TRUST DEED
of
Meezan Islamic Fund

This Trust Deed is made and entered into at Karachi, on this ____ day of _____, 2003 by and between:-

(1) **Al Meezan Investment Management Limited**, a public limited company incorporated under the Companies Ordinance, 1984 having its registered office at 4th 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 8th 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:

A. The Management Company is registered as a Non-Banking Finance Company under the Non-Banking Finance Companies 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 Commission vide its letter No. SC/MF-JD/301/2003 dated June 04, 2003 appended hereto as Annexure "A" to constitute the Trust under the name and title of **Meezan Islamic Fund (MIF)** (hereinafter referred to as the "Unit Trust") and to register this Trust Deed, pending authorization for the establishment and operation of the Scheme in accordance with the provisions of the Rules and this Trust Deed;

C. The 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. SC/MF-JD(R)/303/2003 dated June 05, 2003 appended hereto as Annexure 'B'.

E. The SECP has approved the appointment of the Shariah Advisor, vide letter No. SC/MF-JD(R)/302/2003 dated June 05, 2003 appended hereto as Annexure 'C'.

F. Meezan Bank Limited, a banking company incorporated under the laws of the Islamic Republic of Pakistan, having its registered office at 3rd Floor, PNSC Building, M. T. Khan Road, Karachi, which is the technical partner for Shariah Advisory for the Unit Trust (hereinafter referred as "Shariah Advisor" has confirmed that the provisions of this Deed are in compliance with Shariah vide a letter dated June 3, 2003 appended hereto as Annexure 'D'.

G. All conducts and acts of the Trust shall be Shariah compliant.

NOW THIS DEED WITNESSETH:

1. DEFINITIONS

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

1.1 "***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, change such date to any other date and such change shall be intimated to the SECP.

1.2 "**Account Statement"** means statement of transaction in Units in the folio of the Unit Holder.

1.3 "***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 Deposited Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.

1.4 "**Administrative Plans**" means, investment plans offered by Management Company, where such plans allow investors a focused investment strategy in any one or a combination of unit trust schemes managed on Shariah-compliant basis by the Management Company and for which Trustee is appointed as the trustee.

1.5 "***Auditor***" means the Auditor of the Trust appointed by the Management Company in accordance with the Rules.

1.6 "**Authorized Branch**" means those branches of the Distribution Companies authorized by the Management Company

1.7 "***Authorized Investment***" means any Shariah Compliant investments such securities, shares, stocks, bonds, debentures, participation term certificates, Modaraba certificates, Musharika certificates, deposits, term finance certificates and other debt based, equity based, Unit Trust based, asset backed and mortgage

backed securities, or any other Shariah Compliant investments, as may be determined by Shariah Advisor and permissible under the Rules.

1.8 "***Back-end Load***" means Sales Load deducted from the Net Asset Value in determining the Redemption Price.

1.9 "**Bai Mu'ajjal**" means a contract in which the seller earns a profit margin on his purchase price and allows the buyer to pay the price at a future date in lump sum or in installments.

1.10 "**Bai' Salam**" means a contract in which advance payment is made for certain defined goods (other than gold, silver and currencies) to be delivered later on a fixed date.

1.11 "***Bank***" means a banking company licensed under the Banking Companies Ordinance, 1962.

1.12 "**Bank Accounts**" means accounts maintained with a Bank, the beneficial ownership of which rests in the Unit Holders.

1.13 "***Business Day***" means a day on which Banks are open for business in Pakistan.

1.14 "***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.

1.15 "**Charity**" means amount paid by Management Company out of the income of the Trust to a charitable/welfare organization, in consultation with Shariah Advisor, representing income, which is Haram.

1.16 "**Companies Ordinance**" means the Companies Ordinance, 1984, as amended from time to time.

1.17 "***Connected Person***" shall have the same meaning as in the Rules.

1.18 "***Constitutive Document***" means this Trust Deed that is the principal document governing the formation, management or operation of the Trust and any related material agreement envisaged under the Rules.

1.19 "***Contingent Load***" means Sales Load payable on redemption of Units within a certain number of years from the date of purchase and/or a rate declining for every year Units are held.

1.20 "***Core Investors***" means 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 of respective Core Units.

1.21 "***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 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.

1.22 ***"Custodian"*** means a Bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee with the approval of the Management Company to hold and protect the Deposited Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund with the approval of the Management Company at competitive terms, as part of the normal line of its business.

1.23 "***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 and 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 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.

1.24 "***Distribution Account***" means the account (which may be a current, saving or 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.

1.25 "***Distribution Company***" 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.

1.26 "***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) issuing contract notes to the applicant in accordance with the terms of the Scheme;

(d) interfacing with and providing services to the Unit Holders including receiving redemption applications, transfer applications, conversion and applications for change of address or issue of duplicate Certificates for immediate transmission to the Management Company or the Transfer Agent as appropriate; and

(e) 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.

1.27 "***Duties and Charges***" means 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 commission charges or costs which may have been taken into account in ascertaining the Net Asset Value.

1.28 "***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.

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

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

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

1.32 "***Initial Period***" means a period determined by the Management Company not exceeding seven calendar days during which the "Core Units" will be offered at the Initial Price.

1.33 "***Initial Price***" means an Offer Price that is equal to the sum of the Par Value and any applicable Duties and Charges as determined by the Management Company.

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

1.35 **"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.

1.36 **"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.

1.37 **"Istisna'a**" means a contractual agreement for manufacturing goods and commodities, allowing cash payment in advance and future delivery or a future payment and future delivery.

1.38 "**Management Company**" means Al Meezan Investment Management Limited.

1.39 **"MIF"** means Meezan Islamic Fund.

1.40 "**Mudarabah**" means a form of partnership where one partner provides funds, while other provides expertise and management.

1.41 "**Mudharib/Mudarib**" means a working partner, who provides entrepreneurship, skill and management under a Mudarabah agreement as distinct from the Rub-ul-Mal who provides the finance.

1.42 "**Murabahah**" means a sale on mutually agreed profit. Technically it is a contract of 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.

1.43 "**Musharakah**" 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.

1.44 "***Net Assets***" shall have the same meaning as in the Rules.

1.45 "***Net Assets Value***" means per Unit value of the Trust arrived at by dividing the Net Assets by the number of Units outstanding.

1.46 "***No Load"*** means no Sales Load payable on sale or redemption of Units.

1.47 "***Offer Price***" means the sum to be paid to the Trustee for issuance of one Unit, such price to be determined pursuant to Clause 16 of this Deed.

1.48 "***Offering Document***" means the prospectus, advertisement or other documents (approved by the Commission) 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.

1.49 "***Ordinance***" means the Securities and Exchange Ordinance, 1969 (XVII of 1969), as amended from time to time.

1.50 "***Par Value***" means the face value of a Unit that shall be fifty Rupees or such other amount as may be determined by the Management Company in consultation with the Trustee from time to time.

