

**Trust Deed
of
Pakistan Islamic Pension Fund (PIPF)**

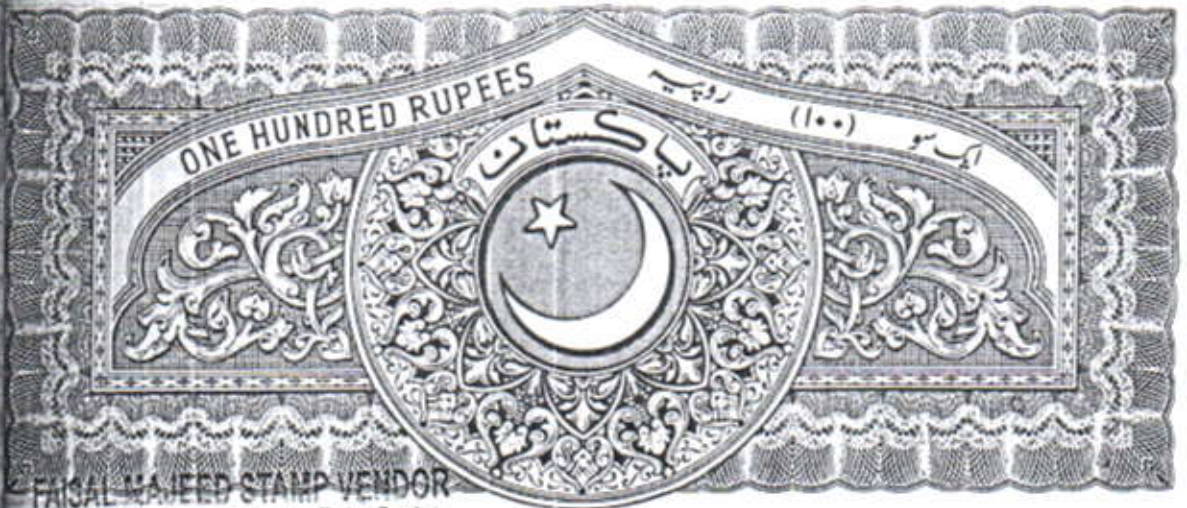
A Voluntary Pension Fund

Managed By:

Arif Habib Investment Management Limited

Pension Fund Manager

**Registered under the
Voluntary Pension System Rules, 2005**



FARISAL MAJEED STAMP VENDOR

Lic. No. 105, Shop No. 8, New Ruby Centre,
M.A. Jinnah Road, Boultan Market, Karachi

S No. 10659 DATE

ISSUED TO WITH ADDRESS

THROUGH WITH ADDRESS *Arif Habib Investment Management Limited*

PURPOSE

VALUE RS 100 (ATTACHED)

STAMP VENDOR'S SIGNATURE *[Signature]*

19 JUL 2007

Constitutive Documents

TRUST DEED

Pakistan Islamic Pension Fund

1. CONSTITUTION OF THE PAKISTAN ISLAMIC PENSION FUND

1.1 NAME, REGISTERED ADDRESS, PLACE AND DATE OF REGISTRATION

The name of the Pension Fund is **PAKISTAN ISLAMIC PENSION FUND**. The registered address of the Pension Fund is 2/1, R.Y. 16, Old Queens Road, Karachi. The Pension Fund has been constituted under this Trust Deed made and entered into at Karachi on this 5th day of September, 2007.

1.2 PARTICIPATING PARTIES

1.2.1 This Trust Deed is made and entered into by and between:

- (A) **Arif Habib Investment Management Limited (AHIM)**, a company incorporated under the Companies Ordinance, 1984, with its registered office at 2/1, R.Y. 16, Old Queens Road, Karachi (hereinafter called the "**Pension Fund Manager**", which expression shall, where the context so permits, include its successors-in-interest and assigns) of the one part; and
- (B) **Muslim Commercial Financial Services (Pvt.) Limited (MCFSL)** (the **Trustee**), a company incorporated under the Companies Ordinance, 1984 and licensed by the Securities & Exchange Commission of Pakistan for commencing the business under the rules and regulations of regulatory bodies of Pakistan. A wholly owned subsidiary of MCB Bank Limited with its registered office at 3rd floor Adamjee House, I. I. Chundrigar Road, Karachi (hereinafter called the "**Trustee**", which expression, where the context so permits, shall include its successors-in-interest and assigns) of the other part.

