

SECOND SUPPLEMENTAL TRUST DEED  
OF  
MEEZAN ISLAMIC FUND (MIF)

This Second Supplemental Trust Deed is made and entered into at Karachi, on this third day of November, 2010 by and between:-

(1) **Al Meezan Investment Management Limited**, a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at 4<sup>th</sup> Floor, Block "C", Finance & Trade Centre, Shahrah-e-Faisal, Karachi (hereinafter called the "Management Company" which expression where the context so permits shall include its successors in interest and assigns) of the One Part; and

(2) **Central Depository Company of Pakistan Limited**, a listed public company, incorporated under the companies Ordinance, 1984, having its Registered Office at 8<sup>th</sup> Floor, Karachi stock Exchange Building, Stock Exchange Road, Karachi 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:**

1. The Management Company and the Trustee executed a trust deed dated June 16, 2003 (hereinafter called the Trust Deed) to constitute Meezan Islamic Fund (defined as the “Unit Trust” or “Trust” or “Scheme” or the “Fund” under the Trust Deed)
2. The Management Company and the Trustee have mutually agreed to amend certain clauses of the Trust Deed as authorized under Clause 33.3 of the Trust Deed dated June 16, 2003
3. The Securities and Exchange Commission of Pakistan (hereinafter called the “SECP”) has approved the amendments to the Trust Deed effectuated between the Management Company and the Trustee vide its letter No. SCD/NBFC-II/AMIM-MIF/648/2010 dated August 13, 2010 appended hereto as Annexure [“A”].

Now this Second Supplemental Trust Deed for Amendment of Trust Deed of Meezan Islamic Fund witnesseth as under

### **Amendments to the Trust Deed**

#### **1. Under the Heading “Recitals”**

After Recital G, another recital (Recital H) may be entered as follows:

“Meezan Islamic Fund (MIF) shall be an open-end Shariah-compliant (Islamic) Equity scheme.”

#### **2. Under the Heading “Recitals”**

After Recital H, another recital (Recital I) may be entered as follows:

“The benchmark for the scheme shall be KMI-30.”

#### **3. Under the Heading “Recitals”**

After Recital I, approval of SECP to the amendments in Trust Deed may be added as Recital J, as follows

“SECP vide letter SCD/NBFC-II/AMIM-MIF/648/2010 dated August 13, 2010 has approved the amendments to the Trust Deed appended hereto as Annexure “A”.

#### **4. Amendment to clause 1.8**

The clause now reads as:

**“Back End Load”** means load deducted from the Net Asset Value in determining the Redemption Price. Such load, not exceeding five percent (5%) of the Net Asset Value, shall be determined by the Management Company from time to time and disclosed in the annexure to the Offering Document. Any such charges shall be treated as part of the Deposited Property. Provided however that different levels of Back-end Load may be applied to different classes of units

#### **5. Amendment to clause 1.13:**

The clause may be read as:

“Business Day” means any day of the week but does not include any day which is a gazetted Government of Pakistan holiday or on which banks in Pakistan are closed for business.”

**6. Amendment to clause 1.18:**

The existing clause 1.18 now reads:

**Constitutive Document(s)** means this Trust Deed, Offering Document and supplementals thereof and other principal documents governing the formation of the Scheme, including all related material agreements.

**7. Amendment to clause 1.24:**

The existing clause 1.24 now reads:

**“Distribution Account** means the Bank Account(s) (which may be a current or PLS account) maintained by the Trustee with a Scheduled Islamic Bank or a licensed Islamic branch of a Scheduled Commercial Bank, or a current account with a Scheduled Commercial Bank as directed by the Management Company in which the amount required for distribution of income to the Unit Holders shall be transferred. Income or profit, if any, including those accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Fund Property for the benefit of the Unit Holders.”

**8. Amendment to clause 1.25:**

The existing clause 1.25 now reads:

**“Distributor or Distribution Company or Authorized Distributor** means company(ies), firm(s), depository company(ies), Bank(s), individual(s) or any other legal or natural person appointed by the Management Company at its own expense under intimation to the Trustee for performing any or all of the Distribution Functions and shall include the Management Company itself, if it performs the Distribution Functions. Such Distributors shall have proper date and time stamping facility.