1.51 *"**Personal Law**"* means the law of inheritance and succession as applicable to the individual Unit Holder.

1.52 "***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 19 of this Deed.

1.53 "***Register***" means the Register of the Unit Holders kept pursuant to the Rules and this Deed.

1.54 *"**Registrar**" or "**Transfer Agent**"* means an organization, including a Bank that the Management Company shall appoint for performing the Registrar or Transfer Agent Functions, as defined hereafter.

1.55 "***Registrar or Transfer Agent Functions***" means the function with regard to:

(a) Maintaining the Register;

(b) Receiving application 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 Clause 30.4 of 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

1.56 *"**Reporting or base currency**"* means Pakistani Rupee in which financial statements are reported.

1.57 "***Rules***" means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, as amended or replaced from time to time.

1.58 "***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 for different administrative plans under the Scheme and at its discretion, charge different levels of load to different investors.

1.59 "**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.

1.60 "**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, practice, rules and principles.

1.61 "**Shariah Advisor**" means Meezan Bank Limited or any other Islamic financial institution or a body of Islamic scholars, appointed in its place by the Management Company with the approval of the SECP, having knowledge of Islamic finance, to supervise and monitor the activities of the Scheme to ensure that all its activities comply with Shariah.

1.62 "***Stock Exchange***" means Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange or any other physical or electronic stock exchange registered under the Ordinance.

1.63 "***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 news papers declare, any particular Business Day not to be a Subscription Day.

1.64 **"Supplementary Offering Document**" means a document issued by the Management Company, in consultation with the Trustee, after seeking approval of the SECP, describing the special features of an administrative plan offering investment in the Shariah Compliant Fund or a combination of the Shariah Compliant Fund and other schemes managed by the Management Company, or any amendments made to the Offering Document.

1.65 **"Term Finance Certificates**" means redeemable equity instruments issued on profit and loss sharing basis.

1.66 **"Transaction Costs**" means the costs incurred or estimated by the Management Company to cover the costs (such as, but not restricted to brokerage, Trustee charges, taxes or levies on transactions, etc.) related to the investing or disinvesting activity of the Trust's portfolio, necessitated by the creation or cancellation of Units. The Management Company may apply Transaction Costs while determining Offer or Redemption prices.

1.67 "***Trust***", "***Unit Trust***" or "***Scheme***" means the Unit Trust constituted by this Trust Deed for continuous offers for sale of Units.

1.68 "***Unit"*** means one undivided share in the Trust.

1.69 "***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.

1.70 "**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 corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words "written" or "in writing" include printing, engraving, lithography, or other means of visible reproduction. The headings and table of contents are for convenience only and shall not affect the construction of this Deed.

2. DECLARATION OF TRUST

2.1 Unit Trust is hereby created under the name of Meezan Islamic Fund (MIF) 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 and 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; 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.

2.2 It is further declared that the Management Company has appointed Meezan Bank Limited as the Shariah Advisor with the approval of SECP under the provisions of this Deed, which has certified that the provisions of this Deed are Shariah compliant vide its letter dated June 3, 2003. .

3. SHARIAH GOVERNANCE/SHARIAH ADVISORY SERVICES AND SHARIAH COMPLIANCE AUDITOR

3.1 Shariah Governance:

All activities of the Unit Trust shall be undertaken in accordance with the Islamic Shariah.

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.

3.2 Shariah Advisor:

(a) The Shariah Advisory Services will be provided by the Shariah Advisor, as appointed by the Management Company through an agreement (the Agreement). The Management Company has appointed Meezan Bank

Limited as the Shariah Advisor to the Scheme vide agreement dated 8th April, 2003.

(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 giving a notice period as agreed in the Agreement, before the completion of the term and fill the casual vacancy.

(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. Its 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 and its Administrative Plans 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 Shariah Board 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 upon all new financial instruments as and when introduced for their Shariah-permissibility.

v. At the end of each Accounting Year, 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.

3.3 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 Data, 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, as the case may be, in respect of transactions involving Shariah related matters.

ii. Documentation contains all necessary information to make it Shariah complaint.

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 funds were in accordance with the Shariah permissions and terms of the Trust Deed.

vi. Share of the Modharib in profits from investments and the fees paid to the Trustee and the Management Company 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 share/unit.

(c) The Shariah Compliance Auditor shall be competent to carry out the Shariah compliance audit, including that the audit firm should have experience and requisite knowledge of conducting Shariah compliance audits and should have laid down systems and programs to carry out such audit. The Management Company shall, in consultation with the Trustee, determine the competence of the Auditor in this regard.

4. DEPOSITED PROPERTY

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 If cash forming part of the Scheme’s assets is deposited with the Trustee which is a Banking Company, 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.

4.8 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 on Shariah Compliant financing; Audit Fees; listing fee payable to a 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, loan documentation fee; legal counsel fee and payment to Charity shall be payable out of the Deposited Property.

4.9 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.

5. INVESTMENT POLICY IN RESPECT OF INVESTMENTS OF THE DEPOSITED PROPERTY

5.1 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.

5.2 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 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.

5.3 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 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.

5.4 The purchase or sale of any Investment in listed securities for the account of the Trust shall be made on the Stock Exchange through a broker, 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. 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. 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.

5.5 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 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.

5.6 Where investment of any Deposited Property is made in equity securities, not less than fifty percent (50%) of such investments shall be made in listed securities or in securities for the listing of which an application has been approved by a Stock Exchange, unless relaxation is granted by the SECP.

5.7 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.

5.8 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.

5.9 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. commodities or commodity contracts;

iv. 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. Subject to the Rules and any other applicable law, the Trust may write call options on any of the securities held in the portfolio. The Trust may also buy put options on any securities held in the portfolio. Under no circumstances shall the Trust buy or sell such options that result in an exposure beyond the number of underlying securities held in the portfolio. The objective of using any options would be to provide a hedge against market risk.

5.10 The Management Company may from time to time, for the account of the Trust and with the prior consent of the Trustee, enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of Authorised Investments upon such terms in all respects as the Management Company shall thinks fit but subject always to the provisions of the Rules and this Deed and so that no such contract shall relate to an Authorised Investment which if acquired would constitute a holding in excess of the exposure limit specified in the Rules. All Authorised Investments acquired pursuant to any such contract shall form part of the Deposited Property and any subscription or purchase moneys payable thereunder shall be paid out of the Deposited Property.

6. VOTING RIGHTS ON DEPOSITED PROPERTY

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

6.2 The Trustee shall, upon written request by the Management Company and at the expense of the Deposited Property, from time to time execute and deliver or cause to be executed or delivered to the Management Company or their nominees powers of attorneys or proxies 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 Management Company shall keep a record of using such authorization and the justification for the same.

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.

6.3 The Trustee shall forward to the Management Company, not later than two Business Days of receipt, all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any Investment.

