

**FIRST SUPPLEMENTAL TRUST DEED OF  
PAKISTAN CASH MANAGEMENT FUND (A Money Market Fund)**

THIS FIRST SUPPLEMENTAL TRUST DEED OF PAKISTAN CASH MANAGEMENT FUND is made and entered into at Karachi, on this 11<sup>th</sup> day of May, 2011;

**BY AND BETWEEN**

- (A) **Arif Habib Investments Limited**, a company incorporated under the Companies Ordinance, 1984, with its registered office at Arif Habib Centre, 23 M.T Khan Road, Karachi (hereinafter called the "**Management Company**", which expression where the context so permits shall include its successors-in-interest and assigns) of the One Part; and

**AND**

- (B) **Habib Metropolitan Bank Limited**, a banking company incorporated under the Companies Ordinance, 1984 and licensed by the State Bank of Pakistan as a scheduled bank with its registered office Spencer's Building, I.I. Chundrigar Road, Karachi-74200 (hereinafter called the "**Trustee**", which expression, where the context so permits, shall include its successors-in-interest and assigns) of the Other Part.

**WHEREAS:**

- (1) The Management Company and the Trustee executed a Trust Deed dated February 8, 2008, to constitute Pakistan Cash Management Fund an open-end scheme under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (defined in the said Trust Deed as "Open-ended Scheme" the "Scheme" or "PCF" or the "Fund" or the "Trust"), which Trust Deed was registered with the Sub-Registrar-I, Jamshed Town, Karachi, under Registered No.124 of Book No.IV dated 08-02-2008 and M.F. Roll No.U-9181/4846 dated 13-02-2008, ("the Trust Deed").
- (2) The Management Company and the Trustee have agreed to amend certain Clauses of the Trust Deed in accordance with Clause 16 of the Trust Deed.
- (3) The Securities & Exchange Commission of Pakistan ("the Commission") has approved the further amendments to the Trust Deed, vide its letter No. NBFC-II/DD/AHIM/PCMF/1062/2008 dated December 05, 2008, annexed hereto as Annexure "A" , supplemental letter No.SCD/NBFC-II/DD/PCF/673/2009 dated

June 26, 2009 annexed hereto as Annexure "B" and supplemental letter No. SCD/NBFC-II/DD/PCMF/599/2010 dated July 29, 2010 annexed hereto as Annexure "C" .

NOW THEREFORE THIS FIRST SUPPLEMENTAL TRUST DEED OF PAKISTAN CASH MANAGEMENT FUND, WITNESSETH AS FOLLOWS:—

**1. Addition of Clause 1A in the Trust Deed:**

After the existing Clause 1 the following new Clause be and is hereby incorporated as 1A:-

**1A CATEGORY OF THE SCHEME**

Money Market Fund

**2. Addition of new sub-clauses 5.1.16, 5.1.17, 5.1.18 and 5.1.19 in Clause 5.1 of the Trust Deed:**

After the existing sub-clause 5.1.15, the following new sub-clauses be and are hereby incorporated as 5.1.16, 5.1.17, 5.1.18 and 5.1.19 respectively:-

*5.1.16 The Management Company shall formally forward all the requests for dealing in Units, duly time and date stamped, to the Trustee within 24 hours of the receipt of such requests.*

*5.1.17 The Management Company shall ensure that no entry and exit to the Scheme (including redemption and re-issuance of Units to the same Unit Holders on different NAVs) shall be allowed other than cash settled transactions based on the formal issuance and redemption requests, unless permitted otherwise by the Commission under the Regulations.*

*5.1.18 The Management Company on behalf of the Fund shall not at any time rollover the investments, if in the opinion of Trustee, the Fund would not be able to issue payment instruments for the redemption money to the Unit Holders within time period stipulated in the Regulations.*

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

**3. Addition of new sub-clause 6.1.18 in clause 6.1 of the Trust Deed:**

After the existing sub-clause 6.1.17, the following new sub-clause be and hereby incorporated as 6.1.18 -

*6.1.18 The Trustee shall not invest in the Units of the Fund.*

**4. Amendment of sub-clause 6.6.6 of the Trust Deed:**

Sub-clause 6.6.6 be and is hereby replaced by the following text:

*6.6.6) The Trustee shall pay to the Management Company's order such sums out of the sale proceeds as are representative of Front-end Load that are specified in this Trust Deed, Offering Document or Supplemental Offering Document(s), if any.*

