Management Company at actuals within thirty days of the incurring of such expense.

10. Transactions with Connected Persons

- 10.1 The Deposited Property shall not be invested in any security of a company if any director or officer of the Management Company individually owns more than five per cent of the total nominal amount of the securities issued or collectively the directors and officers of the Management Company in their individual capacities own more than ten per cent of those securities.
- 10.2 The Fund shall not purchase from or sell any security to the Management Company or the Trustee or to any director, officer or employee of the Management Company or Trustee or to any person who beneficially owns ten per cent or more of the equity of the Management Company or the Trustee, or the major shareholders of the Trustee Company, save in the case of such party acting as an intermediary.
- 10.3 For the purpose of sub-paragraphs 10.1 and 10.2 above, the term director, officer and employee shall include spouse, lineal ascendants and descendants, brothers and sisters.

Subject to the Rules, any transaction between the Trust and the Management Company or any of their respective connected persons as principal shall only be made with the prior written consent of the Trustee and the approval of the SECP.

- 10.4 All transactions carried out by or on behalf of the Scheme shall be made as provided in the constitutive documents and shall be disclosed in the Scheme's annual report.
- 10.5 Cash forming part of the property of the Scheme may be placed as deposits with the Trustee or an institution licensed to accept deposits;
- 10.6 Money can be borrowed from connected Banks and financial institutions provided that the charges are not higher than normal bank charges.

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

- 11.1 The Management Company shall decide as soon as possible but not later than four months after the Accounting Date whether to distribute among Unit Holders, profits, either in form of bonus Units or cash dividend, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Unit.
- 11.2 The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:
 - a) The total income earned on the Deposited Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit, etc.;
 - b) Net realized appreciation as set out in sub-clause 11.3, from which shall be deducted expenses as set out in sub-clause 11.4, adjustment as set out in sub-clause 11.5 and such other adjustments as the Management Company may determine, subject to the Rules and the provisions of the Income Tax Ordinance and the rules thereunder.
- 11.3 The proceeds of sales of rights and all other receipts deemed by the Management Company to be in the nature of capital accruing from Investments shall not be regarded as available for distribution but shall be retained as part of the Deposited Property, provided that such amounts out of the sale proceeds of the Investments and out of the sale proceeds of the rights, bonus shares and all other receipts as deemed by the Management Company to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee upon instructions of the Management Company and shall thereafter cease to form part of the Deposited Property once transferred to the Distribution Account.
- 11.4 The income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:
 - a) Remuneration of the Management Company for the relevant period;
 - b) Remuneration of the Trustee for the relevant period;
 - c) Brokerage and Transaction Costs related to investing and disinvesting of the Deposited Property;
 - d) Legal and related costs incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders;

- e) Bank charges and borrowing/financial costs;
 - f) Audit Fees and charges;
 - g) Formation Costs amortized over a period not exceeding five years;
 - h) Taxes applicable to the Fund on its income, turnover, assets or otherwise;
 - i) Annual fee payable to the SECP; and
 - j) All expenses incurred by the Trustee in effecting the registration of all registerable Deposited Property in the name of the Scheme;
 - k) Any other expenses incurred in relation to management of the Deposited Property;
 - l) Any other costs covered under Clause 9.4 above.
- 11.5 The income qualifying for distribution in respect of the relevant period shall be adjusted as under:
- a) Deduction of a sum by way of adjustment to allow for effect of purchase of shares or any of the Investments cum dividend, profit or mark-up;
 - b) Addition of a sum representing amounts included in the price of Units for income accrued up to the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units during the relevant period;
 - c) Adjustment if considered necessary by the Management Company to reflect the diminution in value of Deposited Property in consultation with the Trustee.
- 11.6 In case of cash dividend, on each Distribution Date the Management Company shall instruct the Trustee to transfer such amount of cash as required to effect such distribution to the Distribution Account. The amount standing to the credit of the Distribution Account shall not for any purposes of this Deed be treated as part of the Deposited Property but shall be held by the Trustee upon trust to distribute the same as herein provided.
- 11.7 After the fixation of the rate of distribution per unit, distribution payments shall be made by the Trustee through transfer to the Unit Holders' designated bank account as mentioned in the Investor Account Opening Form.
- 11.8 Before making any distribution payment (such as bonus Units, cash dividend etc) in respect of a Unit the Trustee or the Management Company may make such deductions as may be required by law in respect of any Zakat, income or other taxes, charges or assessments whatsoever and issue to the Unit Holders the certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.
- 11.9 The Management Company shall give the Unit Holders the option at the time of investment to receive cash dividend or to re-invest the cash dividend amount in new Units under cumulative investment instead of cash dividend. The Unit Holders shall be entitled to change such option.
- 11.10 In case of bonus on each Distribution Date the Management Company shall determine the amount available for distribution as bonus Units in consultation with the Auditors inform the Trustee of the same.

- 11.11 After the fixation of rate of bonus entitlement per Unit, the Management Company shall instruct the Registrar to credit the respective Unit Holders' accounts with the designated number of Units calculated on the basis of the rate of distribution determined above against the number of Units held by them on the date of register closure.
- 11.12 The Management Company shall give the Unit Holders the option at the time of investment to encash bonus units.
- 11.13 In such case the bonus Units issued to the credit of such Unit Holders shall be redeemed at the redemption value determined for the day immediately succeeding the Business Day on which the bonus Units are credited and the proceeds shall be credited in accordance with the normal procedure already detailed above for redemption of Units.
- 11.14 The Unit Holders shall be entitled to change such options. Details will be given in the Offering Document.

12. Annual Accounting Period

- 12.1 The Annual Accounting Period shall commence on July 1 of a calendar year and end on June 30 of the succeeding calendar year.
- 12.2 Accounting Date means the date of June 30 in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Management Company may, with the consent of the Trustee and after obtaining approval of the SECP and the Commissioner of Income Tax, change such date to any other date.
- 12.3 Accounting Period 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 is registered and in any other case from the end of the preceding Accounting Period.