7. FINANCING ARRANGEMENTS

7.1 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 Islamic Banks or financial institutions for borrowing by the Trustee for the account of the Trust for the purpose of redeeming any Units; Provided that the charge payable to such Islamic Bank or financial institution are not higher than the normal bank charges. Provided further that the maximum borrowing for the account of the Trust shall not exceed the limit provided in the Rules but if subsequent to such borrowing, the Net Assets have decreased 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 on account of the Trust. Provided further that the amount so borrowed shall be repayable within the period specified in the Rules. Provided further that such borrowing shall not be in contravention of the Shariah.

7.2 For the purposes of securing any such borrowing the Trustee may with the approval of the Management Company mortgage, charge or pledge in any manner all or any part of the Deposited Property provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Rules. Provided further that neither the Trustee nor the Management Company shall be required to issue any guarantee or provide any security over their own assets for securing such borrowing on account of the Trust. Neither they shall in any manner be liable in their personal capacities for repayment of any borrowings.

7.3 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 Holder may suffer by reason of any depletion in the Net Asset Value that may result from any financing arrangement made thereunder in accordance with the Rules

8. DUTIES AND POWERS OF TRUSTEE

8.1 The Trustee shall comply with the provisions of the 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 officials of the Trustee or by any nominee or agent appointed by the Trustee with the approval of 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 it 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 negligence or any reckless or willful act and/or omission of the Trustee or any of its directors, officers, nominees or agents.

8.2 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 Trustee 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 the 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 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.

8.3 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 or the Rules.

8.4 The Trustee shall not, except for willful negligence or bad faith, be liable for any loss caused to the Unit Trust or the value of the Deposited Property due to any elements or circumstances beyond its control.

8.5 The Trustee may, with the approval of the Management Company, from time to time appoint, remove or replace one or more "custodian" for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee and approved by the Management Company.

8.6 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.

8.7 The Trustee shall issue a report to the Unit Holders included in the annual report or any other interim report as required by the SECP under the Rules, whether in its opinion, the Management Company has in all material respects managed the Deposited Property in accordance with the provisions of the Rules 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.

8.8 The Trustee shall, if requested by the Management Company and may if it considers necessary for the protection of the Deposited Property or for 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 if so requested by the Management Company in writing. All costs, charges and expenses (including reasonable legal fee) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnify against all such costs, charges and expenses, out of the Deposited Property: Provided that no such

indemnity shall be given in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties under this Deed or the Rules. For the avoidance of doubt it is clarified that notwithstanding anything contained in this Deed, the Management Company and the Trustee (other than on account of the Deposited Property) 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.

8.9 Neither the Trustee nor the Custodian (if Trustee has appointed another person as Custodian) shall sell or purchase or deal in the sale or purchase of any Investment or enter into any other transaction with the Trust, save in the capacity of an intermediary.

8.10 Any transaction between the Trust and the Management Company or any of the Connected persons as principal shall only be made if permissible under the Rules and with the prior written consent of the Trustee.

8.11 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 or for anything except for its own or for any of its agents' negligence or willful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Trustee shall not be under any liability therefore or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

8.12 The Trustee shall forward to the Management Company within two Business Days 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. The Trustee shall promptly act on any instruction by the Management Company in all such matters relating to recovery of the Deposited Property.

8.13 The Trustee shall promptly provide proxies or other forms of powers of attorney to the order of the Management Company with regard to any voting rights attached to any investment.

8.14 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.

9. REMUNERATION OF TRUSTEE AND ITS AGENTS

9.1 The Trustee shall be entitled to a monthly remuneration out of the Deposited Property based on the annual tariff as defined in Annexure "E". The remuneration shall begin to accrue from the date of payment in full of all Units subscribed by the Core Investors. For any period other than a full calendar month such remuneration will be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned. Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.

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

9.3 The Trustee shall bear all expenditures in respect of their secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

9.4 Any increase in the remuneration of the Trustee agreed to by the Management Company shall require the approval of the SECP.

10. DUTIES AND POWERS OF MANAGEMENT COMPANY

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

10.2 The Management Company shall manage the Deposited Property in the 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. Any purchase or sale of investments made under any of the provision of this Deed shall be made by the Trustee according to the instructions of the 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 Trust or to the value of the Deposited Property due to any elements or circumstances beyond its reasonable control.

10.3 The Management Company in consultation with the Trustee shall from time to time appoint, remove or replace one or more Distribution Company(s) for carrying out the Distribution Function at one or more locations, on terms and conditions to be incorporated in the Distribution Agreement to be entered into between the Distribution Company(s) and the Management Company.

10.4 The Management Company may from time to time appoint, remove or replace the Transfer Agent.

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

10.6 The Management Company shall prepare and transmit the Annual Report, together with a copy of the balance sheet, income and expenditure account and the Auditor's Report of the Scheme within four months of the closing of the accounting period to the Unitholders

and the balance sheet and income and expenditure account shall comply with the requirements set out in the Rules.

10.7 The Management Company shall within one month of the close of the first, second and third quarter of its Accounting Years prepare and transmit to the Unitholder and the SECP, balance sheet as at 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.

10.8 The Management Company shall maintain a Register of Unitholders of the Scheme and inform the SECP of the address where the Register is kept.

10.9 The Management Company shall with the consent of the Trustee, appoint at the establishment of the Scheme and upon any vacancy, an auditor who shall be a chartered accountant and independent of the Auditor of the Management Company and the Trustee and such auditor shall not be appointed for more than three consecutive years and the contents of Auditor's Report shall be in accordance with the provisions of the Rules.

10.10 The Management Company shall furnish a copy of the Annual Report together with copies of the balance sheet, income and expenditure accounts and the Auditor's report of the Scheme to the SECP within four months of the Close of the Accounting period, together with a Statement containing the following information, namely:—

(i) total number of Unitholders; and particulars of the personnel;

(ii) (executive, research and other) of the Management Company.

10.11 The Management Company shall make available or ensure that there is made available to the Trustee such information as the Trustee may require in respect of any matter relating to the Trust.

10.12 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 or 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 Management Company shall not be under any liability therefor or thereby and its shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

10.13 The Management Company shall perform any other duties as may be required by the SECP in accordance with the Rules.

11. REMUNERATION OF MANAGEMENT COMPANY AND ITS AGENTS

11.1 The Management Company shall be entitled to receive:

(a) an annual remuneration of an amount not exceeding three percent of the average annual Net Asset as defined under the Rules during the first five years of the Scheme and two percent of such assets thereafter; and

(b) Any other remuneration as may be permissible under the Rules.

11.2 The remuneration shall begin to accrue from the date of payment in full of all Units subscribed by the Core Investors. In respect of any period other than a full calendar year, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in the accounting year concerned.

11.3 The remuneration due to the Management Company shall be paid on or before the date that is thirty days after the close of each month, provided that the

Management Company may from time to time draw in advance out of the accrued remuneration a sum that the Trustee shall consider reasonable.

