

# **UNIT TRUST DEED**

DATED

2012 November

BETWEEN

**ARPICO ATARAXIA ASSET MANAGEMENT (PVT) LTD**

AND

**DEUTSCHE BANK AG, COLOMBO BRANCH**

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## **SCHEDULE**

## UNIT TRUST DEED

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**THIS INDENTURE AND DECLARATION OF TRUST** is made and entered into at Colombo on the date or dates hereinafter set forth.

### **BETWEEN**

**ARPICO ATARAXIA ASSET MANAGEMENT (PRIVATE) LIMITED** a company duly incorporated in the Democratic Socialist Republic of Sri Lanka under the Companies Act No. 7 of 2007 on the 21 of August 2011 bearing company No PV 80658 and having its registered office at 310, High Level Road, Nawinna, Sri Lanka in the said Republic (hereinafter referred to as “the Manager” which term or expression as hereinafter used shall where the context so requires or admits mean and include the said ArpicoAtaraxia S&P SL 20 Index Fund (S&P SL 20) its successors and assigns) of the **ONE PART**.

### **AND**

**DEUTSCHE BANK AG, COLOMBO BRANCH** a banking corporation duly incorporated in the Federal Republic of Germany and having its registered office at 12, Taunusanlage, Frankfurt am Main, Federal Republic of Germany and having a branch office at No. 86, Galle Road, Colombo 03 in the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as “the Trustee” which term or expression as hereinafter used shall where the context so requires or admits mean and include the said Deutsche Bank AG, Colombo Branch its successors and assigns) of the **OTHER PART**.

### **WHEREAS:**

- (A) The Manager is desirous of establishing a Unit Trust, named “**ARPICO ATARAXIA S&P SL 20 INDEX FUND (S&P SL 20)**” (hereinafter referred to as the “the Unit Trust”), and appointing the Trustee as the trustee thereof.
- (B) The Trustee has consented to act as trustee of the Unit Trust subject to and on the terms and conditions contained in this Trust Deed.

**NOW THIS INDENTURE WITNESSETH** as follows:

### **DEFINITIONS**

- 1 (A) In this Trust Deed and the Schedule unless the context otherwise requires:
  - “Accounting Date” means, the 31<sup>st</sup> day of March in each calendar year commencing from the 1<sup>st</sup> day of April in the preceding calendar year, provided that the Manager may, with the prior written consent of the Trustee, change the Accounting Date to any other date approved by the Trustee upon giving not less than twenty one (21) days notice to the Trustee and the Holders.

- “Accounting Period” means, a period ending on and including an Accounting Date and commencing, in the 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.
- “Account Statements” shall mean and include the statements issued by the Manager in accordance with clause 4(c) hereof, to Holders confirming their holdings.
- “Approved Broker” means a member or trading member of the Colombo Stock Exchange and licensed by the Commission as a stock broker.
- “Auditors” means Auditors of the Trust appointed by the Trustee with the approval of the Commission.
- “Business Day” or “Market Day” means a day on which the Colombo Stock Exchange is open for dealings/trading.
- “Cancellation Price” is the sum the Trustee will pay over from the Deposited Property on the cancellation of a unit.
- “Certificate” means a Certificate for Units.
- “Commission” means the Securities and Exchange Commission of Sri Lanka established under the SEC Act.
- “Connected Person” of the Manager or Trustee means:
  - i. A person owning, directly or indirectly, twenty percentage (20%) or more of the ordinary share capital of the Manager or Trustee or able to exercise, directly or indirectly, twenty percentage (20%) or more of the total votes in the Manager or Trustee;
  - ii. A company, directly or indirectly, twenty percentage (20%) or more of the ordinary share capital of the Manager or Trustee or able to exercise, directly or indirectly, twenty percentage (20%) or more of the total votes in the Manager or Trustee;
  - iii. A director or officer of the Manager, Trustee or a company referred to in paragraph (b) or any connected person of that company, as defined in (a) and (b).
- “Dealing Day” means the day the Trust’s assets are valued and new units issued or existing units redeemed if so requested, which is any Business Day.<sup>1</sup>
- “Deposited Property” means all the assets (including cash and earnings on cash deposits) for the time being held or deemed to be held upon Trust, excluding any amount for the time being standing to the credit of the Distribution Account.

- “Distribution Account” means an account which has been set up by the Trustee to hold income for distribution to Holders.
- “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 or Charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, sale, exchange or purchase of Units or the sale or purchase of Investments or in respect of Certificates 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 does not mean commission (if any) payable to agents on sales and repurchases of Units or any commission, charges or costs which may have been taken into account in ascertaining value.
- “Exit Fee” means the fee applicable upon the withdrawal of funds by the Holder and will not exceed zero per centum (0%) of the value of the Units held by the Holder provided however the Exit Fee may be waived at the discretion of the Manager. We note that under the current IM there is no Exit Fee Applicable.
- “Equalization payment” means (in relation to a Unit issued by the Managers) the amount deemed to have been paid by the Holder for the capital sum deemed by the Manager to represent the amount included in an offer price of a Unit for the portion of net income accrued and capital gains realized up to the date upon which such Unit is deemed to have
- been issued and (in relation to a Unit redeemed by the Managers) the amount deemed to have been paid to the Holder for the capital sum deemed by the Manager to represent the amount included in a bid price of a Unit for the portion of net income accrued and capital gains realized up to the date upon which such Unit is deemed to have been redeemed.
- “Extraordinary Resolution” means a resolution passed at a meeting of Holders duly convened by giving not less than twenty one (21) days notice and held in accordance with the provisions contained in the Schedule hereto and carried by a majority consisting of not less than three quarters of the number of persons present and voting thereat upon a show of hands or if a poll is duly demanded and taken by a majority consisting of not less than three quarters in number of the votes given on such poll.
- “Front End Fee” means a charge, which may be included in the price of a Unit, ascertained pursuant to clause 13.
- “Holder” means the person for the time being entered in the Register as the holder of a Unit and includes persons so entered as joint holders.
- “Investment/s” means any securities of entities constituting the Fund.
- “Investment Advisory Panel” or “Panel” means the panel referred to in clause 20(B)
- “Income Account” means the account referred to in clause 22 hereof.

- “Issue Price” is the fixed sum in Rupees determined by the Trustee and the Manager to be paid, for inclusion in the Deposited Property, in return for issuing one Unit plus any Front End Fee.
- “Management Participation” means any sum to which the Trustee and the Manager may become entitled pursuant to the provisions of clause 28.
- “Month” means calendar month.
- “Minimum Holding” means such number of Units as may be determined by the Manager and notified in writing to the Trustee not less than three (3) calendar days prior to the effective date of any revision to the minimum investment.
- Minimum Investment shall be a sum not less than Rs.1,000/- as may be revised from time to time.
- “Recognized Stock Exchange” means the Colombo Stock Exchange or any other stock exchange licensed by the Commission or any other stock exchange of repute in any other part of the world as from time to time agreed to in writing between the Managers and the Trustees and specially recognized for this purpose by the Commission.
- “Register” means the register of the Holders kept pursuant to clause 10.
- “Resolution and Ordinary Resolution” means any resolution, which may be passed by a simple majority of the votes of those present (in person or by proxy according to the Rules in the Schedule) and voting at a duly convened meeting of Holders.
- “Rupees” means Sri Lanka Rupees, unless otherwise stated.
- “SEC Act” means the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 as may be modified, amended or replaced from time to time.
- “Securities” shall have the same meaning as in the SEC Act.
- “The Manager” means Arpico Ataraxia Asset Management (Private) Limited or any other person for the time being duly appointed as Manager of the Trust in succession to Arpico Ataraxia Asset Management (Private) Limited under the provisions of clause 35.
- “The Trust” means the Unit Trust constituted by this Trust Deed as from time to time modified or added to and to be called by the name “ArpicoAtaraxia S&P SL 20 Index Fund (S&P SL 20)” or such other name as the Trustee and the Manager may from time to time determine.
- “Trustee” means Deutsche Bank AG, Colombo Branch or any other person or persons for the time being duly appointed Trustee or Trustees hereof in succession to Deutsche Bank AG, Colombo Branch under the provisions of clause 34.
- “Unit” means one undivided unit in the Trust.

- “Unit Trust Code” means the Unit Trust Code framed and gazetted in Gazette Extraordinary No. 1723/4 dated 12<sup>th</sup> September 2011 by the Commission under the SEC Act.
- “Value” with reference to
  - i. Investment in any quoted equities, quoted debt instruments, at any given time, except as herein otherwise specifically provided, means the value thereof calculated by reference to the formula approved by the Commission.
  - ii. An investment in any other instrument, means the value thereof estimated with reference to an appropriate discount rate derived from yields of similar instruments.