1.2.2 WHEREAS:

The Pension Fund Manager is a Non-Banking Finance Company, licensed by the Commission under the Non-Banking Finance Companies (Establishment and Regulation)

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Rules, 2003 (NBFC Rules) and a Pension Fund Manager registered by the Commission under the Voluntary Pension System Rules, 2005 (hereinafter referred to as the "Rules", which expression shall include any amendments thereto and substitutions thereof and Regulations made or directives given by the Commission thereunder) to, *inter-alia*, carryout Asset Management Services, including establishing investment schemes under Trust Deeds and to establish and operate Pension Funds;

- 1.2.3 The Pension Fund Manager has been allowed by the Commission vide its letter No. SEC/SCD/PW-AHIML-02/2007/50 dated 24 July, 2007 appended hereto as Annexure "B" to constitute a Pension Fund under the name and title of "**Pakistan Islamic Pension Fund**" (hereinafter referred to as the "**Fund**", or "**Pension Fund**", or **PIPF** or the "**Trust**") and to register this Trust Deed, pending authorization for the establishment and operation of the Pension Fund in accordance with the provisions of the Rules and this Trust Deed;
- 1.2.4 The Pension Fund Manager has appointed Muslim Commercial Financial Services (Pvt.) Limited (MCFSL) as Trustee of the Pension Fund and Trustee has accepted such appointment upon the terms and conditions herein contained;
- 1.2.5 The Commission has approved the appointment of the MCFSL as Trustee, vide letter No. SEC/SCD/PW-AHIML-02/2007/52 dated 24 July, 2007, appended hereto as Annexure "C";
- 1.2.6 Unless the context requires otherwise the words or expressions used in this Deed shall have the meaning respectively assigned to them in Clause 21 hereof.

NOW THIS DEED WITNESSETH:

1.3 DECLARATION OF TRUST

1.3.1 A Pension Fund is hereby constituted as a trust under the Trusts Act, 1882, under the name of "**Pakistan Islamic Pension Fund**". The Trustee is hereby appointed as the Trustee of the Pension Fund, including the Sub-Funds, Individual Pension Accounts, Allocation Schemes, Approved Income Payment Plans or any structure related to the said Pension Fund and the Trustee hereby accepts such appointment and declares that:

- (a) The Trustee shall hold and stand possessed of the Trust Property that may from time to time hereafter be vested in the Trustee upon Trust as a collection of Sub-Funds, Individual Pension Accounts and Approved Income Payment Plans;
- (b) Each of the Sub-Funds shall be a common fund (collective investment scheme) whose property shall be held by the Trustee for the benefit of the Participants ranking *pari passu* inter se according to the number of Units of the respective Sub-Funds held by each Participant;
- (c) Balances in the Individual Pension Account and Approved Income Payment Plan shall be the property of the respective Participant;
- (d) Each Participant shall only be liable to the extent of his contribution to the Pension Fund and no further liability shall be imposed on him in respect of the Pension Fund;
- (e) The Trust Property shall be invested from time to time by the Trustee in accordance with the investment policy prescribed by the Commission and at the direction of the Pension Fund Manager; Furthermore, all investments shall be in accordance with the Islamic Shariah as per the guidelines provided by the Shariah Advisor; and
- (f) The Pension Fund Manager shall manage, operate, and administer the Pension Fund strictly in accordance with the provisions and conditions contained in this Deed, any Supplemental Deeds, the Rules, and the conditions (if any) which may be imposed by the Commission from time to time.

1.3.2 As soon as may be practicable, the Pension Fund Manager shall open participation in the Pension Fund through offer of Units of Sub-Funds at NAV calculated in the manner prescribed under the Rules or as may be specified by the Commission from time to time to the eligible persons.

