

## **FIRST SUPPLEMENTAL TRUST DEED**

THIS First Supplemental Trust Deed is made at Karachi, this 28th day of April 2009.

### **BETWEEN**

**Habib Asset Management Limited**, a company incorporated in Pakistan under the Companies Ordinance 1984 having its registered office at 1st Floor Imperial Court, Dr. Ziauddin Ahmed 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**

**Central Depository Company of Pakistan Limited (CDC)**, a company incorporated under the Companies Ordinance, 1984 and registered with the Securities & Exchange Commission of Pakistan (SECP) as a central depository company, with its registered office at CDC House, 99-B, Block-"B", SMCHS, Main Shahrah-e-Faisal, Karachi, (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 21<sup>st</sup> August 2008, to constitute **First Habib Stock Fund** (referred to in the said Trust Deed as "Scheme", "the Trust" or "the Unit Trust"), an open-ended Scheme under Non-Banking Finance Companies and Notified Entities Regulations, 2007 ("the Regulations"), which Trust Deed has been registered with the Sub-Registrar II, Saddar Town, Karachi, under Registered No. 518 of Book No. IV dated 21-08-2008 and M.F Roll No. 67725/5336 of the Photo Registrar, Karachi dated 02-09-2008 (hereinafter called "the Trust Deed"). Photocopy attached herewith as Annexure "A".
- (2) The Management Company and the Trustee have mutually agreed to amend certain provisions of the Trust Deed by virtue of the powers contained in sub- clause 19 thereof, to bring it in line with circular 7 of 2009 dated March 6, 2009 of the Securities & Exchange Commission of Pakistan and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 without altering the fundamental objects of the Trust or releasing the Trustee or the Management Company from any responsibility to the Unit Holders.
- (3) The Securities & Exchange Commission of Pakistan (the Commission) has approved the amendments to the Trust Deed, vide its letters No. NBFC-II/AD/FHSF/468/2009 and NBFC-II/AD/FHSF/477/2009 dated April 17, 2009 and April 22, 2009 respectively which are annexed hereto as Annexure "B", which amendments are being hereby effectuated by this First Supplemental Trust Deed.

**FIRST SUPPLEMENTAL TRUST DEED WITNESSETH AS FOLLOWS:**

1. Clause 5.2 shall be deleted and replaced as follows:

**"5.2 Investment Policy**

*The Fund will primarily focus on investment in undervalued shares listed on Stock exchanges. The Fund shall invest at least 70 per cent of its net assets in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and / or near cash instruments which include cash in bank accounts (excluding TDRs), and treasury bills not exceeding 90 days maturity. The Fund shall not take exposure to Continuous Funding System (CFS)."*

2. After clause 6.21, the following new clauses shall be added.

*"6.22 The Management Company shall not specifically use flipping mechanism (i.e. redemption and re-issuance of units to the same unit holders based on different NAVs without cash settlement).*

*6.23 No netting off transaction (adjustment of assets of the scheme against the investment of unit holders) is allowed within the scheme.*

*6.24 The Management Company shall announce Offer Price and Redemption Price on each subscription day latest by 6.30 p.m."*

3. After clause 8.23, the following new clause shall be added.

*"8.24 The Trustee shall not invest in units of the Scheme."*

4. Clause 10.2.6 shall be deleted and replaced as follows:

*"10.2.6 The Scheme shall not enter into transactions with any Broker, which exceed thirty percent (or such other amount as may be specified by SECP from time to time) of the commission paid by the Scheme in any one accounting year. Subject however that such broker shall not have a common director, officer or employee with the Management Company."*

5. After clause 10.4.5, the following new clause shall be added.

*"10.4.6 The Management Company shall not make any investment or rollover of any investment of the Fund in case borrowing limit has already been exhausted and/or redemptions are pending for more than six days."*

6. After clause 12.2.4, the following new clause shall be added.

*"12.2.5 Issuance and redemption may only be suspended simultaneously during extraordinary circumstances."*

7. In clause 12.4, the following new paragraph shall be added.

*"The Management Company shall provide all redemption requests duly timed and date stamped to the Trustee within 24 hours of receipt of any such request following the queue system"*

8. In clause 14.7, the word "Trustee" shall be deleted and the words "Commission, if required under regulation 59 of the Regulations" shall be added:

With the above amendment, clause 14.7 of the Trust Deed reads as follows:

*"14.7 Subject to the Rules and Regulations, any transaction between the Scheme and the Management Company or any of their respective Connected Persons as principal shall only be made with the prior written consent of the Commission, if required under regulation 59 of the Regulations".*

9. In clause 17.1, the word 'three' appearing in the fifth line shall be replaced with 'five'.

With the above amendment, clause 17.1 of the Trust Deed reads as follows:

*"17.1 The Management Company shall at the establishment of the Scheme and with the consent of the Trustee appoint an Auditor who shall be independent of the Auditor of the Management Company and the Trustee. The Management Company may at any time with the concurrence of the Trustee remove the Auditor and appoint another Auditor in its place. Auditors shall not be appointed for more than five consecutive years and shall only be eligible for reappointment after the lapse of at least one year. The Auditor shall hold office until transmission of the annual report and accounts."*

10. Clause 40.7 shall be deleted and replaced as follows:

40.7 **"Authorized Investment"** includes the following:-

- *Listed Equity Securities including securities for which application of for listing has been made;*
- *Money Market placement or money market transaction*
- *Global Depository Receipts and American Depository Receipts*
- *Treasury Bills not exceeding 90 days maturity;*
- *Short term placements with Commercial banks;*
- *Spread transaction, aimed at earning a spread in the prices of securities resulting from timing and pricing difference between ready and future settlement or between two future settlements of locally listed securities and also between GDR's issued by local entities and its local shares equivalent. The fund may buy a security in the ready settlement market and sell in future settlement market or buy a security in the one future settlement*

*market and sell in succeeding future settlement market and reverse thereof (including unwinding of transactions). Such transactions to be carried out simultaneously to the extent possible so as to avoid any risk emanating from the movements in the prices of underlying securities;*

- *Reverse Repurchase transaction against government and debt securities;*
- *Any other security and/or instruments that may be allowed by the SECP, the Rules / Regulations or any other regulatory authority from time to time.*
- *Investments in overseas products/ instruments in accordance with prescribed guidelines of SECP and State Bank of Pakistan and subject to such cap as may be prescribed by SECP/SBP, from time to time; and*
- *Derivative instruments such as warrants, options, subject to prior approval of SECP. The investment in this asset class will be for hedging purposes only and subject to such other terms and conditions as may be notified by the SECP from time to time.*

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

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

The Common Seal of Habib Asset Management Limited has hereunto been fixed in the presence of:

Seal

\_\_\_\_\_  
Imran Azim  
CNIC # 42301-4068685-3

The Common Seal of Central Depository Company of Pakistan Limited has hereunto been fixed in the presence of:

Seal

\_\_\_\_\_  
Atiqur Rehman  
CNIC # 42501-9253203-1

\_\_\_\_\_  
Abdul Samad  
CNIC # 42101-1818807-7

**WITNESSES:**

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

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