In calculating the Value of the Deposited Property or any portion thereof and in dividing such value by the number of Units in issue and deemed to be in issue,

- a) Every Unit shall be deemed to be in issue for which a Certificate may be delivered in terms of clause 4 (E) or for which the Manager confirms consideration has been realized.
- b) The Deposited Property shall be deemed to include not only cash in the hands of the Trustee, but any cash which the Manager confirms has been realized in respect of Units issued after deducting therefrom the Front End Fee and the adjustment, if any, referred to in clause 13(B).
- c) Where the current price of an investment is quoted ex-dividend or ex-interest but such dividend or interest has not been received, the amount of such dividend or interest shall be deemed to have been received except in instances where there is reason to believe that the dividends or interests will not be paid.
- d) There shall be deducted any amount of Management Participation accrued but remaining unpaid.
- e) Where notice of a reduction of the Trust by the cancellation of Units has been given by the Manager to the Trustee pursuant to clause 16 (A) but such cancellation has not been completed, the Units to be cancelled shall be deemed to be not in issue and the Value of the Deposited Property shall be reduced by the amount payable to the Manager upon such cancellation.
- f) There shall be taken into account such sums as in the estimate of the Manager shall be payable or recoverable in respect of taxation down to the relevant date



- g) Any Value whether of an Investment or cash otherwise than in the currency of Sri Lanka and any foreign currency borrowing effect for account of the Trust shall be converted into the currency of Sri Lanka at the official exchange rate current at the time of valuation; having regard inter alia to any premium or discount which may be relevant and the costs of exchange.
  - h) There shall be deducted the principal amount of any borrowings (together with any interest and other charges thereon accrued but remaining unpaid) effected by the Trust for the time being outstanding.
    - o “Year” means calendar Year.
- (B)
- i) References to the schedule and to clauses, sub-clauses and sub-paragraphs shall be construed as reference to the schedule to this Trust Deed and to clauses, sub-clauses and sub-paragraphs of this Trust Deed.
  - ii) Words importing the singular number only shall include the plural and vice versa; words importing the masculine gender only shall include the feminine gender, words importing persons shall include bodies of persons whether corporate or incorporate; the words “written” or “in writing” shall include printing, engraving, lithography or other means of visible reproduction or partly one and partly another; and reference to any Statute shall be deemed to be references to that Statute as from time to time amended or re-enacted.
  - iii) The headings inserted herein are for convenience only and shall not affect the construction of this Trust Deed.

#### **DECLARATION OF TRUST**

- 2 (A) The Trustee hereby agrees to act as trustee, of the Trust, which is established as an ‘open ended unit trust fund’ subject to the provisions hereof and any other supplementary deed.
- (B) The Trustee shall stand possessed of the Deposited Property and hold such Deposited Property in trust for the Holders *pari passu* according and subject to the provisions of this Deed and any deed supplemental hereto so that no Unit shall confer any interest or share in any particular part of the Deposited Property.
- (C) The consideration paid in respect of the duly created Units (less any charges that the manager is entitled to retain) shall become subject to the Trust immediately on receipt of such consideration by the Trustee.
- (D) The Trustee shall be vested with powers conferred upon the Trustee by this Trust Deed and any other deed supplemental thereto.
- (E) Any monies forming part of the Deposited Property shall from time to time be invested at the discretion of the Managers according to the provisions contained in the Act, Unit Trust Code, directives given by the Commission and in this Trust Deed, any other supplementary deed hereto and the Information Memorandum issued by the Managers.

### PROVISIONS AS TO CERTIFICATES

3 (A) Certificates shall be in such form as may from time to time be agreed between the Manager and the Trustee. A Certificate shall:

- (i) Be dated,
- (ii) Bear the names and addresses of the Manager and the Trustee,
- (iii) Bear a distinctive serial number,
- (iv) Specify the number of Units represented thereby,
- (v) Bear the name and address of the Holder as appearing in the Register, and
- (vi) Be signed by the Trustee and the Manager.

(B) Certificates<sup>2</sup> may be issued in such denominations of Units as may for the time being, generally or otherwise be prescribed in writing by the Manager with the approval of the Trustee.

(C) Only one class of Certificate shall be issued.

4 (A) Certificate may be engraved or lithographed or printed as the Manager may from time to time determine and shall be signed on behalf of the Trustee by a duly authorized officer of the Trustee and on behalf of the Manager by a duly authorized officer of the Manager. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized 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.

No Certificate shall be of any force or effect until so signed. Certificates so signed shall be valid and binding notwithstanding that before the date of delivery thereof, the Trustee or the Manager or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustee or the Manager or an authorized signatory.

(B) The Trustee may itself issue and sign Certificates or may appoint the Manager as its agent for the purpose of issuing and signing Certificates for and on behalf of the Trustee subject to the Manager first undertaking in writing with the Trustee:

- (i) To issue Certificates in a manner directed by the Trustee;
- (ii) To permit no change to the manner of issue of the Certificates without the written consent of the Trustee, and

- (iii) To supply on request any information or explanation that the Trustee might require in relation to the issue and signing of Certificates.
- (C) The Manager may with the approval of the Trustee and the consent of the Holders, issue an Account Statement in lieu of Certificates. All references to Certificates as mentioned in this Trust Deed shall be so construed to include the Account Statements issued by the Manager.

An Account Statement issued by the Manager shall:

- (i) Be dated,
- (ii) Bear the names and the addresses of the Manager and the Trustee,
- (iii) Bear a distinctive account number,
- (iv) Specify the number of Units held by the Holders,
- (v) Indicate the value of the Units held as at the date of statement,
- (vi) Bear the names and addresses of the Holders as recorded in the Register, and
- (vii) Reflect the purchases and sales of Units carried out between the date of last statement and the date of present statement.

A Holder who has elected to obtain an Account Statement may make a request in writing requiring the Manager to issue certificates for the entirety or any part of the Units held by him. In such a case the Manager may require from the Holder for the certificate the payment to it of a fee of Rupees One Hundred (Rs.100/-) (or such other amount as may be fixed from time to time by the Manager and the Trustee).

- (D) The Trustee or the Manager as its agent shall (subject to the provisions of clause 14(G) issue Certificates in such denominations [subject to the provisions of clause 3(B)] as may be required for Units agreed to be issued or sold only against payment or transfer to the Trustee (or as it may direct) of the cash or other property receivable by the Trustee in respect of the issue of the Units concerned. The Trustee shall also from time to time deliver Certificates required to be issued pursuant to any provision of this Trust Deed upon due compliance with the conditions applicable thereto.
- (E) Certificates to be issued as herein provided to subscribers for or purchasers of Units subscribed for or purchased shall be issued not more than twenty one (21) Business Days after the allotment of such Units or the registration of transfer of such Units as the case may be and may be sent to the Holder at his own risk by registered post or by personal delivery.

No Certificate shall be delivered to the Holder until the Trustee is satisfied that the consideration payable for the Units has been or will be vested in the Trustee.

(F) In the case of Units held jointly by several persons, the Manager shall not issue more than one Certificate therefor and delivery of such Certificate to the person named first therein shall constitute sufficient delivery to all joint Holders.

5(A) Subject to the provisions of this Trust Deed and in particular to limitations imposed pursuant to clause 3(B) and subject to any regulations from time to time made by the Manager, every Holder shall be entitled to exchange any or all of his Certificates for one or more Certificate of such denominations as he may require representing the same aggregate number of Units. Before any such exchange as aforesaid is carried out, the Holder shall surrender to the Manager the Certificate or Certificates to be exchanged and shall pay to the Manager all monies (if any) payable hereunder.

(B) In case any Certificate shall become mutilated or defaced, the Manager at its discretion may issue to the person entitled thereto in exchange for and upon surrender to the Manager for cancellation of the mutilated or defaced Certificate a new Certificate representing the same aggregate number of Units. In case any Certificate shall be lost, stolen or destroyed, the Manager may at its discretion issue to the person entitled thereto a new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have:

- (i) Furnished to the Manager evidence satisfactory to it and to the Trustee of the mutilation, defacement, loss, theft or destruction of the original Certificate,
- (ii) Paid all expenses incurred in connection with the investigation of the facts (including but not limited to public advertisement),
- (iii) (In the case of defacement or mutilation) produced and surrendered to the Manager for cancellation the defaced or mutilated Certificate, and
- (iv) (If so required by the Manager and/or the Trustee) furnished to the Manager and/or the Trustee such indemnity in such form as the Manager and/or the Trustee may require.

Neither the Manager nor the Trustee shall incur any liability for anything done or omitted to be done in good faith under the provisions of this paragraph.

(C) Before the issuing of any Certificate under the provisions of this clause, the Manager may require from the applicant for the Certificate the payment to it of a fee of Rs.100/- (or such other amount as may be fixed from time to time by the Trustee and the Manager) for each Certificate together with a sum sufficient in the opinion of the Manager to cover any Duties and Charges payable in connection with the issue of such Certificate.

(D) In the event of the Manager or the Trustee after the issue of any Certificate (whether original or balance or duplicate) being required to pay any stamp duty or any additional stamp duty thereon, the Manager shall be entitled to deduct the amount of such stamp duty or additional stamp duty from any subsequent distribution to the holder of such Certificate or from any other monies whatsoever which may subsequently become payable to such holder.

- (E) Every Certificate issued hereunder shall be in the name of the registered Holder of the Units represented by the Certificate surrendered or lost, stolen or destroyed.
- (F) Whenever the Manager receives notice from a Holder requesting the Manager to re-issue a Certificate on the ground that the Certificate issued to him is lost stolen or destroyed, the Manager shall cause notice to be published in leading newspapers in Sinhala, Tamil and English languages, inviting any notice of opposition against the re-issue of any such Certificate. In the event there being no notice of opposition within a period of twenty (20) days from the publication of the notice in the newspapers as aforesaid, a Certificate shall be issued by the Manager to the person who has so requested for a Certificate, provided however, that the person to whom such Certificate is issued should be the registered Holder. Where any notice of opposition is received by the Manager, the Manager shall cause a due inquiry and determine to whom the Certificate should be issued. The Manager shall thereupon issue a new Certificate to such person. Any decision of the Manager shall be final.