11.4 In consideration of the foregoing and save as aforesaid the Management Company shall be responsible for the payment of all expenses incurred by the Management Company from time to time in connection with its responsibilities as Management Company of the Trust, including the remuneration and expenses of the Transfer Agent, the Distribution Companies and any selling and promotional expenses incurred in respect of sale of units. 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 authorised under the provisions of the Rules and this Deed to be payable out of Deposited Property.

11.5 The Management Company shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

12. CHANGE OF TRUSTEE

12.1 The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, it shall issue a notice to such effect to the Management Company and the SECP. The retirement shall be effective upon (a) the SECP approving the new trustee in terms of the Rules; and (2) the Management Company, the retiring trustee and the new trustee entering into a deed whereby "inter alia", all assets of the Trust stand vested in the name of the new trustee and the new trustee agrees to be bound by the terms of this Trust Deed.

12.2 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Management Company) 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 forthwith by instrument in writing remove the Trustee from its appointment under this Deed and shall, by the same or some other instrument in writing, simultaneously appoint as trustee, some other company or corporation according to the provisions of the Rules and this Deed as the new trustee.

12.3 The Management Company may, with the prior approval of the SECP, remove the Trustee 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, provided such removal does not by itself constitute admission of such default or non-compliance on the part of the Trustee.

12.4 Upon the appointment of a new trustee the Trustee shall immediately hand over all the documents and records to the new trustee and shall transfer all the 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.

12.5 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.

13. CHANGE OF MANAGEMENT COMPANY

13.1 In case of removal of the Management Company by SECP under the provisions of the Rules, the Trustee shall appoint another asset management company as the

management company for the Scheme according to the provisions of this Deed and the Rules.

13.2 The removal of Management Company and appointment of a new management company shall always require the prior approval of the SECP and the Trustee.

13.3 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.

13.4 The Management Company may retire at any time with the prior written consent of the SECP and the Trustee.

13.5 Upon a new management company being appointed, the Management Company will take immediate steps to hand over all the documents and records pertaining to the Trust available with it or its agents or delegates to the new management company and shall pay all sums due to the Trustee.

13.6 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.

14. UNITS

14.1 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.

14.2 The Management Company may issue any of the following classes of Units:

(a) Class A Units that shall be charged with No Sales Load and shall include any Units issued as a result of reinvestment of distributable income pursuant to this Deed or the Offer Document;

(b) Class B Units that shall be charged with Front-end Load.

(c) Class C Units that shall be charged with Back-end Load.

(d) Class D Units that shall be charged with Contingent Load.

14.3 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.

14.4 The Units issued with differing administrative arrangements may have differing quantum of the Front-end load added to the NAV for determining the Offering price, and differing level of back-end load or contingent load deducted from NAV for determining the Redemption price. Such load shall be specified in the respective Offering or Supplementary Offering documents of the respective administrative plans. Given that Unit Holders shall be allowed to switch from one administrative plan or arrangement of the Unit Trust to another on such terms and conditions as may be specified in the Offering or Supplementary Offering Documents of the respective administrative plans.

14.5 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. The Units will, however, be transferable on the same terms and conditions as applicable to the Core Investors. For attaining the aims and objects, the Management Company does hereby deliver, transfer and hand over to the Trustee this day ____ of _____, 2003, initially a sum of One Hundred Thousand Only (Rs.100,000/=)

14.6 Units offered and issued during the Initial Period shall also be Class A Units offered and issued at the Initial Price.

14.7 After the Initial Period, the Offer and Redemption Prices shall be determined from time to time pursuant to this Deed.

14.8 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.

15. ISSUE OF UNITS

15.1 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 Documents.

15.2 Except as provided herein the Units shall be offered at the authorised offices or branches of the Distribution Company on all Subscription Days.

15.3 Application for issuance of Units shall be made by completing the prescribed application form and submitting it with the payment by cheque or bank draft crossed "Account Payee only", or in such other form (other than cash or any bearer instruments) as is prescribed by the Management Company) in favour of the Trustee at the authorised branch or office of any Distribution Company. The Distribution Company shall verify the particulars given in the application for issue of Units and ensure that the signature of any Unit Holder or joint Unit Holder to any document required to be signed by him under or in connection with the application for issue of Units is verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.

15.4 Each Unit Holder 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 only be issued against receipt of full payment.

15.5 The Management Company may impose processing charges for issuance of units in such manner as it shall think fit.

15.6 An application for issuance of units shall deemed to have been made in accordance with the provisions of the Offering Document or a Supplementary Offering Document if such documents prescribe automatic issuance of units under certain circumstances.

15.7 The Management Company may with the approval of the Trustee make arrangements to accept issue requests through electronic or other means.

16. DETERMINATION OF OFFER PRICE

16.1 Subject to the Rules, after the Initial Period the Offer Price shall be calculated and announced by the Management Company on daily or weekly basis, as may be determined by the Management Company from time to time.

16.2 The Offer Price shall be equal to the sum of:

(a) the Net Asset Value as of the close of the immediately preceding Business Day;

(b) any Front-end Load;

(c) such amount as the Management Company may consider to be an appropriate provision for Duties and Charges;

(d) such amount as the Management Company may consider to be an appropriate provision for Transaction Costs;

Such sum will be adjusted upwards to the nearest five paisa.

The Management Company may announce different plans under different administrative arrangements with differing levels of loads. The Management Company may, at its discretion, charge different levels of load to different investors.

16.3 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 16.2 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).

16.4 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 16.2 exceeds the relevant amount of Duties and Charges the Transfer Agent may issue additional Units or fractions thereof to the Unit Holder based on the price applicable to the units issued against the relevant application or the Trustee may refund such excess amount to the relevant Unit Holders.

16.5 If the variation of the Net Asset Value at any time exceeds two percent of the Net Asset Value included in the current offer Price calculated under sub-clause 16.2(a), the Management Company shall suspend any issuance and redemption of Units and shall calculate forthwith a new Offer Price. The Management Company

shall also inform the SECP of the suspension of issuance and redemption of units along with the new offer and redemption price and publish the same in the newspaper in which the Scheme's prices are normally published.

16.6 The Offer Price determined by the Management Company shall be made available to the public at the office and branches of the Distribution Companies and at the discretion of the Management Company may also be published in at least one daily newspaper largely circulated in Karachi, Lahore and Islamabad.

17. ALLOCATION OF SALES LOAD

17.1 The remuneration of Distribution Companies and Investment Facilitators/sales agents shall be paid exclusively from any Sales Load received by the Trustee and no charge shall be made against the Deposited Property or the Distribution Account in this respect. The remainder of any such Sales Load, after such deduction, shall be paid by the Trustee to the Management Company as additional remuneration for their management services for the Trust. If the Sales Load received by the Trustee is insufficient to pay the remuneration of the Distribution Company(s) and/or the Investment Facilitators the Management Company shall pay to the Trustee the amount necessary to pay in full such remuneration.