13. Base Currency

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

14. Modification of the Trust Deed

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

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

15. Termination and Liquidation of the Scheme

- 15.1 The Management Company may terminate the Scheme, if the Net Assets at any time fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders and the SECP and shall disclose the grounds of its decision. The Management Company may announce winding up of the Trust without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the Deposited Property to meet such redemptions would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Trust be wound up.
- 15.2 In the event the Management Company is of the view that the quantum of redemption requests that have built up shall result in the Scheme being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Unit Holders who are not redeeming, it may announce winding up of the Trust without notice.
- 15.3 The Trust may also be terminated by the SECP on the grounds given in the Rules.
- 15.4 This Deed may be terminated in accordance with the conditions specified in the Rules if there is a material breach of the provisions of this Deed or other agreement or arrangement entered into between the Trustee and Management Company regarding the Unit Trust.
- 15.5 Upon the Trust being terminated the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investments then remaining in the hands of the Trustee as part of the Deposited Property and shall repay any borrowing effected by the Trust together with any mark-up remaining unpaid.
- 15.6 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders pro rata to the number of Units held by them respectively all net cash proceeds derived from the realization of the Deposited Property after making payment as mentioned in Clause 15.5 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

16. Transactions relating to Investors (Unit Holders)

- 16.1 The Trustee shall provide the Management Company daily statements of all the Bank Accounts being operated by the Trustee for the Unit Trust.
- 16.2 The Management Company shall also advise the Trustee on a daily basis of the details of amounts to be paid to respective Unit Holders against redemption

requests, if any. Such payments shall be effected by the Trustee out of the accounts of the Unit Trust by way of transfer of the appropriate amounts to the designated bank accounts of the Unit Holders or by dispatch of dividend cheques/warrants/advice to the Unit Holders by registered post at their respective addresses. Such dispatch shall constitute discharge of the Management Company and the Trustee in respect of such payment.

- 16.3 The Management Company may make arrangements through branches of Banks to facilitate issuance and redemption of Units of the Unit Trust or may appoint Investment Facilitators for this purpose. A request for purchase of Units may also be made through the use of electronic means such as Internet or ATM facilities or Credit Card facilities.
- 16.4 The Management Company shall, from time to time, advise the Trustee of the dividend distribution for the Unit Trust. The Trustee shall establish a separate Bank Account for dividend distribution and transfer the amount payable as cash dividend to such Account after deducting such taxes and Zakat as may be required under the law. 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 Units of the Unit Trust.
- 16.5 The Trustee shall pay to the Management Company's order such sums out of the sale proceeds of Units or the sums retained out of the redemption amounts as are representative of Front-end or Back-end Loads or charges or other recoveries that are specified in the Trust Deed or Offering Document, as being payable out of the Issue or Redemption Prices.
- 16.6 Without prejudice to the foregoing, and subject to any law for the time being in force, the Trustee shall endeavor to ensure and employ prudent practices to ensure that information pertaining to Deposited Property, such as, but not restricted to, investments made, list of Unit Holders etc, is not compromised, dispersed or provided to any third party without express consent of the Management Company.
- 16.7 Where any loss is caused to the Deposited Property or to the Management Company due to Trustee's failure to comply with Clause 16.6 above, the Trustee shall make good that loss by depositing a sum equivalent to the loss in the Deposited Property or making payment to the Management Company, as the case may be.

17. Transactions relating to Investment Activity/ Portfolio Management

- 17.1 The Management Company shall, from time to time, instruct the Trustee of the settlement instructions relating to any investment / dis-investment transactions entered into by it on behalf of the respective Unit Trust. The Trustee shall carry out the settlements in accordance with the dictates of the specific transactions. The Management Company shall ensure the settlement instructions are given promptly after entering into the transaction so as to facilitate timely settlement and the Trustee, on its side, shall ensure that the settlement is handled in a timely manner in accordance with dictates of the transaction.
- 17.2 The Trustee shall ensure that where applicable, payments against investments are made against delivery and vice versa, unless specified otherwise.
- 17.3 The Trustee shall promptly forward to the Management Company any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government, regulator, stock or other exchange or any other party having any connection with the transaction.

- 17.4 The Trustee shall also, if so required by the nature of such notices or documents mentioned in the foregoing clause, act, with the consent of the Management Company in a manner that is in the best interest of the Unit Trust. Such action shall include legal action if called for and the Trustee shall be entitled to recover any legal costs reasonably incurred from the Unit Trust.
- 17.5 The Management Company shall intimate the Trustee with regard to dividends, other forms of income or inflows, and any rights or warrants relating to the investments that are due to be received. Further, the Trustee shall also report back to the Management Company any such amounts or warrants that are received on such accounts from time to time.
- 17.6 The Trustee shall provide proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attaching to any investment.

18. Other matters relating to The Unit Trust

18.1 Declaration of Net Asset Value based prices.

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

18.2 Offer and Redemption of Units

The Registrar shall process purchase and redemption applications as well as conversion/ switching and transfer applications in accordance with the relevant Offering Documents. Based on the prices applicable to the relevant purchase or redemption, the Registrar shall determine the number of Units to be issued or redeemed. Under certain circumstances as provided in this Deed, the Management Company may suspend the issue and/or redemption of Units.

19. Voting Rights on Deposited Property

19.1 All rights of voting attached to any Deposited Property shall be exercisable by the Management Company on behalf of the Scheme and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Unit Holders and may refrain at its own discretion from the exercise of any voting rights.

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

The phrase "rights of voting" or the word "vote" used in this sub-clause shall be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement as provided under the Ordinance. The Management Company shall keep a record stating the reasons for casting votes in favour of or against any resolutions.

19.3 Not later than two (2) Business Days of receipt, the Trustee shall forward to the Management Company all notice of meetings and all reports and circulars

received by the Trustee as the holder of any investment.