#### **HOLDERS BOUND BY THE TRUST DEED**

- 6 The terms and conditions of this Trust Deed and of any deed supplemental hereto entered into pursuant to the provisions hereof shall be binding on each Holder and all persons claiming through or under him as if he had been a party to and had executed this Trust Deed and any such supplemental deed and had thereby covenanted for himself and for all such persons to observe and be bound by all provisions thereof and had thereby authorized the Trustee and the Manager respectively to do all such acts and things as this Trust Deed or any such supplemental deed may require the Trustee or the Manager (as the case may be) to do.
- 7 A copy of this Trust Deed and of any such supplemental deed shall be made available for inspection at free of charge at the office of the Manager at all times during business hours; and copies shall be supplied by the Manager to any person on application at a charge of Rs.1,000/- (or such other amount as may be fixed from time to time by the Trustee and the Manager) per copy.

#### **TRUSTS AND EQUITIES**

- 8 (A) The Holder shall be the only person to be recognized by the Trustee or by the Manager as having any right, title or interest in or to a Certificate, and the Units represented thereby, and the Trustee and the Manager may recognize such Holder as the absolute owner of such Units 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 save as herein expressly provided or as may be ordered by some Court of competent jurisdiction to recognize any such trust or equity or other interest affecting the title to any Certificate or the Units represented thereby.
- (B) No person other than the Manager shall have any rights against the Trustee except during the period for which a Certificate is outstanding in his name.

## **MANAGER AS HOLDER**

- 9 Nothing herein contained shall prevent the Manager from becoming a Holder, subject to the limitations on voting provided in clause 2 of the Schedule.

## **REGISTRATION OF HOLDERS**

- 10 The following provisions shall have effect with regard to the registration of Holders.

- (A) An updated Register of the Holders shall be kept by the Manager at its Registered Office in the Republic of Sri Lanka. The Register may be kept either in written form or (without prejudice to the provisions of sub-clause (C) of this clause) by any other means (including electronic recording) to the extent that it is admissible as evidence in a court of law, as the Trustee shall from time to time approve. In the case of electronic recording, a backup copy updated from time to time and duly authenticated as agreed with the Trustee shall be deposited with the Trustee.

There shall be recorded in the Register:

- (i) The full name and address of each Holder provided that the Manager shall not be obliged to register more than two persons as joint Holders except in any case or cases otherwise decided upon by the Manager and the Trustee for good reason,
  - (ii) The number of Units held by every such Holder and the distinctive serial number of the Certificate or Certificates issued in respect thereof or in the case of Holders who have opted for Account Statements the distinctive number of his account.
  - (iii) The date on which the name of every such Holder was entered in respect of Units standing in his name, and
  - (iv) The number of Units for the time being in issue.
- (B) The Manager shall take all reasonable steps and exercise due diligence to ensure, that the information contained in the Register is at all times complete and up to date. Any change of name or address of any Holder shall forthwith be notified in writing to the Manager 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 Holder and the payment of the fee and sum provided for by clause 5(C) as the Manager may require), shall alter the Register or cause it to be altered accordingly and, in the case of a change of name, shall issue a new Certificate to such Holder. Moreover, the Trustee and the Manager shall be entitled to rely absolutely on any declaration of residence from a Holder, or a prospective Holder or applicant for Units.
- (C) The Manager 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 for inspecting the same with or without notice and without charge but neither the Trustee

nor any subsidiary or associated company of the Trustee shall be entitled to remove same or to make any entries therein or alternations thereto; and except when the Register is closed in accordance with the provisions in that behalf hereinafter contained, the Register shall during normal business hours (subject to such reasonable restrictions as to the provision of prior notice or otherwise that the Manager may impose but for a period of at least two (2) hours in each Business Day) be open in legible form to the inspection of any Holder without charge. The Trustee shall be entitled to obtain, free of charge, certified copies of statements from the Register, documents and records and such copies shall be supplied by the Manager within a reasonable time.

- (D) The Register may be closed at such times and for such periods as the Manager may from time to time determine in consultation with the Trustee provided however that it shall not be closed for more than thirty (30) consecutive normal working days in any one (1) Year and the Manager shall give notice of every such closure by advertisement in the local newspapers in the Sinhala, Tamil and English languages.
- (E) The entries in the Register shall be conclusive evidence as to the persons respectively entitled to the Units entered therein and no notice of any trust, express, implied or constructive, shall be entered on the Register as a holder in respect of any Unit. The Manager shall be deemed to hold all Units, which are in issue, if no person is entered into the Register, as the holder thereof.
- (F) The Manager shall notify the Commission in writing of the address where the Register is kept.

#### **TRANSFER OF UNITS**

- 11 (A)
  - (i) Every Holder shall be entitled to transfer Units held by him by a legally acceptable instrument of transfer adopted by the Manager and the Trustee for that purpose.
  - (ii) Whenever a part transfer is effected, the Manager shall call upon the Holder to surrender the Certificate issued earlier to him and re-issue Certificates to the respective amounts represented by the sale of Units and where the Holder has opted to obtain Account Statements in lieu of Certificates, the Manager shall issue an Account Statement reflecting the transaction to the Holder within seven (7) market days from the date of such transaction.
  - (iii) Every instrument of transfer shall be signed (or in the case of a company, by the seal of the company or signed by one of its directors or authorized officers) by the transferor and the transferee. The transferor shall subject to the provisions of clause 8 be deemed to remain the Holder of and to be entitled to the Units transferred until such time as the name of the transferee is entered in the Register as the holder of Units transferred. The instrument of transfer need not be a deed.
  - (iv) Every instrument of transfer must be duly stamped, if and to the extent required by law and left with the Manager for registration accompanied

by any necessary declaration or other documents that may be required in consequence of any legislation for the time being in force and by the Certificate or Certificates relating to the Units to be transferred and such other evidence as the Manager or Trustee may require to prove the title of the transferor or his right to transfer the Units or, in the case of a body corporate, the authority of the signatory on its behalf. The Manager may dispense with the production of any Certificate which shall have become lost, stolen or destroyed upon compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof.

- (v) A fee of Rupees One Hundred (Rs.100/-) (or such other amount as fixed from time to time by the Trustee and the Manager) for the registration of each transfer and the issue of a new Certificate in the name of the transferee shall be paid before the registration of the transfer.
  - (vi) In case only a portion of the Units represented by any Certificate is transferred, the transferor shall be entitled, free of charge to a new Certificate in respect of the balance.
- (B) A receipt signed or purporting to be signed by the Holder for any monies paid in respect of the Units held by him shall (without prejudice to the application of clause 24) be a valid and sufficient discharge to the Manager and the Trustee and in case of several persons being registered as joint Holders or where in consequence of death, bankruptcy or insolvency of a holder another party is entitled to be registered, such receipt shall be signed by every one of them.
- (C) A body corporate may be registered as a Holder or as one of joint Holders.

#### **TRANSMISSION OF UNITS**

- 12 (A) (i) In case of the death of any one joint Holder the survivor or survivors shall be the only person or persons recognized by the Manager and the Trustee as having any title to or interest in the Units held by such joint Holders; and upon production of such evidence of death as the Manager may require and the delivery of the relevant Certificate the remaining Holder or Holders shall be entitled to have such Certificate duly marked or to have a fresh Certificate duly issued in his or their name or names, as the case may be.
- (ii) The executor/s or the administrator/s or a person holding a certificate of heirship of a deceased Holder (Not being one of two or more joint Holders) shall be the only persons recognized by the Manager and the Trustee as having title to the Units held by such deceased Holder.
- (B) (i) Any person becoming entitled to a Unit in consequence of the death, bankruptcy or insolvency of any sole Holder or of the survivor or survivors of joint Holders may, subject as hereinafter provided, upon producing such evidence as to his title as the Manager and the Trustee shall think sufficient, either be registered as



Holder of such Unit or upon giving to the Manager notice in writing of his desire to do so, transfer such Unit to some other person. All the provisions of this Trust Deed relating to transfer of Units shall be applicable to any such notice or transfer as if the death, bankruptcy or insolvency of the Holder had not occurred and such notice or transfer was a transfer signed by such Holder.

(ii) Subject to the provisions of sub-paragraph (iii) of this paragraph a person becoming entitled to a Unit in consequence of death or bankruptcy or insolvency as aforesaid shall be entitled to receive and may give a discharge for all monies payable in respect of the Unit but he shall not be entitled to receive notice of or to attend or vote at any meeting of Holders until he shall have been registered as a Holder in respect of such Unit.

(iii) The Manager may, at its discretion, retain any monies payable in respect of any Unit of which any person is entitled to be registered as the Holder or which any person is entitled to transfer until such person shall be registered as the Holder of such Unit or shall have duly transferred the same;

(C) In respect of the registration of any probate, letters of administration, power of attorney, marriage or death certificate, order of the court, deed poll or other document relating to or affecting the title to any Unit, there shall be paid to the Manager a fee of Rs.100/- or such other amount as the Manager and Trustee may from time to time agree, and stamp duty (if any).

(D) No transfer or purported transfer of a Unit, other than a transfer made in accordance with this clause, shall entitle the transferee to be registered in respect thereof and neither shall any notice of such transfer or purported transfer (other than as aforesaid) be entered upon the Register.