17.2 Such payments shall be made to the Distribution Companies and Investment Facilitators/sales agents by the Trustee or by the Management Company to the Trustee on monthly basis in arrears within thirty days of the end of the calendar month.

17.3 A Distributor located outside Pakistan may, if so authorized by the Trustee and the Management Company, retain such portion of the Sales 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.

18. REDEMPTION OF UNITS

18.1 The Trustee shall, at any time during the life of the Trust, authorize redemption of Units out of the Deposited Property through Distribution Companies...

18.2 Application for redemption of Units shall be made, during any Subscription Day, by completing the prescribed application for redemption form and submitting it at the authorized branch or office of the Distribution Company. The Application for redemption of units shall be accompanied by the relevant certificate, if issued, duly endorsed on the back. The Management Company may make arrangements to accept redemption requests through electronic or other means. No person shall be entitled to redeem only part of the Units comprised in a Certificate, however, a Certificate may be split for this purpose, and in case where Certificate is not issued, any number of Units may be redeemed by the Unit Holder thereof.

18.3 The Trustee may, with the approval of the Management Company, dispense with the production of any Certificate that shall have become lost, stolen or destroyed upon compliance by the Unit Holder with the like requirements to those arising in the case of any application by him for the replacement thereof.

18.4 The amount payable on redemption shall be paid to the Unit Holder 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 the Unit Holder, after 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

18.5 The receipt of the Unit Holder for any moneys payable in respect of the Units shall be a good discharge to the Trustee and if several persons are registered as joint Unit Holders the first named Joint Unit Holder may give effectual receipt for any such moneys.

18.6 Application for redemption of Units will be received at the authorised offices or branches of the Distribution companies on all Subscription Days. Payment of units so redeemed shall be made within six Business Days from the date of presentation of the duly completed Application for Redemption at the authorized branch or office of the Distribution Companies. Where redemption requests on any one Subscription Day exceed ten percent of the total number of Units in issue, redemption requests in excess of ten percent may be deferred in accordance with the procedure elaborated in Clause 21 hereof.

18.7 The Distribution Company shall verify the particulars given in the application for redemption of Units. The signature of any Unit Holder or Joint Unit Holder to any document required to be signed by him under or in connection with the application for redemption of Units may be verified by a banker or broker or other responsible person or otherwise authenticated to their reasonable satisfaction.

18.8 A redemption request shall be deemed to have been made in accordance with the provisions of the Offering Document or a Supplementary Offering Document if such documents prescribe automatic redemption under certain circumstances.

18.9 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 indemnification as Management Company or Trustee may require.

19. DETERMINATION OF REDEMPTION PRICE

19.1 During the Initial Period the Units shall not be redeemed.

19.2 After the Initial period the Redemption Price shall be equal to the Net Asset Value as of the close of the Business Day immediately preceding the day of determination of the Redemption Price less:

(a) any Back-end Load or any Contingent Load; and

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

(c) any taxes imposed by the Government;

(d) such amount as the Management Company may consider an appropriate provision for Transaction Costs.

Such amount will be adjusted downwards to the nearest five paisa.

The Redemption Price so determined shall apply to Redemption requests, complete in all respect, received by the Distribution Companies during the business hours on the following day.

The Management Company may announce different plans under different administrative arrangements with differing levels of loads. The Management Company may, at its discretion, charge different levels of load to different investors.

19.3 In the event that the amount deducted as provision for payment of Duties and Charges pursuant to sub-clause 19.2 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 the provisions.

19.4 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-clause 19.2 exceeds the relevant amount of Duties and Charges, the Trustee shall refund such excess amount to the relevant Unit Holders.

19.5 The Redemption Price determined by the Management Committee shall be made available to the public at the office and branches of the Distribution Companies and at the discretion of the Management Company may also be published in at least one daily newspaper circulating in Karachi, Lahore and Islamabad.

19.6 If the variation of the Net Asset Value at any time exceeds two percent of the Net Asset Value calculated pursuant to sub-clause 19.2 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 of the suspension of Redemption of Units along with the announcement of the new Redemption price in the newspaper in which the Scheme's prices are normally published.

20. SUSPENSION OF ISSUE OR REDEMPTION OF UNITS

20.1 The Management Company may at any stage suspend the issue (sale) of Units and for such periods it may so decide. Such suspension may however, not affect existing subscribers, in terms of the issue of bonus units as a result of dividend distribution, or the option to receive dividends in the form of additional Units or in any other respect as may be announced by the Management Company. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced either through publication in a newspaper in which the Scheme’s prices are normally published or by sending notice by registered post to the Unit Holders.

20.2 The Management Company may suspend redemption of Units (including payment of surrendered units) at any time during:

(a) any period when the Stock Exchange on which any of the Investment for the time being is listed or dealt in is closed or when dealing in such Investment are restricted or suspended:

(b) the existence of any state of affairs which in the opinion of the Management Company constitutes an emergency as a result of which disposal of any of the Investment would not be reasonably practicable or might seriously prejudice the interest of the Trust or the Unit Holders;

(c) any breakdown in the means of communication normally employed in determining the price of any Investment or the current price thereof on any Stock Exchange or when for any reason the price of any such Investment cannot be promptly and accurately ascertained;

(d) any period when remittance of money which will or may be involved in the realization of such Investment or in the payment for such Investment cannot in the opinion of the Management Company be carried out in reasonable time;

(e) if the Management Company is of the view that it would be detrimental to the remaining Unit Holders to redeem or continue to redeem Units at a price ascertained on the basis of the Net Asset Value.

20.3 Such suspension shall take effect forthwith upon the declaration thereof by the Management Company and shall terminate on the day following the first Business Day on which condition giving rise to the suspension shall in the opinion of the Management Company have ceased to exist and no other condition under which suspension is authorised under this Deed exists. In case of suspension and termination of suspension the Management Company shall immediately notify it to the SECP and may publish the same in at least one daily newspaper circulating in Karachi, Lahore and Islamabad.

21. SUSPENSION OF DEALING, QUEUE SYSTEM AND WINDING UP

Under the extraordinary circumstances mentioned in the Offering Document, the Management Company may announce a change in the method of dealing in Units.

(i) **Queue System –** In the event redemption requests on any Business Day exceed ten percent (10%) of the Units in issue, the Management Company may invoke a queue system whereby requests for redemption shall be processed on a first come first served basis for up to ten percent of the Units in issue. The Management Company shall proceed to sell adequate assets of the Fund and/or arrange Shariah based financing 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 redemption requests in excess of ten percent (10%) of the Units in issue will be carried over to the next Business Day. However, if the carried over requests and the fresh requests received on the next Subscription Day still exceed ten percent (10%) of the Units in issue, 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.