20. Change of Management Company

- 20.1 The Trustee may with the prior approval of the SECP, remove the Management Company by giving at least twenty-one days notice in writing to the Management Company if any of the following events has occurred:
- (a) the Management Company has contravened the provisions of this Deed in material respect and has failed to rectify the contravention within a reasonable period after the contravention has been brought to its notice by the Trustee and/or by the SECP;
 - (b) The Management Company goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation);
 - (c) A receiver is appointed over any of the assets of the Management Company.
- 20.2 The Management Company may retire at any time with the prior written consent of the SECP.
- 20.3 The removal of Management Company and appointment of a new Management Company shall always require the prior approval of the SECP and the intimation of the same to the Trustee.
- 20.4 If the SECP has cancelled the registration of the Management Company under the provisions of the Rules, the SECP shall appoint another asset management company as the management company for the Scheme according to the provisions of this Deed and the Rules.
- 20.5 Upon a new management company being appointed the Management Company will take immediate steps to deliver all the documents and records pertaining to the Trust to the new management company and shall pay all sums due to the Trustee.
- 20.6 Upon its appointment the new management company shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the management company hereunder as fully as though such new management company had originally been a party hereto.
- 20.7 Where the Management Company has been removed all issuance and redemption of Units of the Fund, and all investing activities shall cease from the moment the notice for removal has been given. Provided however all the redemption and issuance of unit requests received prior to such notice shall be settled in accordance with the normal established practices of the fund. Similarly all the investment related transactions entered prior to such notice shall also be settled as though no such notice has been given.
- 20.8 The suspension of activities shall continue upto 5 (five) Business Days succeeding the appointment of a new Management Company. The said period of suspension may be increased by SECP upon written request jointly by the new Management Company and the Trustee of the fund.
- 20.9 Furthermore the Trustee shall, immediately upon the issuance of notice of removal of Management Company appoint auditors with the consent of SECP from amongst the panel of auditors designated as "A" category by State Bank of Pakistan for the audit of financial institutions.

- 20.10 The auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 20.11 The auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Trustee or SECP.
- 20.12 The report for the audit shall be submitted by the auditors to the Trustee not later than thirty (30) Business Days from their appointment. A copy of the report shall also be provided to SECP, out going Management Company and the new Management Company.
- 20.13 The costs of audit shall be charged to the Fund.

21. Change of Trustee

- 21.1 The Trustee may retire voluntarily in accordance with and subject to the conditions of Clause 4.5 hereinabove.
- 21.2 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Management Company for purpose of reconstruction and amalgamation) or ceases to carry on business or a receiver of its undertaking is appointed or it becomes ineligible to act as a trustee of the Unit Trust under the provisions of the Rules, the Management Company shall with the approval of the SECP, by an instrument in writing, remove the Trustee from its appointment under this Deed and shall by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the Rules and this Deed as the new trustee.
- 21.3 The Management Company 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.
- 21.4 Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Deposited Property and any amount deposited in any Distribution Account to the new trustee and make payments to the new trustee of all sums due from the Trustee.
- 21.5 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.
- 21.6 Notwithstanding, removal/resignation of the Trustee and its subsequent discharge from its duties under this Deed and the Rules, the Trustee shall remain entitled to the benefit of Clauses 4.5, 5.B.7, 5.B.8, 5.B.9 and 5.B.16 without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under this Deed and/or the Rules.
- 21.7 Where the Trustee has been removed all issuance and redemption of Units of the Fund, and all investing activities shall cease from the moment the notice for removal has been given. Provided however all the redemption and issuance of Unit requests received prior to such notice shall be settled in accordance with the normal established practices of the fund. Similarly all the investment related transactions entered prior to such notice shall also be settled as though no such notice has been given.
- 21.8 Furthermore the Management Company shall, immediately upon the issuance of notice of removal of Trustee appoint auditors with the consent of SECP from

amongst the panel of auditors designated as "A" category by State Bank of Pakistan for the audit of financial institutions.

- 21.9 The auditors so appointed shall be other than the existing auditors of the Fund, the Management Company and the Trustee.
- 21.10 The auditors shall have the same scope as that for the annual audit, or such other enhanced scope as may be specified by the Management Company or SECP.
- 21.11 The report for the audit shall be submitted by the auditors to the Management Company not later than 30 Business Days from their appointment. A copy of the report shall also be provided to SECP, outgoing Trustee and the new Trustee.
- 21.12 The costs of audit shall be shared equally by the outgoing Trustee, the new Trustee and the fund.

22. Classes of Units

- 22.1 Irrespective of the different classes of Units as set out in this Clause, all Units issued from time to time shall rank *pari passu* inter se and shall have such rights as are set out in this Deed and the Offering Documents. The liability of the Unit Holders shall be limited to the unpaid amount (if any) on the Units.
- 22.2 The Management Company may issue any of the following classes of Units:
- (a) Class "A" is Core capital which cannot be redeemed within two year, however these Units are transferable with a written acceptance of this condition by the transferee thereof
 - (b) Class "B" is regular units with minimum investments of Rs.5,000/- and subsequent investments of Rs1,000/- with Front-end Load
 - (c) Class "C" is Dawood Savings plan schemes with minimum investment to open an account is Rs.500/- with subsequent additional investment of Rs.100/- per transaction. Units will be issued at NAV with no Front-end Load but it will subjected to Back-end Load if redeem within one year
 - (d) Class "D" is Dawood Savings plan schemes with minimum investment to open an account is Rs.500/- with subsequent additional investment of Rs.100/-. per transaction Units will be issued at NAV with no Front-end Load but it will subjected to Back-end Load if redeemed prior to Unit Holder attaining the age 18
- 22.3 For the convenience of investors, the Management Company may issue Units with different options as to the administrative arrangements (while maintaining the integrity of each Unit's *pari passu* rights). Irrespective of the administrative arrangements under which Units may be issued, all Units issued from time to time shall rank *pari passu* inter se and shall have such rights as are set out in this Deed and the Offering Documents.
- 22.4 Core Units subscribed by the Core Investors for an aggregate amount of not less than the amount prescribed under the Rules shall be offered and issued at the Initial Price and shall not be redeemable for a period of two years from the date of such subscription. A mention of such restriction and its termination date shall be entered into the Register and shall be noted on any Certificate issued in respect of such Units. Core Units will however be transferable on the same terms and conditions as applicable to the Core Investors.
- 22.5 After the Initial Period, the Offer and Redemption Prices shall be determined from time to time pursuant to this Deed.