1.3.3 The Pension Fund Manager may from time to time, with the consent of the Trustee and

under intimation to the Commission, frame operational procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; provided that, such rules or regulations are not inconsistent with the provisions of this Deed, any Supplemental Deeds or the Rules.

- 1.3.4 Pension Fund Manager, Trustee of the Pension Fund and the Pension Fund, including the Sub-Funds, Allocation Schemes, Individual Pension Accounts, Approved Income Payment Plans or any structure related to the Pension Fund shall be subject to the full compliance of the Rules.

1.4 SUB-FUNDS

The Pakistan Islamic Pension Fund will initially consist of the three Sub-Funds to be called PIPF Equity Sub-Fund (the "Equity Sub-Fund"), PIPF Debt Sub-Fund (the "Debt Sub-Fund") PIPF Money Market Sub-Fund (the "Money Market Sub-Fund") (collectively the "Sub-Funds").

- 1.4.1 The Pakistan Islamic Pension Fund, after successfully managing the Equity, Debt and Money Market Sub-Funds, may with the approval of the Commission launch other Sub-Funds through a Deed Supplemental to this Trust Deed and a Supplemental Offering Document to incorporate information for investments in other classes of assets, including securitised investment in real estate or in assets outside Pakistan. Any reference to the Sub-Funds in this Deed shall be construed to include any new Sub-Fund of the Pakistan Islamic Pension Fund.
- 1.4.2 All Participants of the Pakistan Islamic Pension Fund will in turn be holders of Units of the Sub-Funds in various proportions or in certain conditions prescribed under the Rules of cash held in an appropriate Bank Account in the name of the Trustee.
- 1.4.3 The units in the Sub-Funds would be non-tradable and non-transferable to another Participant/person except in the circumstances mentioned in the Rules.
- 1.4.4 Each Participant shall only be liable to pay the NAV of the Sub-Fund subscribed by him and no further liability shall be imposed on him in respect of any Sub-Fund's-Units held by him. Sub-Fund Units shall be issued only against receipt of full payment.

2. GOVERNING LAW

This Deed shall be subject to and be governed by the Laws of Pakistan, including the Ordinance, the Rules, the Income Tax Ordinance, 2001 and all other applicable Laws and Regulations, and shall be deemed for all purposes whatsoever to incorporate the provisions required to be contained in a Trust Deed by the Rules as a part and parcel hereof, and in the event of any conflict between this Deed and the provisions of the Rules, the latter shall supersede and prevail over the provisions contained in this Deed except where the Commission allows deviations under its power given by the Rules.

3. OPERATORS AND PRINCIPLES

3.1 PENSION FUND MANAGER

- 3.1.1 The Pension Fund Manager to the Pakistan Islamic Pension Fund is:

Arif Habib Investment Management Limited (AHIM)
2/1, R.Y. 16, Old Queens Road,
Karachi

- 3.1.2 Arif Habib Investment Management Limited (AHIM) is licensed by the Commission as an Asset Management Company and Investment Advisory Company under the NBFC Rules and also registered as Pension Fund Manager under the Rules. Complete profile and up-to-date information regarding the Pension Fund Manager is given in the Offering Document.

3.2. TRUSTEE

- 3.2.1 The Trustee of the Pakistan Islamic Pension Fund is:

Muslim Commercial Financial Services (Pvt.) Limited (MCFSL)

3rd floor Adamjee House,
I. I. Chundrigar Road
Karachi

Complete profile and up-to-date information regarding the Trustee shall be provided in the Offering Document.

3.3. DISTRIBUTION COMPANIES

- 3.3.1 The main Distribution Company of the Pakistan Islamic Pension Fund shall be Arif Habib Investment Management Limited and its branches.
- 3.3.2 The Pension Fund Manager may appoint or remove other Distribution Companies for the Fund under intimation to the Commission and the Trustee.