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

22. ISSUE OF UNITS OUTSIDE PAKISTAN

22.1. Subject to exchange control and other applicable laws, rules and regulations, in the event of arrangements being made by the Management Company for the issuance 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 currency exchange fluctuation or exchange risk insurance, any additional stamp duty or taxation, whether national, municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of Certificates or any additional costs relating to the delivery of certificates or the remittance of money to Pakistan.

22.2. 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 currency exchange fluctuation or exchange risk insurance and any additional stamp duty or taxation whether national, municipal or otherwise leviable in that country in respect of such payment or redemption or any bank or other charges incurred in arranging the payment.

22.3. The currency of transaction of the Fund is the Pakistani Rupee and the Management Company, Trustee or any Distribution Companies are not obliged to transact the issuance or redemption of 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 remittance of the dividends or redemption proceeds in foreign exchange or for any obligations arising there from.

23. REGISTER OF UNIT HOLDERS

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

23.2. The Management Company shall ensure that the Transfer Agent shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without charge but neither the Trustee nor its representatives shall be entitled to remove the Register or to make any entries therein or alterations thereto and except when the Register is closed in accordance with the provisions of this Deed, the Register shall during business hours (subject to such restrictions as may be mentioned in the Offering Document and for a period of at least two hours in each Business Day) be open in legible form to the inspection of any Unit Holder without charge.

23.3. The Register shall contain the following information in respect of each class of Units:

(a) Full names, father's/husband's name and addresses of each Unit Holder and Joint Unit Holders;

(b) NIC Number or Passport No. or Registration No.;

(c) Nationality

(d) The distinctive number of the Units held and the Certificate number, if any

(e) The date on which the name of every Unit Holder was entered in respect of the Units standing in his name;

(f) The date on which any transfer or redemption is registered;

(g) Record of signature of Unit holder or joint Unit Holders; and

(h) Such other information as Management Company may require.

23.4. The Register shall be conclusive evidence as to the Units held by each Unit Holder.

23.5. Any change of name or address of any Unit Holder shall forthwith be notified in writing to the Registrar/Transfer Agent who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name the surrender of any Certificate previously issued to such Unit Holder and the payment of the 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 a new Certificate to such Unit Holder.

23.6. The Registrar/Transfer Agent shall not register more than four joint Unit Holders for a Unit. In case of the death of any one of the joint Unit Holders the survivor or survivors shall be the only persons recognized by the Trustee as having any title to or interest in the Units held by the joint Unit Holders. Provided however, the Registrar/Transfer Agent or the Trustee may at their discretion, request the survivors to provide succession certificate or other such mandate from a Court or lawful authority, if they consider necessary.

23.7. A body corporate may be registered as a Unit Holder or as one of joint Unit Holders provided that any undertaking provided by such body confirming its eligibility to make such investment shall be considered as sufficient proof of its eligibility to make such investment.

23.8. The Register may be closed in consultation with the Trustee for such period as the Management Company may from time to time determine and after giving at least fourteen days notice to Unit Holders, provided that it is not closed for more than forty-five days in any calendar year and not exceeding thirty days at a time.

23.9. The Unit Holder shall be the only person to be recognized by the Trustee, the Management Company and the Transfer Agent as having any right, title or interest in or to such Units and the Trustee, the Management Company and the Transfer Agent may recognize the Unit Holder as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust except where required by any court of competent jurisdiction. However, the Management Company may authorize the Transfer Agent to record a lien on any or all units held by a Unit Holder in favour of a third party at the request of such Unit Holder or Joint Unit Holders as the case may be.

23.10 The executors or administrator or succession certificate holder of deceased Unit Holder (not being one of several joint Unit Holders) shall be the only persons recognized by the Trustee and the Management Company as having title to the Units represented thereby.

Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Unit Holder 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 Unit Holder of such Unit upon giving the Trustee/Distribution Company such notice in writing of his desire or transfer such Unit to some other person. All the limitations, restrictions and provisions of this Deed relating to transfer shall be applicable to any such notice or transfer as if the death or bankruptcy had not occurred and such notice or transfer was a transfer executed by the Unit Holder. Provided however, the Transfer Agent or the Trustee may at their discretion, request the survivors to provide succession certificate or other such mandate from a Court or lawful authority, if they consider necessary.

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

24. ISSUANCE OF CERTIFICATES

24.1 Upon written confirmation from the Trustee that the Offer Price for each Unit has been received in full from the applicant, the Transfer Agent shall issue an account statement that will constitute evidence of the number of Units registered in the name of the Unit Holder.

24.2 Certificates shall be issued only if so requested by the Unit Holder 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 twenty five (25) Rupees per Certificate of any denomination, subject to revision of fee from time to time by the Management Company. The proceeds of such fee will accrue to the Management Company.

24.3 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.

24.4 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 Unit Holder or his duly authorised nominee at his own risk by registered post or by courier service or may be collected by the Unit Holder from the Distribution Company.

24.5 In the case of Units held jointly, the Registrar/Transfer Agent shall not issue more than one Certificate for the Units held by such joint Unit Holders and delivery of such Certificate to the joint Unit Holder named first therein shall constitute sufficient delivery to all joint Unit Holders.

24.6 Certificates shall be issued in such form as may from time to time be agreed between the Management Company and the Trustee. A Certificate shall be dated, shall bear the name and address of the Management Company and the Trustee, shall bear a distinctive and serial number and shall specify the number of Units represented thereby and the name and address of the Unit Holder as appearing in the Register.

24.7 Certificates may be engraved or lithographed or printed as the Management Company may determine from time to time with the approval of the Trustee and shall be signed on behalf of the Trustee by a duly authorised officer of the Trustee authorized by the approving authority of the Trustee and on behalf of the Management Company by a duly authorised officer of the Management Company authorized by the approving authority of the Management Company. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorised by the Trustee adopting some lithographic or other mechanical method of signature in which event all or any of such signatures may be effected by the method so adopted. The Certificates shall also bear the signature of the authorised representative of the Registrar/Transfer Agent, (or a Distribution Company, if so specifically authorized by the Management Company) 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/Transfer Agent or any person whose signature appears thereon as a duly authorised signatory may have ceased to be the Trustee, Management Company, Registrar/Transfer Agent, Distribution Company or any authorised signatory.

25. REPLACEMENT OF CERTIFICATES

25.1 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 Holder shall be entitled to exchange upon surrender of the existing Certificate any or all of his Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units.

25.2 In case any Certificate shall be lost, stolen, mutilated, defaced or destroyed, the Registrar/Transfer Agent 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 Distribution Company/Registrar/Transfer Agent 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 any notice to be issued in newspaper inviting any claim (if any) against the lost Certificate to be notified to the Management Company, Trustee or Transfer Agent; and (iii) in the case of Joint Unit Holders, obtained the written consent of the first named Joint Holder for issuance of such new Certificates and (iv) furnished such indemnity as the Management Company and the Trustee may require. Neither the Management Company nor the Trustee nor the Distribution Company/ Registrar/Transfer Agent shall incur any liability for any action that they may take in good faith under the provisions of this sub-clause.