- 22.6 By a deed supplemental to this Deed the Management Company may at any time with the approval of the Trustee and the SECP, on giving not less than twenty-one days previous notice in writing to each Unit Holder, sub-divide or consolidate the whole or any part of the Units of the same class and the Unit Holder shall be bound accordingly. The Management Company shall require in such notice that each Unit Holder to whom Certificates have been issued (who shall be bound accordingly) deliver his Certificates for endorsement or enfacement with the number of Units to be represented thereby as a result of such sub-division or consolidation; provided that any delay or failure to deliver the Certificates shall not delay or otherwise affect any such sub-division or consolidation.

23. Offer of Units

- 23.1. The Management Company shall be responsible for obtaining all requisite consents and approval for the Offer and issue of Units and for the issue, publication or circulation of the Offering Document.
- 23.2 Except as provided herein the Units shall be offered through the authorized offices or branches of the Distributors on all Business Days.
- 23.3 Application for purchase of Units shall be made by completing the prescribed purchase of units application form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order etc as the case may be in favour of the Fund and crossed "**account payee only**" or in cash upto the approved limit. Such forms have to be submitted within the announced business hours on the business days.
- 23.4 Each Unit Holders shall only be liable to pay the Offer Price of the Units subscribed by him and no further liability shall be imposed on him in respect of any Units held by him. The units shall be issued in fractions upto four decimal points, only against receipt of full payment.
- 23.5 An application for purchase of Units shall deem to have been made in accordance with the provisions of the Offering Document, if such document prescribes automatic issuance of Units under certain circumstances.

24. Offer and Redemption of Units Outside Pakistan

- 24.1 Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the offer of Units to persons not resident in Pakistan or for delivery in any country outside Pakistan, the price at which such Units may be issued may, at the discretion of the Management Company, include in addition to the Offer Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance, any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates, or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan or any other cost in general incurred in providing this facility.
- 24.2 In the event that the Redemption Price for Units shall be paid in any country outside Pakistan, the price at which such Units may be redeemed may at the discretion of the Management Company include as a deduction to the Redemption Price as hereinbefore provided a further amount sufficient to cover any exchange risk insurance and any additional stamp duty or taxation whether national, local or otherwise leviable in that country in respect of such payment or redemption or

any bank or other charges incurred in arranging the payment or any other cost in general incurred in providing this facility.

- 24.3 The currency of transaction of the Trust is the Pakistan Rupee and the Management Company, Trustee or any Distributor are not obliged to transact the purchase or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Management Company, for receipt or payment in any other currency or for any obligations arising therefrom. Neither the Trustee, nor the Management Company shall be responsible for arranging remittances or funds from the offshore countries to Pakistan and from Pakistan to offshore countries or for payment of any Bank charges and other levies, if any.

25. Register of Unit Holders

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

- 25.2 The Management Company shall ensure that the Registrar shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto.

- 25.3 The Registrar shall, within seven working days of receiving a written request from any Unit Holders, post (or send by courier or through electronic means) to such Unit Holders details of such Unit Holders' account in the Register. The Management Company may prescribe reasonable charges for servicing of any additional requests.

- 25.4 The Register shall contain the following information about Unit Holders:

- a) For individuals :
- Full name(s),
 - Father's/husband's name
 - Addresses of Unit Holder(s)
 - Nationality
 - Computerized National Identity Card Number(s) and/or Passport Number (if applicable).
- b) For companies and institutions:
- Full name(s)
 - Address(s)
 - Registration/incorporation No
 - Country of incorporation
 - National Tax Number (if applicable)

- 25.5 The Registrar would keep the following information in the detailed Register:

- a) The number and type of the Units held and the distinctive numbers of Certificate(s), if any;
- b) The date on which the name of every Unit Holder was entered in respect of the Units standing in his/her name;
- c) The date on which any transfer or redemption is registered;

- d) Information about lien, Pledge or charge on Units;
 - e) Tax and Zakat status of the Unit Holder(s);
 - f) Record of the signature of the Unit Holder(s);
 - g) Nominees of the Unit Holder(s) and
 - h) Such other information as the Management Company may require.
- 25.6 The Register shall be conclusive evidence as to the Units held by each Unit Holders.
- 25.7 Any change of name or address of any Unit Holders shall forthwith be notified in writing to the Registrar, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name, the surrender of any Certificate(s) previously issued to such Unit Holders and the payment of the fee) shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue new Certificate/s to such Unit Holders.
- 25.8 The Registrar shall not register more than four joint Holders for a Unit. In case of the death of any one of the joint Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Units held by the joint Holders. Provided however, the Registrar or the Trustee may at their discretion request the survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary.
- 25.9 A body corporate may be registered as a Unit Holders or as one of joint Unit Holders.
- 25.10 The Register may be closed with intimation to the Trustee for such period as the Management Company may from time to time determine and after giving at least twenty-one (21) days notice to Unit Holders for a minimum period of seven (7) days at a time, but not exceeding fifteen (15) days at a time for any purposes, provided that the Register is not closed for more than forty-five days in any calendar year.
- 25.11 The Unit Holders shall be the only person to be recognized by the Trustee, the Management Company and the Registrar as having any right, title or interest in or to such Units and the Trustee, the Management Company and the Registrar may recognize the Unit Holders as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust except where required by any court of competent jurisdiction. However, the Management Company may authorize the Registrar to record a lien on any or all Units held by a Unit Holders in favour of a third party at the request of such Unit Holders or Joint Unit Holders as the case may be.
- 25.12 The executors or administrators or succession certificate holder of deceased Unit Holders (not being one of several joint Unit Holders) shall be the only person recognized by the Trustee and the Management Company as having title to the Units represented thereby. However, the operation of the account of the Unit Holder will continue as per the mandate and authority given at the time of opening of the account through the Investor Account Opening Form.
- 25.13 Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Unit Holders or of the survivor of joint Unit Holders may subject as hereinafter provided upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself as Holder of such Unit upon giving the Trustee/ Distributor such notice in writing of his desire or transfer such Unit 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 Unit Holders. Provided however, the Management Company or the Trustee may at their discretion request the survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary.