#### **CONSTITUTION OF THE TRUST**

13 (A) The Deposited Property shall initially be constituted of the consideration paid for the issue of Units at the Issue Price. Such issue of Units shall be made pursuant to an offer to subscribe to the Units. Such offer shall remain open for an initial offer period of not more than two (2) calendar months or any other period as may be decided by the Trustee in consultation with the Commission. The consideration paid for the issue of the Units subject to the deduction of the Front End Fee if applicable (which shall be retained by the Manager) shall be paid to the Trustee within three (03) working days subject to clause 26(A)(ii) after creation of Units and form the Deposited Property.

Provided further, that no commission payable to agents in respect of the sale of units shall be paid by the Manager out of the Deposited Property. Any such payment if made, shall be paid by the Manager only out of the Front End Fee.

- (B) The Front End Fee shall be zero per centum (0%) of the consideration paid for the issue of the Units as herein before set out which fee shall be approved by the Commission.<sup>3</sup>
- (C) The Trustee shall ensure that the Deposited Property including any cash held by the Manager on account of the Trust is maintained separately ensuring a proper segregation from any other fund under the management of the Manager. In order to ensure a clear segregation, the Trustee shall have the power to require the Manager to maintain and operate independent bank, custodian, CDS, and such other accounts in respect of the Trust.
- (D) In respect of the issues of further Units, the Manager shall pay to the Trustee to be held as part of the Deposited Property such consideration paid to the issue thereof after deducting therefrom the Front End Fee and any adjustments authorized by these presents (if any)).

#### **ISSUE OF UNITS**

- 14 (A) The Manager shall have the exclusive right to create and issue Units that constitute the Trust on behalf of the Trust. Units shall be issued and created only on a Dealing Day.

The Manager shall not be bound to accept any application for Units having a total face value of less than Rupees One Thousand (Rs. 1,000/-).

Notwithstanding the above, the Manager shall have an absolute discretion to accept or not to accept in whole or in part any application for Units.

The Units shall be issued at the Issue Price.

No fractions of Units shall be issued. Provided however that the Manager may in computing the number of Units to be issued in any given instance, issue Units that are rounded off to two decimals or as may be otherwise decided on by the Manager.

- (B) (i) After the initial issue as specified in clause 13 (A) above, Units shall be offered to investors on a daily basis. The price at which any subsequent issue of Units of the Trust shall be ascertained by dividing the Value of the Deposited Property of the Trust as at the close of business on the date immediately preceding the date of issue thereof by the number of Units in issue on that date after adding:
  - (a) Such sum as the Manager may consider representing the appropriate provisions for Duties and Charges, and
  - (b) Any Front End Fee if the Manager so requires, and adjusting the resulting quotient to the nearest cent.

- (ii) In the event that the Trustee shall at any time determine (after consultation with the Manager) that it would be detrimental to existing Holders to issue or continue to issue Units at a price based on the Value of the Deposited Property as described in the preceding paragraph (i), then the Trustee shall instruct the Manager either to substitute such Value with the latest available value or to adjust the Issue Price within the limits permitted by these presents. The Trustee may instruct the Manager temporarily to suspend the issue of Units during any period of consultation or adjustment arising from the provisions of this sub-clause.
  - (iii) In the event of arrangements being made by the Manager for the issue of Units for delivery in any country outside Sri Lanka the price at which such Units may be issued may, at the discretion of the Manager and subject to the approval of the Commission, include as an addition to the price of issue as hereinbefore provided a further amount sufficient to cover any currency exchange fluctuation, 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 in connection therewith or the remittance of money to Sri Lanka.
  - (iv) Citizens of foreign states, whether resident in or outside Sri Lanka, companies with limited liability or body corporates established or incorporated outside Sri Lanka may apply for the purchase of Units subject to the approval of the Controller of Exchange of the Central Bank of Sri Lanka being available therefor and any other approval required.
- (C) Notwithstanding the preceding provisions of this clause, the Manager shall with the approval of the Trustee be entitled from time to time to make an invitation to the public to apply for Units at a fixed price (in this clause referred to as “the fixed price”) (Being the price per Unit calculated in accordance with Paragraph (B) of this clause as at the third Business Day immediately preceding the date of publication of such offer) and for a period not exceeding twenty one (21) Business Days from the date of such publication. Any invitation to subscribe at the fixed price must name at least one newspaper in which the current offer price, calculated as above, has been published during the period of the offer. Units may be issued or sold at the fixed price whether pursuant to a public offer or not. Provided that except in the case of the initial offer of Units;
- (i) The Manager may at its option, defer or procure to be deferred such offer if and whenever by reason of fluctuations in Value of the Deposited Property such fixed price would be lower by more than five percent (5%), than the current price per Unit calculated as aforesaid. Provided that if and so long as the said option shall be exercisable but shall not have been exercised. The Manager shall pay to the Trustee as an addition to the Deposited Property in respect of each Unit issued or sold at such fixed price a sum calculated in accordance with the following formula:

(Current Price)		
(Thereof)	minus	<u>(Fixed Price x 100)</u>
(Calculated)		(95)
(As aforesaid)		

- (D) The Manager may, provided that the Trustee is satisfied that the price at which the Investments concerned are taken into the Trust and that the other terms are not such as are likely to result in any prejudice to the existing Holders, in its absolute discretion either on the occasion of the offer referred to in clause 13, or subsequently from time to time, make such arrangements for the issue of Units to the holders of Investments by way of exchange for such Investments upon such terms (including provision for the payment of costs, fees and expenses of and consequent upon such exchange and for the payment to the Manager of a preliminary charge and adjustments in each case not exceeding that permissible in the case of Units issued for cash) as the Manager may think fit.
- (E) The Manager may at any time, with the approval of the Trustee, on giving not less than twenty one (21) days previous notice in writing to each Holder, determine that Units shall be sub-divided or consolidated and the Holders shall be bound accordingly. The Manager may, in such notice, require each Holder (who shall be bound accordingly) to deliver up his Certificate for endorsement or effacement with the number of Units to be represented thereby as a result of such sub-division or consolidation or may send or cause to be sent to each Holder by registered post at his risk or personally deliver to the Holder a new Certificate representing the number of additional units to which he had become entitled by reason of such sub-division or consolidation.
- (F) Notwithstanding any other provision herein contained, Holders shall not be required to make further payment or to assume further liability, except as is expressly mentioned in this Trust Deed.
- (G) The Manager shall furnish to the Trustee from time to time on demand a statement of all issues of Units and of the terms on which the same have been issued and of any Investments which it determines be purchased for account of the Trust and also a statement of any Investments which, in accordance with the powers herein contained, it determines be sold for account of the Trust and any other information which may be necessary so that the Trustee may be in a position to ascertain at the date of such statement the Value of the Deposited Property. The Trustee shall be entitled to refuse to deliver a certificate to the Manager if at any time the Trustee is of the opinion that the provisions of this clause in regard to the issue of Units are being infringed; but nothing in this paragraph or elsewhere in this deed contained shall impose upon the Trustee any responsibility for satisfying itself before the delivery of certificates that the Manager has complied with the provisions of this clause or any responsibility for making any inquiries in that regard before such delivery.

## CANCELLATION OF UNITS

- 15 (A) Subject to the provisions of clause 16 thereof, the Manager may have the exclusive right at any time by notice in writing delivered to the Trustee to effect reductions of the Trust by the surrender of Certificates to the Trustee for cancellation of some or all of the Units represented thereby or by requiring the Trustee to cancel some or all of the Units in existence but in respect of which no person is entered in the Register as the Holder thereof<sup>4</sup> and/or in respect of which no Certificate is outstanding. Such notice shall state the number of Units to be cancelled and the amount payable to the Manager in respect thereof. Before giving notice to exercise such right it shall be the duty of the Manager to ensure that the Deposited Property includes or will include cash sufficient to pay the amount payable to the Manager upon such reduction and the Manager shall if necessary realize any Investments forming part of the Deposited Property to raise sufficient cash to meet heavy demands for redemption.
- (B) In respect of any such cancellation of Units the Manager shall be entitled to receive out of the Deposited Property an amount per Unit ascertained by dividing the Value of the Deposited Property as at the close of business on the date of issue of the notice referred to in clause 15 (A) above by the number of Units then issued and deemed to be in issue, after deducting therefrom such sum (calculated on the same basis as for the purposes of clause 16) as the Manager may consider represents the appropriate allowance for Duties and Charges in relation to the realization of the Deposited Property.
- (C) The said amount shall be payable to the Manager on or as soon as practicable against surrender to the Trustee of the Certificate (if any) representing the Units to be cancelled and delivery to the Trustee of particulars of the Units to be cancelled in respect of which no person is entered in the Register as the Holder thereof or in respect of which no Certificate is outstanding. Upon such payment and surrender, the Units in question shall be deemed to have been cancelled and withdrawn from issue.
- (D) The right of the Manager to require cancellation of any Unit shall be suspended during any period when the right of Holders to require redemption of Units is suspended pursuant to clause 16(C) hereof.

## REDEMPTION OF UNITS

- 16 (A) (i) Subject to clause 16 the Manager shall on receipt by it or by its duly authorized agent of a request in writing by a Holder (other than the Manager) to redeem from such Holder before such time as may be agreed between the Manager and the Trustee on a Dealing day, all or any part of the Units comprised in his holding at a price per Unit computed by dividing the Value of the Deposited Property as at the date of proposed redemption divided by the number of Units outstanding as at such date, after deducting therefrom the Exit Fee, if any, or appropriate allowances for Duties and Charges in relation to the realization of the Deposited Property and by adjusting the resulting quotient to the nearest cent. Provided that any Units so redeemed shall be cancelled by the Manager in terms of clause 15 and the notice of

such cancellation shall be deemed to have been issued on the day on which such redemption takes place.