3.4. AUDITOR

- 3.4.1 The first Auditors of the Pakistan Islamic Pension Fund shall be:
A. F. Ferguson & Co. (PricewaterhouseCoopers - PwC)
State Life Building No.1, I.I. Chundrigar Road,
Karachi, Pakistan.
- 3.4.2 Thereafter, the Pension Fund Manager shall in consultation with the Trustee appoint as an Auditor, a firm of chartered accountants who shall be independent of the auditor of the Pension Fund Manager and the Trustee. The Pension Fund Manager may at any time, with the concurrence of the Trustee, and shall, if approved by the Commission, remove the Auditors and appoint another Auditor in its place. Furthermore, the Pension Fund Manager shall ensure that the Auditors so appointed, including the first Auditor, are appointed from the panel of Auditors as prescribed by the Commission for this purpose.
- 3.4.3 The Auditors shall hold office until transmission of the annual report and accounts but may be re-appointed for up to two consecutive terms of one year each. Thereafter, the Auditors shall only be eligible for appointment after the lapse of at least one year. The following persons shall not qualify to be the Auditors of the Trust:
- A person who is or at any time during the preceding three years was a director, officer or employee of the Pension Fund Manager or the Trustee;
 - A person who is a partner of, or in employment of, a Director, Officer, Employee, or Connected Person of the Pension Fund Manager or Trustee;
 - The spouse, brothers, sisters or lineal ascendants or descendants of a director, officer or an employee of the Pension Fund Manager or Trustee;
 - A person who is indebted to the Pension Fund Manager or Trustee; and
 - A body corporate.
- 3.4.4 Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm for the time being.
- 3.4.5 The Auditors shall have access to the records, books, papers, accounts and vouchers of the Trust, whether kept at the office of the Pension Fund Manager, Trustee, Custodian, Registrar, or elsewhere and shall be entitled to require from the Pension Fund Manager, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.
- 3.4.6 The Auditor shall prepare an auditor's report as required under the Rules, applicable laws and Regulations, to be transmitted to the Commission and the Participants.
- 3.4.7 The contents of the Auditors report shall be as required in the Rules.
- 3.4.8 The Auditors will also act as shariah compliance Auditors, and will complete an annual shariah compliance Audit of the Pension Fund for each Accounting Period and will issue a shariah compliance audit report to be included in the Annual Report of the Pension Fund. The report will assess the compliance of the Fund with the investment guidelines recommended by the Shariah Advisor.
- 3.4.9 In case the Rules or any other laws relating to appointment of Auditors of the Pension Funds are amended or substituted, the amended Rules or other laws, as the case may be,

shall be deemed to become part of this Deed without the need to execute a Supplemental Trust Deed.

3.5 LEGAL ADVISOR

3.5.1 The first legal advisor of the Pakistan Islamic Pension Fund is:

Bawaney & Partners
404, 4th Floor,
Beaumont Plaza,
6-cl-10, Beaumont Road,
Karachi.

3.5.2 The Pension Fund Manager may, in consultation with the Trustee, replace the legal advisor or appoint a new legal advisor to a vacancy created by the resignation or removal of the legal advisor. The credentials of the new legal advisor shall be deemed to become part of this Deed without the need to execute a Supplemental Trust Deed.

3.6 SHARIAH ADVISOR

3.6.1 The Pension Fund Manager shall appoint, with the approval of the Commission, a Shariah Advisor that shall advise the Pension Fund Manager regarding Shariah.

4. CHARACTERISTICS OF THE FUND

4.1. ELIGIBLE PERSONS

All individuals fulfilling the eligibility criteria prescribed by the Commission from time to time under the Rules shall be eligible to contribute to the Pension Fund authorised under the Rules, directly as well as through employers.

4.2. APPLICATION PROCEDURE

4.2.1 The Pension Fund Manager shall be responsible for obtaining all requisite consents and approvals for the offer of the Fund.

4.2.2 Participation in the Pension Fund shall be offered through Distribution Companies. The Pension Fund Manager shall act as the main Distribution Company.

4.2.3 Before contributing in the Pension Fund, eligible persons must open an account with the Pension Fund Manager using the Prescribed Application Form.