- 25.14 The Trustee shall retain any moneys payable in respect of any Unit of which any person is, under the provisions as to the transmission of Units hereinbefore contained, entitled to be registered as the Unit Holders or which any person under those provisions is entitled to transfer, until such person shall be registered as the Holder of such Unit or shall duly transfer the same.
- 25.15 The registrar shall, subject to any law in force, ensure at all times and shall endeavour to implement prudent practices to ensure that the Register or the information contained therein of all or any particular Unit Holders is not provided to any third party without express permission from the Management Company or the Unit Holders himself, unless any disclosure is required in compliance with any applicable laws, rules and regulations or where such disclosure is required by an appropriate court or competent authority.
- 25.16 Where the registrar is found guilty of breach of trust as referred to in 25.15 above, the Management Company may impose such penalty as deemed fit in accordance with the nature of breach. Provided further where the Fund, the Management Company, the Trustee or the Unit Holders suffer any loss due the aforementioned breach of trust, the Registrar shall be liable to make good such loss in addition to the penalty, if any imposed by the Management Company.
- 25.17 Where there is a dispute between the Management Company and the Registrar on account of ascertaining the breach of trust as referred to in 25.15 above or the loss or the penalty as referred to in 25.16 above, an arbitrator shall be appointed for its resolution with mutual consent of the Management Company and the Registrar, the decision of which shall be binding on all the parties to dispute. The agreement with the Registrar shall contain this condition. Such arbitration shall have no bearing on the arbitration Clause 32 mentioned hereafter which is applicable to disputes between the Management Company and the Trustee.

26. Issuance of Certificates

- 26.1 Upon being satisfied that the Offer Price for each Unit or fraction thereof has been received in full from the applicant, the Registrar shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holders.
- 26.2 Certificates shall be issued only if so requested by the Unit Holders at the time of application or at any later stage (save in the case of Units issued under certain administrative arrangements that exclude issuance of certificates) and upon payment of a fee not exceeding Rs.100 (Rupees One Hundred) per Certificate of any denomination, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate. The proceeds of such fee will accrue to the Management Company.
- 26.3 Certificates shall only be issued for Units that have been fully paid, in such denominations as may be required by the Unit Holder. Separate Certificate shall be issued for each class of Units.
- 26.4 Certificates where requested shall be issued as herein provided not later than twenty-one Business Days after the date of such request. The Certificate may be sent to the principal account holder named first or his duly authorized nominee at

his own risk by registered post or by courier service or may be collected by the Unit Holders from the Distributor.

- 26.5 In the case of Units held jointly the Registrar shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such Certificate to the principal account holder named first therein shall constitute sufficient delivery to all joint Unit Holders.
- 26.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name of Trust and or Scheme, name and address of the Management Company and the name of the Trustee, shall bear a distinctive serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holders as appearing in the Register.
- 26.7 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the mutual agreement of the Trustee and shall be signed on behalf of the Trustee by a duly authorized officer(s) of the Trustee and on behalf of the Management Company by a duly authorized officer(s) of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorized representative(s) of the Registrar, which shall always be autographic. No Certificate shall be of any force or effect until signed as herein above mentioned. Certificate so signed shall be valid and binding notwithstanding that before the date of delivery thereof the Trustee or the Management Company or the Registrar or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee, Management Company, Registrar, Distributor or an authorized signatory.

27. Replacement of Certificates

- 27.1 Subject to the provisions of this Deed and in particular to the limitations of the denominations of Certificates as may be fixed by the Management Company and subject to any regulations from time to time made by the Trustee with the approval of the Management Company every Unit Holders shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.
- 27.2 In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Registrar with the approval of the Management Company 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 Distributor/ Registrar evidence satisfactory to the Management Company 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 Management Company and the Trustee may require.

Neither the Management Company nor the Trustee or the Distributor/ 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

Management Company may also require issuance of public notices in newspapers at the cost of the pertinent Unit Holder before issuing any new certificates.

- 27.3 Before the issuing of any Certificate under the provisions of this sub-clause the Distributor/ Registrar may require from the applicant for the Certificate the payment to it of a fee of Rs:100/- (Rupees One Hundred) for each Certificate, subject to revision of fee from time to time by the Management Company together with a sum sufficient in the opinion of the Management Company to cover any Duties and Charges payable in connection with the issue of such Certificate.

28. Transfer of Units

- 28.1 Every Unit Holder shall be entitled to transfer the Units held by him by an instrument in such form as the Management Company may prescribe from time to time.
- 28.2 A Certificate shall be transferable only in its entirety.
- 28.3 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.
- 28.4 Every instrument of transfer must be duly completed in all respects including affixation of transfer stamps of the requisite value, if applicable. 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 or as required by the Registrar.
- 28.5 All instruments of transfer shall be retained by the Registrar.
- 28.6 The Registrar/Transfer Agent with the prior approval of the Management Company and the Trustee shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiration of ten years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of three years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from termination of the Trust. The Trustee or the Management Company or the Distribution Company or Registrar shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favour of the Trustee or the Management Company or the Distribution Company or Registrar that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Distribution Company or 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 Management Company or the Distributor or 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.