- (B) In relation to the provisions of clause 16(A) the following provisions shall apply:
- (i) No request to redeem shall be valid unless the Holder shall have delivered to the Manager or its authorized agent the Certificate or Certificates representing the Units to be redeemed with the endorsement or endorsements thereon duly completed by the Holder or in the case of joint Holders, by both or all of them unless the Holder has opted to obtain account statements in lieu of certificates. Any such duly completed endorsement shall, for all purposes of this Trust Deed be deemed to be a transfer in favour of the Manager. In instances where the Holder has opted to obtain account statements in lieu of certificates the Manager shall accept as valid a request to redeem upon the verification of the holding in respect of which the request is made.
  - (ii) A Holder shall not be entitled to require the Manager,
    - (a) To redeem his Units otherwise than in such multiples as may from time to time be prescribed by the Manager in consultation with the Trustee,
    - Or
    - (b) To redeem part only of his Units if, as a result of such redemption, he would remain a Holder of less than such number of Units as may be prescribed from time to time (either generally or in any particular case) by the Manager in consultation with the Trustee but so that in the event of a division or consolidation as is mentioned in clause 14(G) having taken place any such prescribed number shall be proportionately increased or diminished (as the case may be).
  - (iii) The Manager may at its option dispense with the delivery as aforesaid of any Certificate which shall have become lost, stolen or destroyed upon compliance by the Holder with the like requirements to those arising in the case of an application by him for the replacement thereof.
  - (iv) Where a Holder intends to redeem Units which amount to three per centum (3%) or more of the Deposited Property, he shall give to the Manager at least fourteen (14) days notice in writing of such intention and the Manager shall forthwith notify such fact to the Trustee. The price applicable for the redemption of Units shall be the price prevailing on the Dealing day following the completion of the period of such notice.

## **INVESTMENT OF DEPOSITED PROPERTY**

- 17 (A) All cash and other property which ought, in accordance with the provisions of this Trust Deed, to form part of, the Deposited Property shall be paid or transferred to the Trustee forthwith on receipt by the Manager subject to the provisions of clause 26(A)(ii) after creation of Units by the Manager. Immediately on creation of Units by the Manager for any consideration paid for new Units, such consideration shall become subject to the provisions of this Trust Deed. All assets must be held by and be under the control of the Trustee; and all registerable assets must be registered in the name of or to the order of the Trustee. All cash shall be applied at the discretion of the Manager (but subject always to the provisions of this Trust Deed) in the acquisition of Investments.
- (B) Provided that all or any amount of cash in any currency may during such time or times as be required by applicable law to be retained as such, be retained in current account or on deposit with any licensed commercial bank or any licensed specialized bank or any financial institution approved by the Trustee. Where cash-forming part of the Deposited Property is so deposited interest payable shall be computed at a rate not below the prevailing rate for an Investment of that nature. Subject to the provisions of clause 26 (C ) any cash forming part of the Deposited Property which is deposited with the Manager for a period exceeding seventy two (72) hours or with any connected person of the Manager, interest must be received on the deposit at a rate not below the prevailing rate for a deposit of that term.
- (C) Without prejudice to the foregoing or any other provision of this Trust Deed, any Investments comprised in the Deposited Property may at any time be realized at the discretion of the Manager either in order to invest the proceeds of sale in other Investments or to provide cash required for the purpose of any provision of this Trust Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly for one of such purposes and partly for another.
- (D) The Trustee shall have sole responsibility for the safe-keeping of all Investments comprised in the Deposited Property, and wholly or partly represented by paper whether in bearer or registered form, or represented in any other article.
- (E) Any acquisition of an Investment for account of the Trust may be made by subscription or by application and subject thereto any purchase or sale shall be made on the Recognized Stock Exchange or under the provisions of clause 17(A) unless the Manager and the Trustees are satisfied that it is feasible to make such purchase or sale more advantageously in some other manner.

## LIMITATION ON INVESTMENTS

- 18 (A) The Trust shall make Investments from and out of the Deposited Property within the investment parameters set out by the Commission and subject to Section 10 of the Unit Trust Code as changed or replaced from time to time.
- (B) It shall not be necessary for the Manager to effect changes of Investments merely because owing to appreciation or depreciation of the Value of the Investments of the Trust the limits prescribed by this clause shall be exceeded or by reason of the said limits being exceeded as a result of:
- (i) The receipt by the Trustee or its nominee of any rights, bonuses or benefits in the nature of capital,
  - (ii) Any scheme or arrangement for amalgamation, reconstruction, conversion or exchange, or
  - (iii) Any redemption
- (C) The Manager shall at all times ensure a level of liquidity in the form of cash or near cash in compliance with the requirements specified in the Unit Trust Code.
- The expression “near cash” in this sub-clause shall have the same meaning as defined in the Unit Trust Code.
- (D) The Manager shall not enter, on behalf of the Trust, into an underwriting or sub-underwriting agreement without the prior written consent of the Trustee and the Commission.
- (E) The Manager shall at all times invest to invest a minimum of zero (0%) percent of the deposited property of the fund in equity.
- 19 (A) Subject to the provisions of this clause, the selection of all Investments (whether partly paid or not) shall in all respects be the responsibility of the Manager solely and not of the Trustee.
- (B) Subject to the prior approval of the Trustee, the Manager may apply any part of the Deposited Property in the acquisition of any Investment which is for the time being partly paid only or otherwise in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise) In any such case, the Trustee shall be entitled but not bound to appropriate and set aside cash or other property approved by the Manager and acceptable to the Trustee sufficient to provide for paying up such Investment in full or (as the case may be) for meeting other liability. The cash or other property so appropriated shall form part of the Deposited Property but shall not be available for application without the consent of the Trustee in any way otherwise than as may be required for paying up the Investment or meeting the liability in respect of which the appropriation was made so long as and to the extent that such Investment remains partly paid and part of the Deposited Property or (as the case may be) such liability continues in relation to the Deposited Property.



- (C) The Trustee shall be entitled at any time at its entire discretion and by giving sufficient reasons to give notice to the Manager that it is not prepared to accept the transfer of any property which, in the opinion of the Trustee, infringes the terms of this Trust Deed and the Trustee shall be entitled to require the Manager to deposit in place of any such property, other property acceptable to the Trustee.

#### **INVESTMENT ADVISORY PANEL**

- 20 (A) The Manager shall establish an Investment Advisory Panel whom shall be appointed by the Manager. The Manager shall be entitled from time to time to appoint any other person to the Investment Advisory Panel either as an additional member or to replace any existing member provided that the number of members of the Investment Advisory Panel at any given time does not exceed five (5).
- (B) The Investment Advisory Panel shall advise the Manager on the Investments to be made by the Trust having taken into consideration the macro economic conditions, market conditions and overall investment environment prevailing in the industry. The Manager shall act on such advice only and make investments out of the Deposited Property of the Trust in the best interest of the Holders.
- (C) The Manager may in consultation with the members of the Investment Advisory Panel make such regulations for the conduct of the meetings of the Investment Advisory Panel, for fixing a quorum as the Manager think fit and except as provided in such regulations the members of the Investment Advisory Panel may conduct their business in such manner as they may from time to time determine
- (D) The Manager shall be responsible for paying the remuneration of the members of the Investment Advisory Panel and all reasonable charges incurred by the Investment Advisory Panel in the course of its duties. The Trustees shall not be liable to the members of the Investment Advisory Panel for any remuneration or otherwise.
- (E) The Manager may in the management of the Trust take into consideration any advice stated in clause 20 (A) above given by the Investment Advisory Panel provided always that, the Manager or the members of the Investment Advisory Panel shall not incur any liability to the Holders by reason of the Manager having acted or having not acted based on the advice of the Investment Advisory Panel.

## DISTRIBUTIONS

21. The Manager may, at its sole discretion, decide the quantum of distribution by notice in writing and recommend to the Trustee to distribute part or whole of the net income of the Trust to Holders in accordance with such method of calculation as the Trustee and the Manager may agree having regard to the provisions of this Trust Deed.

22. All income shall as and when received by the Trustee be paid into a special account (the "Income Account") and shall be held therein pending disbursement of expenses, distribution or capitalization as the case may be in accordance with provisions of this Trust Deed. The proceeds of sales of rights and all other receipts deemed by the Manager after consulting Auditors to be in the nature of capital accruing from Investments shall not be regarded as income but shall be retained as a part of the capital of the Deposited Property. The Income Account shall show payments made there from but a cash book will be maintained which will show separately the income and capital receipts vis-à-vis the payments aforesaid.

In the event of a distribution being made, an appropriate amount shall be transferred out of the Income Account and paid into a special account (the "Distribution Account") and the amount standing to the credit of the Distribution Account shall not for any of the purposes of this Trust 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.

23 (A) In the event of a distribution being made the amount of net income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:

- (i) The Management Participation for the relevant period (if the Manager decides to deduct the Management Participation out of income), and
- (ii) All interest paid during the relevant period (together with any amount of interest accrued but remaining unpaid at the end of the relevant period) on any borrowings affected by the Trust for the time being outstanding from the total net amount receivable by the Trustee in respect of such period of all interest dividends and all such other receipts deemed by the Manager after consulting the Auditors to be in the nature of income and by making such permitted adjustments hereinafter mentioned as the Manager after consulting the Auditors may think fit and appropriate to the circumstances.