4.2.4 The Pension Fund Manager will make arrangements, from time to time, for receiving the Prescribed Application Forms and payments from outside Pakistan. Details of these arrangements shall be disclosed in the Offering Document. The same may also be displayed on its website and through its Distributors and agents outside Pakistan.

4.2.5 The Pension Fund Manager shall make arrangements that all Forms shall be available and can be obtained from the Pension Fund Manager or any Distributor or Sales Agent of the Pension Fund Manager or downloaded from the Pension Fund Manager's website or requested from the Pension Fund Manager by courier or through electronic means.

4.2.6 The Prescribed Application Form shall be lodged with any Distributor or directly lodged with the Pension Fund Manager. No other person (including Sales Agents) is authorized to accept the forms or payment.

4.2.7 Application for joining the Pakistan Islamic Pension Fund shall be made by completing the Prescribed Application Form and submitting it with the first payment, in such form (except in the form of cash) as prescribed by the Pension Fund Manager, in favour of the Trustee at the Authorized Branch of any Distribution Company. The Distribution Company shall ensure that the application submitted by the joining Participant is complete in every regard and shall verify that the applicant is eligible to join the Fund and that the signature of any applicant to any document required to be signed by him under or in connection with the application for joining the Pension Fund shall match with the signature as per CNIC/NICOP.

4.2.8 If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Pension Fund Manager, Registrar or the Distributor to be incomplete or incorrect in any material manner, the Pension Fund Manager, Registrar or the Distributor shall advise the applicant in writing to remove the discrepancy, in the mean while the application shall be held in abeyance for fifteen days

and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any profit or any other consideration. Applicants shall indicate their Individual Pension Account Number at the time of every contribution in Pakistan Islamic Pension Fund except in cases where the Prescribed Application Form is sent with the first contribution in Pakistan Islamic Pension Fund.

- 4.2.9 The applicant shall obtain a copy of the application or the receipt signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Such acknowledgement for applications and payment instruments (other than cash) shall only be validly issued by the Distributors.
- 4.2.10 Application Procedure highlighted in sub-clauses 4.2.1 to 4.2.9 may be altered by the Pension Fund Manager from time to time with the approval of the Commission. Such alterations shall be announced in by Supplemental Offering Documents and shall be deemed to correspondingly alter the above provisions without the need to execute a Supplemental Trust Deed.

4.3 CONTRIBUTION PROCEDURES

- 4.3.1 Eligible persons or their employers, if any, shall be allowed to contribute in one lump sum or in instalments to the Individual Pension Account maintained by the Participant in the Pension Fund during any Tax Year.
- 4.3.2 The minimum level of Contribution shall be given in the Offering Document. Pension Fund Manager may from time to time, amend the minimum amount of initial contribution that is required to open an account in the Fund.
- 4.3.3 Eligible persons themselves as well as through their employers, if any, shall be allowed to contribute into Pakistan Islamic Pension Fund, subject to the provisions of the Income Tax Ordinance, 2001 (XLIX OF 2001).
- 4.3.4 The Pension Fund Manager, directly or through the Registrar, shall send an acknowledgement of receipt of the contribution along with a statement of account to the Participant within one week of the receipt thereof.
- 4.3.5 The Fund may be marketed in conjunction with group life or other insurance/ Takaful schemes or any other scheme subject to approval of the Commission. Such supplementary schemes would not be compulsory for all the Participants to join and the Trustee would be authorized to deduct the premiums only from the contributions of those Participants who have opted to join such schemes. The Trustee would directly deposit the deducted premium with the relevant company. Only the net amount of contributions after deduction of the premium would form part of the Trust Property.
- 4.3.6 Contribution procedure enunciated in sub-clauses 4.3.1 to 4.3.5 shall be subject to alterations due to amendments to or substitutions of the Rules and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules. Such alterations with prior approval of the Commission shall be announced in by Supplemental Offering Documents and shall be deemed to correspondingly alter the above provisions without the need to execute a Supplemental Trust Deed.