29. Pledge/Lien of Units

- 29.1 Any Unit Holder as per the Investor Account Opening Form may request the Registrar to record a pledge / lien of all or any of his/their Units in favour of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in favour of any third party with the specific authority of the Management Company.
- 29.2 The pledge / lien once registered shall be removed by the authority of the party in whose favour the pledge / lien has been registered or through an order of a competent court. Neither the Trustee, nor the Management Company, nor the Registrar, shall be liable for ensuring the validity of any such pledge / lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge / lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Registrar takes any responsibility in this matter.
- 29.3 Payments of dividends or the issue of bonus Units and redemption proceeds or any other benefits of the Units under pledge / lien shall be made to the pledge / lien holder for the account of the Unit Holder.
- 29.4 In case the Units are recorded with the Central Depository Company of Pakistan Limited in its capacity as a depository company, the pledge/lien shall be subject to conditions contained in the Central Depositories Act, 1997, and the Central Depository Company of Pakistan Limited Regulations

30. Audit

- 30.1 The Management Company shall at the establishment of the Scheme and with the consent of the Trustee, appoint as auditor, a firm of chartered accountants who shall be independent of the auditor of the Management Company and the Trustee and such auditor shall not be appointed for more than three consecutive years. The Management Company may at any time, with the concurrence of the Trustee, remove the Auditors and appoint another Auditor in its place.
- 30.2 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 Management Company or the Trustee.
 - b) A person who is a partner of, or in employment of, a director, officer, employee, or Connected Person of the Management Company or Trustee.
 - c) The spouse of a director of the Management Company or Trustee,
 - d) A person who is indebted to the Management Company or Trustee, and
 - e) A body corporate.
- 30.3 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.
- 30.4 The Auditors shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee,

Custodian, Registrar or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.

- 30.5 The Trustee shall be entitled to require the Auditors to provide such further reports as may be agreed between the Trustee and the Management Company as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules.
- 30.6 The Auditors shall prepare a written report to the Unit Holders on the books of accounts of the Trust and the Statement of Assets and Liabilities and income and expenditure account and on every other document forming part of the Statement of Assets and Liabilities and income and expenditure account, including notes, statement or schedule appended thereto.
- 30.7 The contents of the Auditors report shall be as required in the Rules.
- 30.8 The Management Company shall:
- a). Within one month of the close of the first and third quarter and within two months after the close of second quarter of its year of account, prepare and transmit to the Unit Holders and the SECP Statement of Assets and Liabilities as on the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise, in accordance with the Rules.
 - b) Within four months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the Statement of Assets and Liabilities, income and expenditure account together with the Auditor's report for the Accounting Period to the SECP and Unit Holders in accordance with the Rules.

31. Arbitration

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

32. Confidentiality

The Trustee and the Management Company 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 Unit Holders and all matters relating thereto and shall not disclose any information or document which may come to his knowledge or possession in the discharge of his duties except when required to do so in the ordinary course of performance of his duties or by law or if compelled by any court of law or a competent authority.

33. Miscellaneous

- 33.1 Any notice required to be served upon the Unit Holders shall be deemed to have been duly given if sent by post or courier service to or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.
- a) The Trustee or the Management Company shall advertise any such notice in two leading daily newspapers in Pakistan having wide circulation in the country.
 - b) Service of a notice or document to principal account holder shall be deemed effective service on all the other joint Unit Holders.
 - c) Any notice or document sent by post or courier service to or left at the registered address of a Unit Holders shall notwithstanding that such Unit Holders be then dead or bankrupt and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.
- 33.2 If at any time, any Clause of this Deed is or becomes in whole or in part illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, the legality, validity and enforceability of the remaining Clauses of this Deed hereof, shall not in any way be effected or impaired thereby.
- 33.3 A copy of this Deed and of any such supplemental deed shall be made available for inspection at the respective Head Offices of the Trustee and of the Management Company at all times during usual business hours and shall be supplied by the Management Company to any person on application at a charge of Rs:100/- (Rupees One Hundred) per copy or at such rate as determined from time to time by the Management Company.

34. **Definitions**

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

- 34.1 "**Accounting Date**" means the thirtieth day of June in each year and any interim date(s) at which financial statements of the Unit Trust are drawn up. Provided that the Management Company may, with the written consent of the Trustee and after obtaining the necessary approvals from the relevant authorities, change such date to any other date and such change shall be intimated to the SECP.
- 34.2 "**Account Statement**" means statement of transaction in Units in the folio of the Unit Holder maintained within the Unit Holders' Register.
- 34.3 "**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 is registered and (in any other case) from the end of the preceding Accounting Period.
- 34.4 "**Auditor**" means a firm of Chartered Accountants that is appointed by the Management Company with the consent of the Trustee as the auditor of the Fund, who shall be independent of the auditor of the Management Company and the auditor of the Trustee in accordance with the Rules.
- 34.5 "**Authorized Branch**" or "**Branches**" or "**Office**" or "**Offices**" means those branches of the Distribution Companies authorized by the Management Company from time to time under intimation to the Trustee for performing Distribution Functions.
- 34.6 "**Authorized Investment**" means any Shariah Compliant investments such as securities, shares, stocks, Sukuk Islamic Bonds, debentures, participation term certificates, Modaraba certificates, Musharika certificates, closed-end schemes, open-ended schemes, profit and loss sharing deposits, Musharika based term finance certificates or other equity based, unit trust based, asset backed and mortgage backed securities and other Shariah Compliant investments, as may be determined by Shariah Advisor and permissible under the Rules.
- The Fund may subject to SECP and other regulatory approvals invest in Shariah compliant foreign securities issued, listed and traded outside Pakistan according to terms, guidelines and directions given by the SECP and the State Bank of Pakistan from time to time
- 34.7 "**Back-end Load**" means Sales Load deducted from the Net Asset Value in determining the Redemption Price.
- 34.8 "**Bank**" means a banking company licensed under the Banking Companies Ordinance, 1962.
- 34.9 "**Bank Account(s)**" mean(s) account(s) maintained with Bank(s) by the Trustee for the Fund, the beneficial ownership of which shall vest in the Unit Holders.
- 34.10 "**Business Day**" means a day on which banks or Stock Exchanges are open for business in Pakistan.
- 34.11 "**Certificate**" means the definitive certificate acknowledging the number of Units registered in the name of the Unit Holder issued at the request of the Unit Holder pursuant to the provisions of this Deed.
- 34.12 "**Charity**" means amount paid by Management Company out of the income of the Trust to charitable/welfare organization(s), in consultation with Shariah Advisor, representing income, which is Haram.
- 34.13 "**Companies Ordinance**" means the Companies Ordinance, 1984, as amended from

time to time.