**5. Amendment of sub-clause 7.2 of the Trust Deed:**

Sub-clause 7.2 be and is hereby replaced by the following text:

*7.2) The Fund aims to deliver regular income and provide high level of liquidity primarily from short duration government securities investments.*

**6. Amendment of sub-clause 7.3.2 of the Trust Deed:**

Sub-clause 7.3.2 be and is hereby replaced by the following text:

*7.3.2 The Fund may be invested in the following asset classes:*

- (a) Treasury Bills*
- (b) Short dated government instruments*
- (c) Reverse repo transactions with government paper as the underlying security.*
- (d) Bank deposits (excluding TDRs) with a scheduled commercial bank(s) having minimum rating of 'AA'*

**7. Addition of new sub-clause 7.3.3 in clause 7.3 of the Trust Deed:**

- i. After the existing sub-clause 7.3.2, the following new sub-clause be and hereby incorporated as 7.3.3 –

7.3.3 *“The Fund would not take direct/ indirect exposure to equities, CFS, TDRs, spread transactions. Additionally, the Fund would not take exposure to available investment avenues mentioned in SECP Circular 7 of 2009 for Money Market Schemes such as Money market placements, Certificate of Deposits (COD), Certificate of Musharakas (COM) and Commercial Papers.”*

- ii. The existing sub-clauses 7.3.3 to 7.3.6 be and are hereby renumbered as 7.3.4 to 7.3.7, respectively.

**8. Addition of new sub-clause 7.3.8 & 7.3.9 in clause 7.3 of the Trust Deed:**

After the existing sub-clause 7.3.6, now renumbered as 7.3.7, the following new sub-clauses be and are hereby incorporated as 7.3.8 and 7.3.9

7.3.8 *“Time to maturity of any asset and Weighted average time to maturity of the net assets shall not exceed 90 days.”*

7.3.9 *“At least 70% of Fund’s net assets shall remain invested in Treasury Bills (T-Bills) and short dated government securities during the year based on quarterly average investment calculated on daily basis.”*

**9. Addition of Clause 7A in the Trust Deed:**

After the existing Clause 7, the following new Clause be and is hereby incorporated as 7A:-

**7A BENCHMARK**

*“3 month T-Bill return”.*

**10. Amendment of sub-clauses 7.6.1 and 7.6.2 of the Trust Deed:**

Sub-clauses 7.6.1 and 7.6.2 be and are hereby replaced by the following texts:

7.6.1 *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 arrangements with Banks, Financial Institutions, and collective investment schemes for borrowing by the Trustee for the account of the Fund, provided that the charges payable to such Banks, Financial Institutions and collective investment schemes are not higher than the prevailing market rates. Provided further that the maximum borrowing for the account of the Trust shall not exceed the limit provided in the Regulations but if subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Fund Property or redemption of Units, the Management Company shall not be under any obligation to reduce such borrowing.*

7.6.2 *Neither the Trustee, nor the Management Company shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from Banks, Financial Institutions and collective investment schemes. The Trustee or the Management Company shall not in any manner be liable in their personal capacities for repayment of such loans or advances.*

**11. Amendment of sub-clause 8.2.2 of the Trust Deed:**

Sub-clause 8.2.2 be and is hereby replaced by the following text:

8.2.2 *Subsequent to the issue of Units to Core Investors, the Offer Price shall be calculated and announced by the Management Company on the following basis:*

- (a) *The gross NAV of the Fund will be calculated based on the valuation methodology given in 8.1 above;*
- (b) *The gross NAV will be divided by the number of Units outstanding in the Fund to reach the gross NAV per Unit.*
- (c) *The gross NAV per Unit will be adjusted for the following to arrive at the net offer NAV per Unit:*
  - i. *Addition of any Front-end Load, if any, but not exceeding five (5) percent of NAV;*
  - ii. *Addition of such amount as the Management Company may consider an appropriate provision for Duties and Charges.*
- (d) *Such sum shall be expressed in Pak Rupees up to four decimal places, with the fifth decimal being rounded.*

(e) *The cut off timing for receiving application forms is as follows.*

<i>Day</i>	<i>Time</i>
<i>Monday to Friday</i>	<i>09:00 am to 05:00 pm</i>
<i>Saturday</i>	<i>09:00 am to 12:15 pm</i>