Permitted adjustments shall be:

- (a) Addition or deduction of a sum by way of adjustments to allow for the effect of sales or purchases ex or cum dividend,
- (b) Addition of a sum representing any interest or dividends accrued but not received by the Trustee at the end of the relevant period and deduction of a sum representing (to the extent that an adjustment by way of addition as been made in respect of any previous such period) and interest or dividends accrued at the end of the previous such period. Income from an Investment quoted on a Stock Exchange shall be deemed to have accrued on the first date on which that Investment is quoted ex such income. Income from any other Investment shall

be deemed to have accrued on the date which, in accordance with the normal practice of the Manager is treated as being the first date on which the Value of such Investment would, for the purpose of this Trust Deed, be calculated excluding such income,

- (c) 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 the cancellation of Units upon a reduction of the Trust during the relevant period,
  - (d) Deduction of all professional fees (including disbursements in connection with matters pertaining to the affairs of the Trust and of any expenses incurred by the Trustee in effecting registration or safe custody of the documents of title to all Investments held upon the trusts of this Trust Deed,
  - (e) Addition or deduction of such sum as the Auditors shall certify to be appropriate to take account of liability to tax and of repayment receivable or received on account of double or other tax relief and,
  - (f) Deduction of a sum representing expenses directly incurred in effecting maintaining and terminating of borrowings and which in the opinion of the Manager and the Auditors are properly payable out of income.
- (B) In the event of a decision being made for distribution of the amount of net income qualifying for distribution in respect of the relevant period having been computed the Manager shall determine and recommend the amount to be distributed which shall not exceed the amount qualifying for distribution.
- (C) When a distribution is made the Manager shall cause to be made up and audited a statement showing the net amount qualifying for distribution in respect of the relevant period. The statement with the Auditor's report annexed shall be filed with the Trustee and shall be conclusive and binding on all Holders and copies hereof shall be open for inspection during usual business hours by any Holder at the office of the Manager. The Trustee and the Manager shall be absolutely protected in relying on and shall act upon such an audited statement.
- (D) Neither the Manager nor the Trustee shall be responsible for any error in any estimates of tax repayments expected to be obtained or of any sums payable by way of taxation and if the same shall not prove in all respects correct, any deficiency or surplus shall be adjusted on the next subsequent distribution and the amount already distributed or added to capital (as the case may be) shall not require to be adjusted.
- (E) If any distribution is made in respect of an Accounting Period during which an Unit is issued and/or redeemed by the Manager (but not otherwise) then the first such distribution and any subsequent distribution so made following the issue or redemption thereof shall be the same net amount as the distribution to be made in respect of other Units but shall be or shall include a capital sum which shall be equal to the Equalization Payment in respect of such Units provided that such capital sum

may if the Manager think fit and the Auditors so agree be a sum ascertained by dividing the aggregate of all such Equalization Payments relating to the relevant accounting period by the number of Units in respect of which such capital sum is payable.

- (F) In the event that any of the income to be distributed is unclaimed by the Holder three years after the date of distribution, the Holder and any person claiming through, under, or in trust for him shall forfeit any right thereto. Such amount shall become part of the assets of the Trust.
- (G) Every Holder may elect by notice in writing, to receive in lieu of his entitlement to a distribution the equivalent in Value of further Units. Subject to the provision of this Trust Deed, the Manager shall in such event issue such equivalent number in Value of Units, notwithstanding clause 38 of this Trust Deed and apply the Holders' entitlement to a distribution in full payment therefore and any fractional entitlement or cash therefore shall be retained by the Trust. No front-end fee will be applicable in respect of reinvestments.
- (H) The Manager may from time to time after consulting the Auditors and with the approval of the Trustee distribute amongst the Holders in accordance with the number of Units held, an amount which represents part of the capital of the Deposited Property provided that the Trustee is satisfied that any such distribution shall not result in any prejudice to the interests of the Holders.

#### **PAYMENTS**

- 24 (A) Any monies payable by the Manager or Trustee to a Holder in respect of any Unit under the provisions of this Trust Deed may be paid by crossed cheque made payable to the order of such Holder and sent by registered post to his address or in the case of joint Holders made payable to the order of the first named of such joint Holders and sent by registered post to the address of that joint Holder who is first named in the Register. Every such posting shall constitute a satisfaction of the monies payable and shall be a good discharge to the Manager and the Trustee. Where an authority in writing in that behalf shall have been received by the Manager from the Holder or in the case of joint Holders from all of them in such form as the Manager shall consider sufficient the Manager shall pay the amount distributable to the Holder or joint Holders as the case may be to his or their banker or other agent as specified in the said authority in the same manner and with the same effect as hereinbefore provided as though such banker or other agent were the sole Holder. No amount payable to any Holder shall bear interest.
- (B) Before making any payment in or outside Sri Lanka in respect of any Unit, the Trustee or the Manager may make such deductions as the Trustee or the Manager is required or entitled by the relative law for the time being in force in or outside Sri Lanka, in respect of any income or other taxes, charges or assessments whatsoever.
- (C) The Manager shall at the request of the Trustee or shall otherwise be at liberty to deposit with the any licensed Commercial Bank or licensed Specialised Bank or any other bank in the name of or pay to the Trustee any monies due to a Holder and not

claimed within six months after payment as provided in this clause. Upon such deposit or payment being made, such monies shall be deemed to have been paid off or satisfied in accordance with the provisions hereof. The Trustee shall not be responsible for the safe custody of such monies or for interest thereon except such interest (if any) as the said monies may earn whilst on deposit less any cost, charges or expenses incurred or levied by the Trustee in relation thereto.

- (D) In respect of each Accounting Period the Manager shall issue to the Holder concerned such tax certificates as may from time to time be required, and prepared by the Auditors or by the Manager in a form to be approved by the Trustee and by or on behalf of the taxation authorities. On liquidation of the Trust, each tax certificate shall show what proportion of the distribution represents capital and what proportion represents income. The Manager shall prepare and deliver all cheques, warrants, statements, accounts, Certificates and notices which the Trustee has to issue, send or serve as in this Trust Deed provided, to stamp the same and to deposit the same (together with the necessary stamped addressed envelopes) with the Trustee so as to afford the Trustee reasonable time to examine and check the same and to sign such cheques, warrants, statements, accounts, Certificates and notices and dispatch them on the day on which they ought to be dispatched.

#### ACCOUNTS

- 25 (A) (i) The accounts of the Trust shall be prepared in accordance with the provisions of the Companies Act No. 7 of 2007 and the Sri Lanka Accounting Standards applicable in Sri Lanka in respect of each financial year.
- (ii) The responsibility for the keeping and maintaining of the accounts pertaining to the Unit Trust and the preparation, publication and distribution of any reports and the frequency of the preparation, publication and distribution of the same shall be in accordance with the provisions of the Unit Trust Code.
- (iii) The accounting period of the Manager and the Trust shall coincide wherever possible.
- (iv) If any Connected Persons of the Manager have become entitled to profits which derive from transactions in Units or from the management of the Trust, those persons be named and the profit which each such person has become entitled to must be disclosed in the annual report.
- (v) If the Manager, or any other person acting on its behalf or with its permission, has –
- (a) Acquired or disposed of any securities listed on the Colombo Stock Exchange, for the account of the Trust, otherwise than on the trading floor of the Colombo Stock Exchange, or;
  - (b) Disposed of Units at a price lower than the Issue Price then current, or,
  - (c) Acquired Units at a price higher than the cancellation price then current;

It must be disclosed that this has been done and to what extent the Manager is at liberty to append explanations.

#### **AUDIT OF ACCOUNTS**

25 (B) The Trustee shall procure accounts of the Trust to be forwarded to Holders annually not later than three months after the end of the Accounting Period to which they relate. Such accounts shall relate to the period (in the case of the first accounts) from the date of this Trust Deed and (in the case of subsequent accounts) from the end of the period to which the previous accounts related.

(C) Such accounts shall be audited by the Auditors and shall be accompanied by a certificate issued by them in accordance with the Companies Act No. 7 of 2007 and to the effect that their examination was made in accordance with the applicable auditing standards and that they had obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purposes of their audit and that in their opinion proper books of account have been maintained by the Trust and such certificate shall also state whether the balance sheet and profit and loss account are in agreement therewith and comply with the requirements of the Companies Act No. 7 of 2007, and whether they give a true and fair view of the state of affairs of the Trust as at the relevant date. The Auditors shall also prepare a report to be distributed to the Holders stating that the accounts have been audited in accordance with the approved auditing standards and disclosing whether or not in the Auditors' opinion they give a true and fair view of the financial position of the Trust.

(D) The Auditors shall be independent of the Manager and Trustee. The Auditors shall be appointed by the Trustee in accordance with the provisions of the Unit Trust Code and with the approval of the Commission who shall have the power to withdraw its approval. Subject to the provisions of clause 25(D), the Auditors shall hold office until such time as they may voluntarily retire by notice in writing to the trustee.

The Trustee with the consent of the Manager, may from time to time, remove the Auditors and appoint other Auditors in their place subject to the approval of the Commission.

(E) Save as otherwise herein provided the fees and expenses of the Auditors shall be paid by the Trustees and charged to the Deposited Property.

(F) The appointment as Auditors of the Unit Trust shall be of persons having the qualifications specified by the rules of Commission. Such Auditors may be required by the Commission to retire when they cease to possess such qualifications, if the said rules shall so require. The provisions of this clause shall operate notwithstanding the provisions of clause (A) to (E) above.