25.3 Before the issuance of any Certificate under the provisions of this sub-clause the Distribution Company/Registrar/Transfer Agent may require from the applicant for the Certificate the payment to it of a fee of twenty five Rupees for each Certificate, subject to revision of fee from time to time by the 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.

26. TRANSFER OF UNITS

26.1 Every Unit Holder shall be entitled to transfer, pledge or otherwise encumber the Units held by him by an instrument in such form as the Management Company may prescribe from time to time with the approval of the Trustee.

26.2 A Certificate shall be transferable only in its entirety.

26.3 Every instrument of transfer must be signed by both the transferor and the transferee and the transferor shall be deemed to remain the Unit Holder of the Units transferred until the name of the transferee is entered in the Register in respect thereof.

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

26.5 All instruments of transfer shall be retained by the Registrar/Transfer Agent and a copy supplied to the Management Company/Trustee, if required by them.

26.6 The Registrar/Transfer Agent/Distribution Company with the prior approval of the Management Company shall be entitled to destroy all instruments of transfer or the copies thereof as the case may be which have been registered at any time after the expiration of twelve years from the date of registration thereof and all Certificates which have been cancelled at any time after the expiration of six years from the date of cancellation thereof and all registers, statements and other records and documents relating to the Trust at any time after the expiration of six years from termination of the Trust. The Trustee or the Management Company

or the Distribution Company/Registrar/Transfer Agent shall be under no liability whatsoever in consequence thereof and it shall conclusively be presumed in favour of the Trustee or the Management Company or the Distribution Company/Registrar/ Transfer Agent that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered by the Trustee or the Management Company or the Distribution Company/Registrar/Transfer Agent; that every instrument of transfer so destroyed was a valid and effective instrument 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 Distribution Company/Registrar/Transfer Agent any liability in respect of the destruction of any document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and (iii) reference herein to the destruction of any document includes reference to the disposal thereof in any manner.

27 PLEDGE/LIEN OF UNITS

27.1 Any Unit holder/or all joint Unit holders 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.

27.2 The Lien once registered shall be removed by the authority of the party in whose favour the 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/charge/lien. The disbursement of any loan or undertaking of any obligation against the constitution of such pledge/charge/lien by any party shall be at the entire discretion of such party and neither the Trustee nor the Management Company nor the Registrar/Transfer Agent takes any responsibility in this matter.

27.3 Payments of dividends or the issue of bonus Units and redemption proceeds of the Units under lien/charge/pledge shall be made to the lien/charge/pledge holder for the account of the Unit holder.

27.4 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.

28. AUDIT

28.1 The Management Company shall appoint a firm of Chartered Accountants as an Auditor who shall be independent of the auditor of the Management Company and the Trustee. The Management Company, in consultation with the Trustee, will ensure that the Auditor so appointed is competent to act as Shariah compliance Auditor. The Management Company may at any time remove the Auditor and appoint another Auditor in its place.

28.2 The Auditor shall hold office until transmission of the annual report and accounts but may be re-appointed for up to three consecutive terms of one year each. Thereafter the auditors shall only be eligible for appointment after the lapse of at least one year. The first Auditors shall be _____, Chartered Accountants. _____, Karachi.

28.3 The following persons shall not qualify to be the Auditor of the Trust:

(a) A person who is or at any time during the preceding three years was a director, officer or employee of the Management Company or the Trustee.

(b) A person who is 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.

28.4 Appointment of a partnership firm to be the Auditor shall be deemed to be the appointment of all persons who are partners in the firm for the time being.

28.5 The Auditor shall have access to the books, papers, accounts and vouchers of the Trust, whether kept at the office of the Management Company, Trustee, Registrar/Transfer Agent, Distribution Company or elsewhere and shall be entitled to require from the Management Company, Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.

28.6 The Auditor shall prepare a written report to the Unit Holders on the account and books of accounts of the Trust and the balance sheet and income and expenditure account and on every other document forming part of the balance sheet and income and expenditure account, including notes, statement or schedules appended thereto.

28.7 The contents of the Auditors report shall be as required in the Rules.

28.8 The Management company shall:

(a) within four months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account together with the Auditor's report for the Accounting Period to the SECP and Unit Holders in accordance with the Rules.

(b) Within a month after the close of the first, second and third quarter of its year of account, prepare and transmit to the Unit Holders and the SECP a profit and loss account for and balance sheet as at the end of that quarter, cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise, in accordance with the Rules.

29. DETERMINATION OF DISTRIBUTABLE INCOME

29.1 The Management Company shall decide as soon as possible but not later than forty-five days after the Accounting Date whether to distribute among Unit Holders, profits, if any, available for the distribution at the end of the Accounting Period, and shall advise the Trustee of the rate of such distribution per Unit.

29.2 Subject to the Management Company’s right to decide whether and to what extent the amount available for distribution be distributed as profits among the Unit Holders, as stated in Clause 29.1 above, the amount available for distribution in respect of any Accounting Period shall be determined by the Management Company after consulting the Auditor and shall be the sum total of:

(a) the total income received on the Deposited Property during such Accounting Period including all amounts received in respect of dividend, markup, profit and fee;

(b) net realized appreciation as set out in sub-clause 29.3; from which shall be deducted expenses as set out in sub-clause 29.4, adjustment as set out in sub-clause 29.5 and such other adjustment as the Management Company may determine in consultation with the Auditors.

29.3 The proceeds of sales of rights and all other receipts deemed by the Management Company after consulting the Auditor to be in the nature of capital accruing from Investment 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 after consulting the Auditor to be in the nature of the net realized appreciation may be distributable to the Unit Holders by the Trustee and shall thereafter cease to form part of the Deposited Property once transferred to the Distribution Account.

29.4 The Income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:

(a) the remuneration of the Management Company and the Trustee for the relevant period;

(b) repayment of principal and payment of all profit and other financial costs during the relevant period together with any amount accrued but unpaid on any borrowing effected by the Trust;

(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 Trust or the collective interests of the Unit Holders;

(e) amortization of Formation Costs in not more than five equal annual installments after the creation of the Trust;

(f) Auditor's fee and other expenses payable out of the Deposited Property;

(g) Taxes on Trust income, turnover, assets or otherwise.

(h) Fees/Charges payable to the SECP under the Rules.

29.5 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 or profit.

(b) addition of a sum representing amounts included in the price of Units for income accrued prior to the date of issue and deduction of a sum representing all participation in income distributed upon redemption of Units upon a reduction of the Trust during the relevant period;

(c) adjustment considered necessary by the Management Company to reflect the diminution in value of Deposited Property in consultation with the Trustee.