(f) *All forms shall be received at the registered address of the Management Company or at the Authorized Branch of the Management Company or the Distributor during the above mentioned time. Updated list of the addresses of the Management Company and Authorized Branches of the Management Company and Distributors is disclosed in the Offering Document.*

**12. Amendment of sub-clause 8.3.1 of the Trust Deed:**

Sub-clause 8.3.1 be and is hereby replaced by the following text:

*8.3.1 The Redemption Price shall be calculated according to the following method:*

- (a) *The gross NAV of the Fund will be calculated based on the valuation methodology given in 8.1 above;*
- (b) *The gross NAV will be divided by the number of Units outstanding in the Fund to reach the gross NAV per Unit.*
- (c) *The gross NAV per Unit will be adjusted for the following to arrive at the net redemption NAV per Unit:*
  - i. Deduction of any Back-end Load, if any, but not exceeding five (5) percent of NAV;*
  - ii. Deduction of any taxes imposed by the Government.*
  - iii. Deduction of such amount as the Management Company may consider an appropriate provision for Duties and Charges; and*
- (d) *Such sum shall be expressed in Pak Rupees up to four decimal places, with the fifth decimal being rounded.*
- (e) *The cut off timing for receiving application forms is as follows.*

<i>Day</i>	<i>Time</i>
<i>Monday to Friday</i>	<i>09:00 am to 05:00 pm</i>
<i>Saturday</i>	<i>09:00 am to 12:15 pm</i>
- (f) *All forms shall be received at the registered address of the Management Company or at the Authorized Branch of the Management Company or the Distributor during the above mentioned time. Updated list of the addresses of the Management Company and Authorized Branches of the Management Company and Distributors is disclosed in the Offering Document.*

**13. Addition of new sub-clause 9.5.1 in Clause 9.5 of the Trust Deed:**

A new sub-clause be and is hereby incorporated as sub-clause 9.5.1:-

*9.5.1 Management Company shall ensure that in case of suspension of redemption of Units of the Scheme due to extra ordinary circumstances in terms of provisions of the Constitutive Documents and the Regulations, the issuance of fresh Units shall also be kept suspended until and unless redemption of Units is resumed.*

**14. Amendment of sub-clause 10.3.1 of the Trust Deed:**

Sub-clause 10.3.1 be and is hereby replaced by the following text:-

*10.3.1 All expenses incurred in connection with the incorporation, establishment and registration of the Scheme (Formation Cost) in terms of Regulation 60 (2) of the Regulations, shall be reimbursable by the Scheme to the Management Company subject to the audit of expenses. The said Formation Cost shall be amortized by the Scheme over a period of not less than five years or upto the maturity date of the Scheme, whichever is earlier and shall be reported with their break-up under separate heads by the Management company to the Commission and the Trustee, as provided in Regulation 60(4) of the Regulations. The maximum formation cost shall be governed by Regulations.*

**15. Addition of Note in Clause 10.6. of the Trust Deed:**

In Clause 10.6 of the Trust Deed the following be and is hereby incorporated -

*Note:- Any cost associated with sales, marketing and advertisement of the Scheme shall not be charged to the Scheme.*

**16. Amendment of sub-clause 12.1.3 of the Trust Deed**

Sub-clause 12.1.3 be and is hereby replaced by the following text:-

*12.1.3 The amount available for distribution in respect of any Accounting Period shall be determined by the Management Company and shall be the sum total of:*

*(a) The total income received on Fund Property during such Accounting Period including all amounts received in respect of dividend, mark-up, profit, interest and fee;*

*(b) Whole or part of the realized appreciation, at the option of the Management Company; and*

*From the above amounts shall be deducted expenses and such other adjustment as the Management Company may determine.*

**17. Amendment of sub-clause 19.1 of the Trust Deed**

*Sub-clause 19.1 be and is hereby replaced by the following text:-*

**19.1** *PCF is divided into Units having a Par Value of R s. 50. Two types of Units of the Fund are offered Type A and Type B.*

**Type A Units**

*Type A Units are meant for all types of investors and have the following characteristics:*

*Minimum Investment: The Management Company may from time to time amend the minimum amount of initial investment that is required for opening an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs.5, 000 and the minimum amount for adding to an existing account is Rs.5, 000 per transaction.*