4.4 INDIVIDUAL PENSION ACCOUNTS

- 4.4.1 The Pension Fund Manager shall assign a distinct number and a unique Registration Number to Individual Pension Account held in the name of each Participant. Such unique Individual Pension Account number shall be issued in line with the criteria prescribed by the Commission.
- 4.4.2 The contribution received from or on behalf of any Participant by the Distribution Companies or the Trustee on any working day shall be immediately credited to the Individual Pension Account of the Participant after deducting the Front-end Fees, and the amount in the Individual Pension Account shall be used to purchase the units of the respective Sub-Funds of the Pakistan Islamic Pension Fund, at the Net Asset Value notified by the Pension Fund Manager at the close of that working day.

4.5 ALLOCATION POLICY

- 4.5.1 The Participant has the option to select *any one* Allocation Scheme of the contributions between the Sub-Funds at the date of opening his/her Individual Pension Account and on

- any anniversary thereafter. Notice for the change in Allocation Plan must be sent by the Participant.
- 4.5.2 The number of Units of any Sub-Fund purchased out of contributions shall depend on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager in line with the Prescribed Allocation Policy.
- 4.5.3 Pension Fund Manager shall allocate trained field force to assist the Participants for the selection of a suitable Allocation Scheme. However, final decision as to which scheme to choose shall lie with the Participant.
- 4.5.4 The prescribed allocation policy requires that the Pension Fund Manager must offer at least four Asset Allocation Schemes. In addition Pension Fund Manager may, with the approval of the Commission, offer additional Allocation Scheme such as Lifecycle products to their clients.
(Details of all the schemes are given in the Offering Document).
- 4.5.5 Pension Fund Manager or the Registrar shall ensure a built-in mechanism to facilitate the changes in asset allocation automatically between the Sub-Funds within the limits of the Prescribed Allocation Policy as and when required by the Pension Fund Manager.
- 4.5.6 If any Participant fails to make a choice of Allocation Scheme, the Pension Fund Manager would allocate the contribution to a Default Allocation Scheme in light of the Prescribed Allocation Policy.
- 4.5.7 The Pension Fund Manager shall make reallocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to the Allocation Schemes selected by the Participants.
- 4.5.8 Individual Pension Account shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of a Participant, no sum shall pass to any trustee or person acting on behalf of his creditors.
- 4.5.9 Each Participant shall provide an undertaking that he/she has no objection to the investment/allocation policy prescribed by the Commission and he/she/am is fully aware of the risks associated with his/her/my selection of Allocation Scheme.
- 4.5.10 The criteria of allocations, may be subject to changes and modifications from time to time in accordance with the change in the Investment and Allocation Policy prescribed by the Commission. All such changes shall be announced by a Supplemental Offering Documents and shall be deemed to become part of this Trust Deed without the need to execute Supplemental Trust Deeds.
- 4.6 CHANGE OF PENSION FUND BY PARTICIPANTS**
- 4.6.1 Participants shall be entitled to transfer part or whole of his Individual Pension Account from the Pakistan Islamic Pension Fund to another pension fund managed by another pension fund manager. Units shall be en-cashed at the Net Asset Value of each of the pertinent Sub-Funds notified at the close of the Dealing Day corresponding to the date of transfer. The date of transfer shall be the first Business Day that falls on or immediately after the anniversary date of opening of the Individual Pension Account.
- 4.6.2 No charge, whatsoever called, shall be deducted for transfer of the Individual Pension Account from the Pension Fund to another pension fund.
- 4.6.3 Pension Fund Manager shall use the transferred amount received from the other pension fund(s) to purchase the Units of the Sub-Funds at the Net Asset Value notified at the close of that Dealing Day, according to the Allocation Scheme selected by the Participant.
- 4.6.4 The transfer of Individual Pension Account to another pension fund shall only take place on the anniversary date of opening of the Individual Pension Account in the Pension Fund.
- 4.6.5 The application for transfer of the account, specifying the name of the new pension fund manager, name of the new pension fund and individual pension account number with the new pension fund manager must be sent by the Participant or the new pension fund manager at least thirty days before the relevant anniversary date. The procedure for transfer of Individual Pension Account from the Pension Fund Manager to another