30. DISTRIBUTION OF INCOME

30.1 On each Accounting 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.

30.2 After the fixation of the rate of distribution per unit, distribution payment shall be made by cheque or warrant by the Trustee and sent through the registered post to the registered address of such Unit Holder, or in the case of joint Unit Holders to the Registered address of the joint Unit Holder first named on the Register. Every such cheque or warrant shall be made payable to the order of the person to whom it is delivered or sent and payment of the cheque or warrant (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the money payable to the order of the person to whom it is delivered or sent and payment of the cheque or warrant (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the moneys payable. When a Commission in that behalf shall have been received in such form as the Management Company shall consider sufficient it shall arrange for payment of the amount distributable to the Unit Holder to his bankers and the receipt of such bankers shall be a good discharge thereof.

30.3 Before making any payment in respect of a Unit the Trustee or the Management Company may make such deductions as may be required by law in respect of any income or other taxes, zakat (if applicable), charges or assessments whatsoever and issue to the Unit Holder the certificate in respect of such deduction in the prescribed form or in a form approved by the concerned authorities.

30.4 The Management Company may offer the Unit Holder the option to receive new Units under cumulative investment instead of cash dividend.

30.5 Where Units are placed under pledge/lien the payment of dividends will be made in accordance with Clause 27.3 of this Deed.

31. TERMINATION AND LIQUIDATION OF TRUST

31.1 The Trust may be terminated by the Management Company if the Net Asset at any time shall fall below one hundred million Rupees. The Management Company shall give at least three month's notice in writing to the SECP and the Unit Holders and shall disclose the grounds for its decision. The Management Company may announce winding-up of the Trust without notice if redemptions of Units of unmanageable level 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 is wound up.

The Trust may also be terminated by the SECP on the grounds given in the Rules.

31.2 This Deed may be terminated in accordance with the conditions specified in the Rules if there is any breach of the provisions of this Deed or any other agreement or arrangement entered into between the Trustee and Management Company regarding the Unit Trust.

32. DISTRIBUTION OF LIQUIDATION PROCEEDS

32.1 Upon the Trust being terminated the Management Company shall suspend the sale and redemption of Units forthwith and proceed to sell all Investment 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 profit remaining unpaid.

32.2 The Trustee on the recommendation of the Management Company shall from time to time distribute to the Unit Holders *pro rata* to the number of Units held by them respectively all net cash proceeds derived from the realization of the Deposited Property after making payment as mentioned in sub-clause 32.1 above and retaining such sum as considered or apprehended by the Management Company for all costs, charges, expenses, claims and demands.

33. TRUST DEED

33.1 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.

33.2 The terms and conditions of this Deed and any deed supplemental hereto shall be binding on each Unit Holder and each Unit Holder authorizes and requires the Trustee and the Management Company to do as required of them by the terms of this Deed.

33.3 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, which may require, in the interest of the Unit Holders, any modification or approval by a certain percentage of Unit Holders. 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 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.

33.4 Where this Deed has been altered or supplemented the Management Company shall notify the Unit Holders immediately by publication in a newspaper in which the Management Company normally publishes its notices.

33.5 The Management Company may from time to time 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 Offering Documents.

33.6 If at any time, any Clause of this Deed is and/or becomes in whole or in part, illegal, invalid or unenforceable in any respect of Shariah compliance and /or under the laws of any applicable jurisdiction, neither the legality, validity and enforceability of the remaining Clauses of the Deed hereof, nor the legality, validity or enforceability of such Clause under the law of any other jurisdiction shall in any way be affected or impaired thereby.

34. CONFIDENTIALITY

34.1 The Trustee and the Management Company and every director or officer of the Trustee and the Management Company who are in any way engaged in the

business of the Trust and all persons employed or engaged by the Trustee or the Management Company in connection with the business of the Trust shall observe strict confidentiality in respect of all transactions of the Trust, its 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.

35. MISCELLANEOUS

35.1 (a) Any notice required to be served upon the Unit Holder shall be deemed to have been duly given if sent by post to or 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.

(b) The Trustee or the Management Company may advertise any such notice in one leading daily newspaper in Pakistan having its primary circulation in Karachi, Lahore and Islamabad.

(d) Service of a notice or document on first named joint Unit Holder of several joint Unit Holders shall be deemed effective service on the other joint Unit Holders.

(e) Any notice or document sent by post to or left at the registered address of a Unit Holder shall notwithstanding that such Unit Holder be then dead or bankrupt and whether or not the Trustee or the Management Company have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

35.2 A copy of this Deed and of any such supplemental deed shall be made available for inspection at the respective Head Office 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 or application at a charge of one hundred (100) Rupees per copy or at such rate as determined from time to time by the Management Company.

36. ARBITRATION

In the event of any dispute 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 the conditions of this Trust Deed, Offering Document and/or the Supplementary Offering Documents, 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 the 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 umpires shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners or renowned law firms, CFA charter holders in good standing, or senior bankers or senior businessmen or senior executives. The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940.

37. RIGHTS AND OBLIGATIONS

37.1 The obligations and rights of the parties hereunder shall be subject to the provisions of this Clause.

i) The obligations and rights of the parties hereunder shall be subject to the existing rights, as of the date of this Deed, of third parties, and to any renewals thereof.

ii) Neither party shall be obligated to disclose any information, which is proprietary, the information of any government, or of any agency thereof, nor the disclosure of which would be, in the opinion of the obligated party, contrary to any law, regulation or decree of any government or of any agency thereof.

38. REPRESENTATIONS AND WARRANTIES

38.1 Each of the parties hereby represents and warrants to each of the other party as follows:

i) It is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of formation.

ii) It has the power and authority to execute and deliver this Deed, and to consummate the transactions contemplated hereby. The execution and delivery by it of this Deed, and the consummation by it of the transactions contemplated hereby, have been duly authorized by all necessary corporate action and have been duly authorized by the prescribed governmental entity or other person. Each of the representatives of each such party signing this Deed has full power and authority to execute this Deed in such representative's indicated capacity and to consummate the transactions contemplated hereby. Upon its execution and delivery, this Deed will be duly executed and delivered and will constitute a valid and binding obligation of such party, enforceable in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

iii) The execution and delivery of the Deed by it does not, and the consummation by it of the transactions contemplated by this Deed will not, violate any provision of its bylaws or other charter or governing documents, or violate any agreement, instrument, law, ordinance, regulation, order arbitration award, judgment, or decree to which it is party, or by which it is bound.

39. SURVIVAL

39.1 All obligations of either party which expressly or by their nature survive termination or transfer of this Deed shall continue in full force and effect after the termination or transfer, until they are satisfied, or by their nature expire.

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

The Common Seal of **Al Meezan Investment Management Limited** was hereunto affixed in the presence of the Directors/Officers mentioned below:

For Al Meezan Investment Management Limited

1. _____ 2. _____

Designation: _____ Designation: _____

NIC No._____ 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. _____ 2. _____

Designation: _____ Designation: _____

NIC No._____ NIC No._____

WITNESSES

1. _____ 2. _____