- 34.14 "**Connected Person**" shall have the same meaning as in the Rules.
- 34.15 "**Constitutive Document**" means Trust Deed which is the principal document governing the formation, management or operation of the Trust and any related material agreement envisaged under the Rules.
- 34.16 "**Contingent Load**" means Sales Load payable on redemption of Units within a certain number of years from the date of purchase, including at rate declining for every year Units are held by the pertinent Unit Holders.
- 34.17 "**Core Investors**" mean the initial investors, who shall be required to subscribe to and to hold number of Units of par value of not less than the aggregate amount prescribed under the Rules for a minimum two years from the date of payment in full for respective Core Units.
- 34.18 "**Core Units**" shall mean such Units of the Trust that are issued to Core Investors with the condition that these are not redeemable for a period of two years from the date of issue. However, such Units are transferable with this condition and shall otherwise rank *pari passu* with all other Units save for this restriction. Any transfer of these Core Units, during the first two years of their issue, shall be affected only on the receipt by the Transfer Agent of a written acceptance of this condition by the transferee.
- 34.19 "**Custodian**" means a bank, a central depository company, or any other depository for the time being appointed by the Trustee under intimation to the Management Company to hold and protect the Deposited Property or any part thereof as custodian on behalf of the Trustee; provided the Trustee may also itself provide custodial services for the Fund at competitive terms, as part of the normal line of its business.
- 34.20 "**Deposited Property**" means the aggregate proceeds of the sale of all Units at Offer Price after deducting therefrom or providing thereout any applicable Sales Load, Front-end Load or Preliminary Charges, Duties and Charges and includes the Investment and all income, profit and other benefits arising therefrom 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 Unit Holders pursuant to this Deed, including but not limited to shares, securities, deposits, right shares, letters of right and bonus shares, bank balances, profits, dividends, fees, commissions, all receivables, claims, contracts, licenses, privileges, whether accrued or accruing or contingent, but does not include any amount standing to the credit of the Distribution Account.
- 34.21 "**DIF**" means Dawood Islamic Fund.
- 34.22 "**Distribution Account**" means the account (which may be a current, or profit and loss sharing deposit account) maintained by the Trustee with a Bank approved by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Income or profits, if any, including those accruing on unclaimed dividends in this account, which shall be transferred to the main account of the Fund from time to time, as part of the Deposited Property in consultation with the Shariah Advisor for the benefit of the Unit Holders.
- 34.23 "**Distribution Company or "Distributor"**" means a company including a Bank appointed by the Management Company in consultation with the Trustee for performing the Distribution Function and shall also include the Management Company itself, if it performs the Distribution Function.
- 34.24 "**Distribution Function**" means the functions with regard to:
- (a) receiving applications with subscription moneys for issue of Units together

with the aggregate Offer Price for Units applied for by the applicants;

- (b) issuing receipts in respect of (a) above;
- (c) interfacing with and providing services to the Unit Holders including receiving redemption applications, transfer applications, conversion applications and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as may be appropriate; and
- (d) accounting to the Trustee for all (1) moneys received from the applicants for issuance of Units; (2) payments made to the Unit Holders on redemption of Units; and (3) expenses incurred in relation to the Distribution Function.

34.25 **"Duties and Charges"** mean in relation to any particular transaction or dealing, all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Deposited Property or the increase and decrease of the Deposited Property or the creation, issue, sale, transfer, redemption or purchase of Units or the sale or purchase of Investments or in respect of the issue, transfer, cancellation or replacement of a Certificate or otherwise which may have become or may be payable in respect of, or prior to, or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but do not include the remuneration payable to the Distribution Company or any commission payable to agents on sales and redemption of Units or any Loads thereon, any commission or any charges or costs which may have been taken into account in ascertaining the Net Asset Value.

34.26 **"Formation Cost"** means all preliminary and floatation expenses of the Trust including expenses in connection with authorization of the Scheme and its applications, fee payable to the SECP, execution and registration of the Constitutive Document, (issue, circulation and publication of the Offering Document) and all expenses incurred during and upto the Initial Period. Provided that the Formation Costs will not exceed 1% of the seed capital.

34.27 **"Front-end Load or Preliminary Charges"** means the Sales Load that is included in the Offer Price of Units.

34.28 **"Halal"** means anything permitted by the Shariah.

34.29 **"Haram"** means anything prohibited by the Shariah.

34.30 **"Initial Period"** means a period determined by the Management Company not exceeding ten (10) calendar days during which the Units are offered at the Initial Price.

34.31 **"Initial Price"** means the price of Rs.100/- (at par) per Unit during the Initial Period as may be determined by the Management Company which shall not exceed a period of ten days provided that this period may be extended with the prior approval of the SECP.

34.32 **"Investment"** means any Authorized Investment forming part of the Deposited Property.

34.33 **"Investment Facilitator"** (sales agent) means an individual, firm, corporate or other entity appointed by the Management Company, at its own costs on the terms and conditions to be mutually agreed, to identify, solicit and assist investors in investing in the Scheme.

34.34 **"Islamic Bank"** means a Bank having license as Scheduled Islamic Commercial Bank from State Bank of Pakistan or a Bank, which accepts deposits on profit and loss basis and will include all Banks or financial institutions, approved by **Shariah**

Advisor for the purpose of banking by the Trust.