*Front -end Load: None.*

*Back -end Load: Back - end Load not exceeding 0.1% of the investment value may be charged to cover Transaction Cost, if the redemption is made within 3 days. In addition, if conversion from PCF is made within 30 days of the investment/conversion from another scheme then a Back-end Load shall be charged @0.1% of Investment/conversion value. The current level of Back End Load is specified in Offering Document.*

*Distribution Method: These Units will be entitled to get Bonus Units or cash dividend as decided by Management Company*

**Type B Units:**

*Type B Units are meant for only Institutional Investors and have the following characteristics:*

*Minimum Investment: The Management Company may from time to time*



*amend the minimum amount of initial investment that is required for opening an account with the Registrar. At the initial stage, the minimum amount of investment to open an account is Rs.10,000,000 and the minimum amount for adding to an existing account is Rs.5,000,000 per transaction.*

*Front - end Load: None.*

*Back - end Load: Back - end Load not exceeding 0.1% of the investment value may be charged to cover Transaction Cost, if the redemption is made within 3 days. In addition, if conversion from PCF is made within 30 days of the investment/conversion from another scheme then a Back-end Load shall be charged @0.1% of Investment/conversion value. The current level of Back End Load is specified in Offering Document.*

*Distribution Method: All normal distribution to Type B Units will be as cash dividend only, even if distribution for other types of Units is in the form of Bonus Units*

*Note: Front End Load and Back End Load combined together shall not exceed five percent of NAV.*

**18. Deletion of sub-clause 19.1.4 of the Trust Deed:**

- (i) Sub-clause 19.1.4 stands deleted.
- (ii) The existing sub-clauses 19.1.5 to 19.1.12 be and are hereby renumbered as 19.1.4 to 19.1.11, respectively.

**19. Amendment of sub-clause 19.4.10 of the Trust Deed:**

Sub-clause 19.4.10 be and is hereby replaced by the following text:-

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

**20. Addition of new sub-clause 19.9.12 in Clause 19.9 of the Trust Deed:**

After the existing sub-clause 19.9.11, the following new sub-clause be and hereby incorporated as 19.9.12:-

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

**21. Amendment of sub-clause 21.1.7 of the Trust Deed:**

Sub-clause 21.1.7 be and is hereby replaced by the following text:-

21.1.7) *“Back-end Load” means a processing charge , deducted by the Management Company from the Net Asset Value in determining the Redemption Price. Back end Load would form part of the Fund Property.*

**22. Amendment of sub-clause 21.1.32 of the Trust Deed:**

Sub-clause 21.1.32 be and is hereby replaced by the following text:-

21.1.32) *“Fund Property” means the aggregate proceeds of the sale of all Units at Offer Price and any Transaction Costs recovered in the Offer or Redemption prices, after deducting therefrom or providing there against, the value of Redemption, Front-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units and any expenses chargeable to the Fund; and includes the Investment and all income, profit and other benefits arising therefrom, Back End Load 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 the Trust Deed but does not include any amount standing to the credit of the Distribution Account.*

All other contents of the Trust Deed remain unchanged and the Trust Deed shall continue to remain in full force and effect, amended as above.

The Trustee and the Management Company hereby certify that the above amendments are required in the Trust Deed for adding additional duties and responsibilities on the Management Company and the Trustee as required by the Commission, making additional borrowing arrangements with collective investment schemes, announcing and allocating Offer Price and Redemption Price in Pak Rupees upto four decimal places, cut

off timing for issue and redemption of Units and to dispense with the need to consult with the Auditors for the purpose of determination of amount available for distribution and deduction of expenses and other adjustments for determining the amount available for distribution, which is not required, clarification that marketing, selling and advertisement expenses shall not be charged to the Fund and changes necessitated by substitution of the Regulations and the SECP's circulars and that in the opinion of the Management Company and the Trustee, the above amendments shall 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.

IN WITNESS WHEREOF, THIS FIRST SUPPLEMENTAL TRUST DEED OF PAKISTAN CASH MANAGEMENT FUND has been executed on the date first mentioned above.

The Common Seal of Arif Habib Investments Limited was hereunto fixed in the presence of:

Seal:

\_\_\_\_\_  
Syed Ajaz Ahmed  
Director

\_\_\_\_\_  
Zeeshan  
CFO & Company Secretary

The Common Seal of Habib Metropolitan Bank Limited was hereunto fixed in the presence of:

Seal:

\_\_\_\_\_  
Syed Muhammad Azam Zaidi

**WITNESSES**

1. \_\_\_\_\_

2. \_\_\_\_\_