#### **COVENANTS BY THE MANAGERS AND TRUSTEE**

26 (A) The Manager hereby covenant that it will:

- (i) Use its best endeavours to carry on and conduct its business and ensure that the Trust is carried on in a proper and efficient manner,
- (ii) Pay to the Trustee (or as it may direct) within three (3) working days under normal circumstances after creation of Units any monies which are payable hereunder by the Manager to the Trustee, however, this time bar could be varied in exceptional circumstances with the approval of the Trustees. The Manager will be responsible for any money which is payable to the Trustees till such time that it is transferred to the Trust.
- (iii) Not sell any Units otherwise than on the terms and at a price calculated in accordance with the provisions hereof,
- (iv) (At the request of a Holder) redeem any Units held by him on the terms and at a price calculated in accordance with the provisions hereof,
- (v) (To the same extent as if the Trustee were a director of the Manager)
  - (a) Make available to the Trustee or the Auditor appointed by it, for inspection, the whole of the books of the Manager whether kept at the registered office of the Manager or elsewhere and
  - (b) Give to the Trustee or any such Auditor such oral or written information as it or he requires with respect to all matters relating to the Trust.
- (vi) Make available or ensure that there is made available to the Trustee such details as the Trustee requires with respect to all matters relating to the Trust,
- (vii) Summon a meeting of Holders for the purpose of transacting the business for which such Holders had made a request, within thirty (30) days after an application is delivered to the Manager at its registered office, being an application by Holders of not less than one-fifth of the Units:
  - (a) By sending notice by post of the proposed meeting at least twenty (21) days before the proposed meeting to each of those Holders in accordance with clause 43, and/or
  - (b) By publishing at least twenty one (21) days before the proposed meeting an advertisement giving notice of the meeting in daily newspapers circulating generally in Sri Lanka in the Sinhala, Tamil and English languages.
- (viii) Appoint a designated compliance officer who will be responsible for ensuring that the Manager and its directors, officers and employees comply with the laws, rules, directives and codes pertaining to the operation of the Trust, within three (3) months of the signing of this Trust Deed, and,
- (ix) Act generally in compliance with the provisions of this Trust Deed, the Unit Trust Code and other applicable laws, rules and regulations, wherever relevant.

- (B) The Trustee hereby covenants that it will:
- (i) Exercise due diligence and vigilance in carrying out its functions and duties and in watching the rights and interests of Holders,
  - (ii) Keep or cause to be kept proper books of accounts in relation to those interests,
  - (iii) Cause those accounts to be audited at the end of each Accounting Period by the Auditors,
  - (iv) Send or cause to be sent by post a statement of the accounts with the Report of the Auditors thereon to each Holder, in accordance with clause 25;and
  - (v) Generally to act in compliance with the provisions of this Trust Deed, the Unit Trust Code and applicable laws, regulations and rules wherever relevant.
- (C) The Manager and the Trustee hereby covenant that no monies available for investment hereunder will be invested in or lent to the Manager or to the Trustee or to any Connected Person, except where the Trustee is also a Bank or where prior written approval of the Commission has been obtained for such investment or lending.
- (D) The Manager and the Trustee covenant with each other and with each of the Holders that, neither the Manager nor the Trustee shall exercise the right to vote in respect of any Investments held by the Manager or the Trustee at any election of directors of a company relating to whom such Investments whose shares are so held without the consent of the majority of Holders present in person and voting given at a meeting of Holders summoned in the manner herein provided.
- (E) The Trustee, the Manager and their Connected Persons shall disclose their interest whenever any business in which they have a material interest is being discussed at any meeting of the Holders. If at such a meeting any resolution be passed by voting by proxy, and more than fifty per centum (50%) of those present at such meeting object to such resolution so passed, such objection may be submitted in appeal to the Commission whose decision shall be final.
- (F) If an approved authorized Stock Broker is under common control with the Manager or the Trustee, this fact shall be disclosed in the Information Memorandum issued in relation to the Trust and to the Commission; any special commission negotiated with such Stock Broker shall also be disclosed to and approved by the Commission.
- 27 (A) Except as otherwise expressly provided, all rights of voting conferred by any of the Deposited Property shall be exercised in such manner as the Manager may in writing direct and the Manager may refrain at its own discretion from the exercise of any voting rights and no Holder shall have any right to interfere or complain in that regard. The Trustee shall without any delay forward to the Manager all notices of meetings, reports and circulars received by it or its nominee as holder of any investment and shall (so far as it is permitted by law or by rules and regulations of the company or corporation any part of the shares of which constitute investments so to do) upon the written request of and at the expense of the Manager from time to time



execute and deliver or cause to be executed or delivered to the Manager or its nominees such powers of attorneys or proxies as may reasonably be required in such name or names as the Manager may reasonably request authorizing such attorneys and proxies to vote consent or otherwise act in respect of all or any part of the Deposited Property. The Manager shall be entitled to exercise the said rights in what it may consider to be the best interest of the Holders but neither the Trustee nor the Manager nor any such representative nor the holder of any such proxy or power of attorney shall incur any liability or responsibility by reason of any error of law or mistake of act or any matter or thing done or omitted or approval voted or given or withheld by the Trustee or Manager or by any such representative or by the Holder of such proxy or power of attorney; and the Trustee shall be under no obligation to anyone with respect to any action taken or caused to be taken or omitted by the Manager or by such representative proxy or attorney.

- (B) The expression “right of voting” and the term “vote” used in this clause shall be deemed to include not only a vote at a meeting but any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any part of the Deposited Property 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.

#### **REMUNERATION OF MANAGER AND TRUSTEE**

- 28 (A) (i) The Management Participation shall be a sum not exceeding such percentage as is hereinafter mentioned of the Value of the Deposited Property. The Management Participation shall begin to accrue from the closing date of the first offer of Units, from day to day on the Value of the Deposited Property as computed each day.
- (ii) The amount of two per centum (2.00%) Management Participation, point twenty per centum (0.20%) Trustee Fees, subjected to a minimum of LKR 20,000.00, and Rs.20,000.00 per month as Custodian fees accruing as aforesaid shall be payable to the Manager / and Trustee in arrears at the end of each Month or each quarter as may be determined by the Trustee and the Manager. In respect of any period other than a full Month, the amount payable shall be computed based on the number of days for which it has accrued as a proportion of the total number of days in the Month concerned.
- (iii) Out of the Management Participation referred to above, the amount that would accrue to the Manager shall not exceed two per centum (2.00%) per annum of the Deposited Property which will be charged as a fixed fee of two per centum (2.00%) per annum.
- (iv) The Management Participation shall be payable out of the capital or income of the Deposited Property as the Manager in its discretion shall decide.
- (v) Out of the Management Participation Manager’s remuneration shall be paid to the Manager and Trustee’s remuneration shall be paid to the Trustee as soon as possible after the respective dates by reference to which it is calculated

pursuant to paragraph (ii) of this sub-clause. Provided that unless and until the Trustee shall be satisfied that adequate provision has been or will be made for the future management expenses of the Trust including the remuneration of the Trustee the Trustee shall have a lien on and shall be entitled to retain the Manager's remuneration for the purpose of paying, discharging or providing for such expenses including its remuneration and shall pay to the Manager only the balance (if any) after all such payments, discharges or provisions have been made.

- (B) The remuneration of the Trustee shall not be an amount more than point twenty centum (0.20%), subjected to a minimum of Rs.20,000.00, per annum of the Value of the Units accruing from day to day, and payable in arrears at the end of each month out of the income or capital of the Trust, and a computed in the same manner as the Management Participation under the preceding clause (A). The Trustee shall in addition to such remuneration, be entitled to be paid on demand out of the income or capital of the Trust and custodial fees, as Bankers to the Trust and the amount of all its disbursements wholly and exclusively incurred in the performance of its duties hereunder. However, if the Management Participation in increased subject to clause 28 (A)(iii) the Trustees remuneration may also be increased proportionately subject to the approval of the Manager.
- (C) The Manager shall be responsible for the payment of all expenses incurred from time to time in connection with the management of trusteeship of the Trust, except such expenses as are expressly authorized hereunder to be payable out of the income or the capital of the Deposited Property.
- (D) The following other expenses may be paid by the Trustee out of the Deposited Property, provided that adequate disclosure of such expenses is provided to Holders
  - (a) The cost of dealing in the Deposited Property;
  - (b) Taxation and duties payable in respect of the Deposited Property of the issue of Units;
  - (c) Any costs incurred in the preparation or modification of the Trust Deed;
  - (d) Any costs incurred in respect of meetings of Holders;
  - (e) The audit fees of the Auditor and any expenses of the Auditor;
  - (f) Licensing fees by Standard and Poor's (S&P);
  - (g) Licensing fees imposed by the Commission;
  - (h) All direct and indirect taxes imposed by the Government from time to time that are required to be charged to the Deposited Property;
  - (i) Any other expenses under the Trust Deed of the Fund including the cost of preparing and amending the Trust Deed, the cost of producing the Information Memorandum, postage and other Fund related administration expenses.
  - (j) Legal expenses incurred in safeguarding the Deposited Property; and
  - (k) Any other fee approved by the Commission and specified in the Trust Deed;

## CONCERNING THE ADMINISTRATION OF THE TRUST

29. (A) Neither

- (i) The Trustee, nor
- (ii) The Manager, nor
- (iii) Any company controlled by either of them, nor
- (iv) Any person, firm, company or corporation entitled to exercise any powers of discretion pursuant to a delegation by the Manager made under clauses 33 and 34 hereof (which person, firm, company or corporation is hereinafter referred to as “a delegate”),

Shall as principal sell or deal in the sale of Investments to the Trustee for account of the Trust or vest Investments in the Trustee against the issue of the Units or purchase Investments from the Trustee and each shall (without incurring any liability for failure so to do) use its best endeavours to procure that no such sale or dealing or vesting shall be made by a connected person of the Trustee or Manager.