**9. Amendment to clause 1.26:**

The existing clause 1.26 now reads:

**“Distribution Functions** means the functions with regard to:

- (a) Receiving applications for issue of Units together with aggregate Offer Price for Units applied for by the applicants;
- (b) Interfacing with and providing services to the Unit Holders including receiving Redemption, Transfer and Pledge of Units applications and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Registrar as appropriate;
- (c) Acknowledging receipt by delivering customer copy in respect of (a) and (b) above; and
- (d) Accounting to the Management Company for (i) payment instruments received from the applicants when they purchase Units; (ii) payments instruments delivered to the Unit Holders on Redemption of Units; and (iii) expenses incurred in relation to the Distribution Functions.

**10. Amendment to clause 1.58:**

**The existing clause 1.58 now reads:**

**“Front-end Load”** means the sales and processing charges (excluding Duties and Charges) that is received by the Management Company and/ or its Distributors that may be included in the Initial Price or Offer Price of the Units not exceeding five percent (5%) of the Net Asset Value. The details of Front-end Load applicable to the Offer Price shall be specified as annexure in the Offering Document

**11. Addition of clause 1.71:**

Clause 1.71 now reads:

Cut-off Time for transactions on a NAV date shall be the normal cutoff timings as decided by the Management Company and disclosed as annexeure in the Offering Document of the Fund and the same available on the website of the Management Company (www.almeezangroup.com) and any other widely accessible medium; of Management Company;, or as specified by the Commission from time to time. Any change in Cut-off Timing will be informed through addendum to all Unit Holders under intimation to the Trustee.

## **12. Deletion of Clause 3.3 (Shariah Compliance Auditor)**

Clause 3.3 stands deleted in entirety.

## **13. Deletion of Clauses 5.6**

Clauses 5.6, stands deleted in entirety.

## **14. Renumbering of clauses 5.7, 5.8, 5.9 and 5.10**

Clause 5.7 is renumbered to 5.6, 5.8 to 5.7, 5.9 to 5.8 and 5.10 is renumbered to 5.9.

## **15. Amendment to Clause 5.8**

Clause 5.8 shall now read as:

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.

The Trust will not at any time:

- (a) Invest in any thing that is not Shariah Compliant or Haram.
- (b) purchase or sell:
  - i. bearer securities;
  - ii. securities which result in assumption of unlimited or undetermined liability (actual or contingent);
  - iii. real estate or interest in real estate save and except in securities which are secured by real estate or interests therein or equity securities issued by companies that invest in real estate or interest therein.
- (c) participate in a joint account with others in any transaction;
- (d) make short sales of any security or maintain a short position.

## **16. Addition of clause 5.10**

### **INVESTMENT POLICY**

- i) The Fund shall invest at least seventy percent (70%) of its Net Assets during the year (based on quarterly average investment calculated on daily basis) in listed equity securities.
- ii) The remaining Net Assets of the Fund shall be invested in Shariah compliant cash deposits and/ or near cash instruments not exceeding 90 days maturity.
- iii) The Fund shall not take exposure in Continuous Funding System (CFS)."

The minimum rating of any bank or DFI with which funds are placed should be lower of A- (A-minus) or the minimum rating specified for the equity fund category by the Commission from time to time.

## **17. Addition of clause 5.11**

The clause reads as:

Subject to SECP or other regulatory approvals the scheme may seek to invest in Shariah compliant foreign investment securities subject to the following limits:

- a) Maximum 30% of the Net Assets of the Fund
- b) The above percentage is subject to a cap of US\$ 15 million.

## **18. Addition of Clause 5.12**

The new clause 5.12 shall read as:

### **INVESTMENT RESTRICTIONS**

5.12.1 The Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of the Trustee, the Fund would not be able to honor the redemption request(s) to the Unit Holders within time period stipulated in the Constitutive Documents.

5.12.2 The Management Company on behalf of the Fund shall not at any time net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund

## **19. Addition of clause 8.15:**

Clause 8.15 reads:

“The Trustee shall not invest in the Fund.”

## **20. Addition of clause 8.16:**

Clause 8.16 reads:

The Trustee, at the request of the Management Company, may open Bank Accounts titled “**CDC -Trustee Meezan Islamic Fund**” or “**CDC -Trustee Meezan Funds**” at designated Bank(s) in Pakistan and outside Pakistan, with rating as per Rules, Regulations and directives issued by the Commission from time to time.

The minimum rating of any bank or DFI with which funds are placed should be lower of A- (A-minus) or the minimum rating specified for the equity fund category by the Commission from time to time.