- 34.35 "**Management Company**" means Dawood Capital Management Limited.
- 34.36 "**Murabaha**" means a sale on mutually agreed profit. Technically it is a contract for sale in which the seller declares his cost and profit. As a financing technique, it involves a request by the client to the financier to purchase certain item for him, which is then sold to the client at a mutually agreed price.
- 34.37 "**Mudarib**" means a working partner, who provides entrepreneurship, skill and management under a Mudaraba agreement as distinct from the Rub-ul-Mal who provides the finance.
- 34.38 "**Musharika**" means a relationship established under a contract by the mutual consent of the parties for sharing of profits and losses arising from a joint enterprise or venture. All providers of capital are entitled to participate in management, but not necessarily required to do so. The profit is distributed among the partners in pre-agreed ratios, while the loss is borne by each partner strictly in proportion to respective capital contributions.
- 34.39 "**Net Assets**" shall have the same meaning as in the Rules.
- 34.40 "**Net Assets Value**" or "**NAV**" means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.
- 34.41 "**No Load**" means no Sales Load payable on sale or redemption of Units.
- 34.42 "**Offer Price**" means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to Clause 7.2 of this Deed.
- 34.43 "**Offering Document**" means the prospectus, advertisement or other document (approved by the SECP) which contains the investment and distribution policy and all other information in respect of the Unit Trust, as required by the Rules and is circulated to invite offers by the public to invest in the Unit Trust.
- 34.44 "**Par Value**" means the face value of a Unit that shall be one hundred Rupees.
- 34.45 "**Personal Law**" means the law of inheritance and succession as applicable to the individual Unit Holder.
- 34.46 "**Redemption Price**" means the amount to be paid to the relevant Unit Holder of a Unit upon redemption of that Unit; such amount to be determined pursuant to Clause 7.4 of this Deed.
- 34.47 "**Register**" means the Register of the Unit Holders kept pursuant to the Rules and this Deed.
- 34.48 "**Registrar**" or "**Transfer Agent**" means an organization, including a Bank or a department of Management Company that the Management Company shall designate for performing the Registrar or Transfer Agent Functions, as defined hereafter.
- 34.49 "**Registrar or Transfer Agent Functions**" means the function with regard to:
- (a) Maintaining the Register;
 - (b) Receiving applications for redemption and transfer/ transmission of Units directly from Unit Holder or legal representatives or through Distributor;
 - (c) Processing requests for issue, redemption, transfer and transmission of Units and requests for recording of pledge or for recording of changes in information/particulars/data with regard to the Unit Holders;
 - (d) Issuing Account Statements to the Unit Holders;
 - (e) Issuing Certificates including Certificates in lieu of undistributed income to

- Unit Holders;
- (f) Dispatching income distribution warrants; and allocating Units to Unit Holders on re-investment of dividends as per this Deed;
 - (g) Canceling old Certificates on redemption or replacement;
 - (h) Maintaining record of lien/pledge/charge; and
 - (i) Keeping record of change of addresses/other particulars of the Unit Holders
- 34.50 "**Reporting or Base Currency**" means Pakistani Rupee in which financial statements are reported.
- 34.51 "**Rules**" mean the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time.
- 34.52 "**Sales Load**" means the sales charge or commission (excluding Duties and Charges) not exceeding five percent (5) of the Par Value, which may be included in the Offer Price of certain classes of Units or deducted from the Net Asset Value in order to determine the Redemption Price of certain classes of Units. The Management Company may apply different levels of Sales Load at its discretion, charge different levels of load to different investors.
- 34.53 "**SECP**" means the Securities and Exchange Commission of Pakistan, established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997, and its legal successor.
- 34.54 "**Shariah**" means divine guidance as given by the Holy Qur'an and the Sunnah of Prophet Muhammad (PBUH) and embodies all aspects of the Islamic faith, including beliefs, practices, rules and principles.
- 34.55 "**Shariah Advisor**" means any other Islamic financial institution or a body of Islamic scholars, appointed by the Management Company under intimation to the Trustee with the approval of the SECP, having knowledge of Islamic finance, to supervise and monitor the activities of the Scheme and to ensure that all its activities comply with Shariah.
- 34.56 "**Stock Exchange**" means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other physical or electronic stock exchange registered under the Securities & Exchange Ordinance and including any overseas markets in which securities as approved under the Authorized Investment are listed and/or traded.
- 34.57 "**Subscription Day**" means every Business Day provided that the Management Company may with the prior written consent of the Trustee and upon giving not less than seven days notice in the newspapers declare, any particular Business Day not to be a Subscription Day.
- 34.58 "**Transaction Costs**" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to brokerage, Trustee's charges, management fee, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust's portfolio, necessitated by the creation or cancellation of Units. The Management Company may apply Transaction Costs while determining Offer or Redemption Prices.
- 34.59 "**Trust**", "**Unit Trust**", "**Fund**", or "**Scheme**" means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units.
- 34.60 "**Unit**" means one undivided share in the Trust.
- 34.61 "**Unit Holder**" means the investor for the time being entered in the Register as owner of a Unit including investors jointly so registered pursuant to the provisions of this Deed.

34.62 "**Zakat**" has the same meaning as in Zakat and Ushr Ordinance (XVIII of 1980), 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Ordinance and the Rules, words importing persons include companies, corporations and other entities, words importing the masculine gender include the feminine gender, words importing singular include plural and words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction. The headings and table of contents are for convenience only and shall not affect the construction of this Deed.

IN WITNESS WHEREOF THIS DEED HAS BEEN EXECUTED ON THE DATE FIRST MENTIONED ABOVE.

The Common Seal of **Dawood Capital Management Limited** was hereunto affixed in the presence of the Directors/Officers mentioned below:

For Dawood Capital Management Limited

1. _____

Designation: _____

NIC No. _____

2. _____

Designation: _____

NIC No. _____

The Common Seal of **Central Depository Company of Pakistan Limited** was hereunto affixed in the presence of the Directors/Officers mentioned below:

For Central Depository Company of Pakistan Limited

1. _____

Designation: _____

NIC No. _____

2. _____

Designation: _____

NIC No. _____

WITNESSES

1. _____ 2. _____

Annexure E

CDC tariff structure for trusteeship of open-end scheme

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

NET ASSETS (Rupees in million)		TARIFF
From	To	
1	1,000	Rs. 0.7 million or 0.20% p.a. of NAV, which ever is higher.
>1,000	& Above	Rs. 2.0 million plus 0.10% p.a. of NAV, on amount exceeding Rs.1,000 million.