## **21. Amendment to clause 10.7**

The existing clause 10.7 now reads as:

The Management Company shall within one month of the close of the first and third quarter and within two months of second quarter prepare and transmit (physically or through electronic means subject to SECPs approval) to the Unit Holders, the Trustee and the Commission, the quarterly accounts, including the balance sheet as at end of that Accounting Period, profit and loss account, cash flow statement and a statement of movement in unit holders’ fund for that Accounting period, whether audited or otherwise. The printed copy of the quarterly accounts of CIS shall be supplied to the Unit Holders, if requested at their registered address within seven (7) working days of such request free of charge. The annual accounts shall be transmitted to the Unit Holders physically and free of charge at the Unit Holders registered address within seven (7) working days of such request free of charge, as per the guidelines of the Commission issued from time to time.”

## **22. Addition of Clause 10.14**

Clause 10.14 reads as;

The Management Company shall ensure that no entry and exit to the scheme (including redemption and reissuance of Units to the same Unit Holders on different NAVs) shall be allowed other than cash settled transactions based on the formal issuance and redemption request, unless permitted otherwise by the Commission.

### **23. Addition of clause 14.2 (e)**

Clause 14.2 (e) reads:

Class E units shall be charged with Back End load

The details of the load structure shall be disclosed as annexure in the Offering Document of the Fund.

Any Back End Load and contingent load shall become part of the Fund Property.

### **24. Amendment to clause 15.7:**

The existing clause 15.7 now reads:

A request for purchase of Units may also be made through the use of electronic means such as Internet or ATM facilities or Debit Card or Credit Card facilities, the arrangements for which would be decided amongst the Management Company and the Trustee from time to time followed by the approval of the Commission.

### **25. Amendment to clause 16.1:**

The existing clause 16.1 now reads:

Subject to the Regulations, after the Initial Period, the Offer Price and Redemption Price shall be calculated and announced by the Management Company on a daily basis within the stipulated time, latest by 6:30 pm or as directed by the Commission from time to time. The Offer Price and Redemption Price would be published on the Company's website namely, [www.almeezangroup.com](http://www.almeezangroup.com)

### **26. Amendment to clause 18.2:**

The existing clause 18.2 now reads:

An application for Redemption of Units shall be made by completing the prescribed redemption form and the same is received at the Authorized Branch or office of the Distributor on a Business Day before Cut-off Time. The Distributor may retain a copy of the redemption form and a copy may also be supplied to the Registrar, if so required by the Management Company. The Management Company may make arrangements to accept redemption requests through electronic, IVR (interactive voice response) or other means upon satisfaction of the Trustee followed by the approval of the Commission. The Management Company shall not redeem part of the Units comprised in a Certificate. Units in a Certificate can only be redeemed after surrendering the Certificate. In case of partial redemption, Units requested for redemption will be redeemed after surrendering of Certificate and a new Certificate for balance units may be issued upon request to the Management Company for the same. In the case where Certificate is not issued any number of Units can be redeemed by the Unit Holder. The relevant Certificate shall accompany the application for redemption of Units, if issued. At the discretion of the Management Company certificate charges may be applied for the reissued Certificate. In case of application for redemption by joint Unit Holders, unless otherwise specified by the joint holders, such application should be signed by all the joint Holders as per their specimen signatures provided at the time of opening of the account within the Unit Holder Register, through the investor account opening form. The maximum interval between the receipt of a properly documented request for redemption of units and the issue of payment instrument for the redemption money to the holder shall not exceed six working days unless redemption has been suspended.

**27. Amendment to clause 18.4:**

The existing clause 18.4 now reads:

“The amount payable on redemption shall be paid to the Unit Holders or first named joint Unit Holder by dispatching a cheque/ bank draft for the amount to the registered address of the Unit Holder or may be paid to the Unit Holder by transfer to the Unit Holder's designated bank account as mentioned in the Investor Account Opening Form within six Business Days from the date of presentation of the duly completed redemption application, electronic or otherwise, at the Authorized Branch or office of the Distributor or Registrar.”

**28. Amendment to clause 18.7:**

The existing clause 18.7 now reads:

“The Distribution Company or the Registrar shall verify the particulars given in the application for Redemption of Units. The signature of any Unit Holder or joint Unit Holder on any document required to be signed by him under or in connection with the application for redemption of Units may be verified by the Registrar or otherwise authenticated to their reasonable satisfaction. In case of submission of electronic on-line redemptions the Unit Holder’s user ID and password will authenticate his identity.”

**29. Addition of clause 18.10:**

Clause 18.10 reads:

The Management Company may make arrangements through branches of banks or other Distributors to facilitate redemption of Units of the Unit Trust. A request for redemption of Units may also be made through the use of electronic means such as Internet or ATM facilities or Credit Card facilities, upon satisfaction of the Trustee followed by the approval of the Commission. The official redemption and issue locations shall be disclosed in the Offering Document and website of Management Company.

**30. Addition of Clause 19.8**

Clause 19.8 reads as:

The Management Company shall ensure all valid redemption requests are paid based on ranking of the request in a queue.

**31. Addition of Clause 20.4**

Clause 20.4 reads as:

The Management Company shall ensure that in case of suspension of redemption of Units of scheme due to extra ordinary circumstances as per the provisions of the Constitutive Documents and Non Banking Finance Companies and Notified Entities, Regulations, 2008 (as amended or replaced) (“the “Regulations”), the issuance of fresh units shall also be kept suspended until and unless redemption of units is resumed.

**32. Amendment to clause 24.1:**

The existing clause 24.1 now reads:

“Upon confirmation that the Offer Price for each Unit has been received in full from the applicant, the Transfer Agent shall send directly, through mail or electronically to Unit Holder an account statement each time there is a transaction in the account.”

### **33. Addition of a New Clause 23.12:**

Clause 23.12 reads:

“The Registrar shall, within seven Business Days of receiving a written request from any Unit Holder(s), post (or send by courier or through electronic or any other means) to such Unit Holder(s) details of such Unit Holder's account in the Register.”

### **34. Addition of Clause 23.13**

Clause 23.13 reads as:

The Register of the Unit Holders may be closed for the purpose of declaration of dividend for a period not exceeding 45 days. In no case, the time period for closure of Register for dividend declaration shall exceed six (6) working days at a time and whole forty five days in a year.

### **35. Addition of a New Clause 26.7:**

Clause 26.7 reads:

“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. The Management Company may make arrangements to accept transfer requests through electronic means upon satisfaction of the Trustee and approval of the Commission.”

### **36. Amendment to Clause 28.2**

The clause 28.2 now reads as:

The Auditor shall hold office until transmission of the annual report and accounts but may not be re-appointed beyond five consecutive terms of one year each unless permitted by applicable rules and regulations prevailing at the time of re-appointment.

### **37. Amendment to Clause 29.2 (a)**

The clause 29.2 (a) now reads as:

The total income earned on the Deposited Property during such Accounting period including all amounts received in respect of dividend, markup, profit and fee.

### **38. Addition of Clause 29.6**

Clause 29.6 reads as:

All expenses incurred in connection with the incorporation, establishment and registration of collective investment schemes (formation cost) in terms of Regulation 60 (1) & 60 (2) of the Regulations, shall be reimbursable by a Collective Investment Scheme to an Management Company subject to the audit of expenses. The said Formation Cost shall be amortized by CIS over a period of not less than five years or within the maturity date of CIS.

### **39. Addition of clause 30.6**

Clause 30.6 reads as:

Any cost associated with sales, marketing and advertisement of collective investments schemes shall not be charged to the collective investment schemes.

- 40.** The word Sales Load shall be replaced with Front End Load at all instances in the Trust Deed.
- 41.** All other contents of the Trust Deed remain unchanged and the Trust Deed shall continue to remain in full force and effect, amended as above.
- 42.** The Management Company and the Trustee hereby certify that in their opinion, the above modifications, alterations and additions to the Trust Deed are required to enable the provisions of the Trust Deed to be more conveniently and economically managed and that the same shall not prejudice the interests of the Unit Holders or any of them or operate to release the Trustee of the Management Company from any responsibility to the Unit Holders.

IN WITNESS WHEREOF THIS DEED has been executed on the day and year first above written.

The common seal of **Al Meezan Investment Management Limited** was hereunto affixed in the presence of:

Seal

1) \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Designation

The common seal of **Central Depository Company of Pakistan Limited** was hereunto affixed in the presence of:

Seal

1) \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Designation

2) \_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Name  
  
\_\_\_\_\_  
Designation

Witnesses:

1) Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
NIC: \_\_\_\_\_  
  
2) Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
NIC: \_\_\_\_\_