Provided that nothing shall prevent any sale for account of the Trust of an Investment to or any purchase for account of the Trust of any Investment from the trustee, custodian or manager of any other unit trust scheme or mutual fund company or investment company for account of such scheme or company notwithstanding that the Trustee and/or the Manager may be interested in the trustee or the custodian or the manager or anybody of persons, firm, company or corporation to whom any investment power or company or corporation to whom any investment power or discretion may have been delegated under or by such scheme or company. Provided that:

- (i) The Value of the Investment in question is certified in writing for the purpose of the transaction by a Recognized Stock Exchange or other professionally recognized person, and
- (ii) The Trustee shall be of the opinion that the terms of such transaction shall not be such as are likely to result in any prejudice to Holders.

For the purpose of this sub-clause the expressions “mutual fund company” and “investment company” shall mean and include any company carrying on the business of holding and managing investments and the word investment does not include cash deposits with Banks.

- (B) Subject to the next succeeding clause nothing in these presents contained shall prevent the Trustee or the Manager or any Connected Person from becoming the owner of Units and holding, disposing or otherwise dealing with the same, with the rights which they would have had if neither the Trustee nor the Manager nor any connected person were a party to or a connected person for purposes of these presents

and the Trustee and the Manager and any such Connected Person may buy, hold and deal in any investments upon their respective individual accounts notwithstanding that similar investments may be held under these presents as part of the Deposited Property.

- (C) Every transaction between the Manager, The Trustee or any Connected Person of the Manager and the Trust shall be approved in writing by the Trustee and such transaction will be disclosed in the annual report of the Trust.
- (D) No Units shall at any time be quoted or sold by or for account of the Manager at a price higher than the Issue Price for the time being applicable to Units issued for cash pursuant to these presents. No Units shall at any time be quoted or purchased by or for account of the Manager at a price lower than the realization price for the time being applicable to Units realized by the Manager pursuant to these presents. The Trustee shall not be responsible to verify the price of any such quotation or dealing unless on any occasion specifically requested by the Holder or former Holder of the Units connected to do so not later than one (1) month after the date of such quotation or dealing but the Manager shall justify such quotation or dealing if so requested by the Trustee at any time.
- (E) Neither the Trustee nor the Manager shall be liable to account either to the other of them or to the Holder or any of them for any profits or benefits made or delivered by or in connection with any such transaction permitted as aforesaid.
- (F) Nothing herein contained shall be construed so as to prevent the Manager and the Trustee in conjunction or the Manager or the Trustee separately from acting as manager or trustee for other trusts separate and distinct from the Trust.
- (G)
  - (i) The Trustee and the Manager may accept as sufficient evidence of the Value of any Investment thereof a certificate by a member of a Recognized Stock Exchange.
  - (ii) At all times and for all purposes of these presents the Trustee and the Manager may rely upon the established practice and rulings of the Recognized Stock Exchange and any committees and officials thereof on which any dealings in any Investment is from time to time affected in determining which shall constitute a good delivery and any similar matters and such practice and rulings shall be conclusive and binding upon all persons under these presents.
- (H) Neither the Manager nor the Trustee shall be liable to account to any Holder or otherwise for any payment made or suffered in good faith to any duly empowered fiscal authority of Sri Lanka or elsewhere for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under this Trust Deed notwithstanding that any such payments ought not to or need not have been made or suffered.
- (I) In no event shall a Holder have or acquire any rights against the Trustee and the Manager or either of them save such as are expressly conferred upon such Holder by this Trust Deed nor shall the Trustee be bound to make any payment to any Holder except out of the funds held be or paid to it for that purpose under the provisions of

this Trust Deed. Provided however that nothing herein shall exempt the Trustee from or indemnify it against any breach of trust occasioned by fraud or negligence as set out in clause 32(E).

- 30 (A) Neither the Trustee nor the Manager shall incur liability in respect of any action taken or thing suffered by either of them in good faith in reliance upon any notice, resolution, direction, instruction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without prejudice to the generality of the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by the proper parties.
- (B) Neither the Trustee nor the Manager shall incur liability for doing or (as the case may be) failing to do any act or thing which, by reason of any provision of any present or future law or regulation made pursuant thereto or of any decree, order or judgment of any court or by reason of any direction, request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any Government (whether legally or otherwise) either the Trustee or the Manager shall be directed or requested to do or perform or to forbear from doing or performing, or if for any reason it becomes impossible to perform any of their obligations hereunder.
- (C) Neither the Trustee nor the Manager shall be responsible for the authenticity of any signature on or any seal affixed to any endorsement or any certificate or to any transfer or form of application, endorsement or other document affecting the title to or transmission of Units or be in any way liable for any forged or unauthorized signature on or a seal affixed to such endorsement, transfer or other document or for acting or for acting on or, effect to any such forged or unauthorized signature or seal. The Trustee and the Manager respectively shall nevertheless be entitled but not bound to require that the signature of any Holder or joint Holders to any document required to be signed by him under or in connection with these presents shall be verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.
- (D) Any indemnity expressly given to the Trustee and/or the Manager in these presents is in addition to and without prejudice to any indemnity allowed by law. Provided nevertheless that nothing in any of the provisions of these presents shall in any case in which the Trustee and/or the Manager, as the case may be, have failed to show the degree of diligence and care required by them by the provisions of these presents exempt them from or indemnify them against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty of trust of which they may be guilty in relation to their duties.
- 31 (A) Any Investment in registrable form shall, unless otherwise instructed by the Trustee, be registered in the name of the Trustee as soon as reasonably practicable after receipt of the necessary documents by the Trustee and shall remain so registered until disposed of pursuant to the provisions of this Trust Deed. The Trustee shall be liable for any acts or omissions of the nominee with whom any Investments in bearer form are deposited, as if they were its acts or omissions in relation to any such Investments. The Trustee shall be entitled if it considers that it is expedient to do so

to cause to be deposited in safe custody with any banker or other agent of the Trustee the documents of title to any Investments held upon the Trust of this Trust Deed. Subject as aforesaid the Trustee shall retain the documents of title to all Investments held upon the trusts of this Trust Deed in its possession in safe custody. Any expenses of whatever nature incurred by the Trustee in effecting such registration or providing such safe custody shall be payable out of the income or the deposited property known as Custody Fees. Notwithstanding the provisions of this sub-clause the Trustee shall be entitled if it considers that it is expedient to do so to deposit with any banker the documents of title of any Investments held upon the trusts of this Trust Deed for the purpose of securing any borrowings effected by the Trust.

- (B) The Trustee (or the Manager on its behalf) shall (subject as hereinafter provided) be entitled to destroy;
- (i) All instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof;
  - (ii) All Certificates and distribution mandates which have been cancelled at any time after the expiration of three (3) years from the date of cancellation thereof,
  - (iii) All notifications of change of address after the expiration of three (3) years from the date of the recording thereof,
  - (iv) All forms of proxy in respect of any meeting of holders one (1) year from the date of the meeting at which the same are used, and
  - (v) All registers, statements and other records and documents relating to the Trust at any time after the expiration of six (6) years from the termination of the Trust.
  - (vi) All accounts books and other documents forming the basis of financial statements and reports referred to in section 28 of the Unit Trust Code after a period of five (5) years.

Neither the Trustee nor the Manager shall be under any liability whatsoever in consequence thereof and unless the contrary be proved, every instrument of transfer so destroyed shall be deemed to have been a valid and effective instrument duly and properly registered and every Certificate so destroyed shall be deemed to have been a valid Certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed shall be deemed to have been a valid and effective document in accordance with the recorded particulars thereof.

Provided always that:

- (a) 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 might be relevant,
- (b) Nothing in this sub-clause shall be construed as imposing upon the Trustee or the Manager 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,

- (c) Reference herein to the destruction of any document include references to the disposal thereof in any manner,
- (C) The Trustee shall maintain or cause to be maintained a register setting out all particulars of the documents and all other materials destroyed under the preceding clause (B) and the date of such destruction together with the authority for such destruction and such register shall not be destroyed for a period of twenty (20) years from the date of the last entry thereon.
- (D) The Trustee and the Manager shall be entitled to rely absolutely on any declaration of residence which may be received from a holder, or a prospective holder or applicant for Units.

#### **CONCERNING THE TRUSTEE**

32 (A) With regard to any provision in this Trust Deed:

- (i) Providing for any act or matter to be done by the Trustee such act or matter may be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee appointed by the Trustee with the approval of the Manager and any act or matter so performed shall be deemed for all purposes of this Trust Deed to be the act of the Trustee, and
- (ii) As to the vesting of Investments such provision shall be deemed also to relate to any nominee of the Trustee. The Trustee shall be entitled to procure:
  - (a) Any officer or responsible official of the Trustee jointly with the Trustee, or
  - (b) Any nominee approved by the Manager, or
  - (c) Any such nominee and the Trustee,

To be registered as proprietor of any Investment held upon the trusts of this Trust Deed. Provided always that the Trustee shall remain liable for any act or omission of any such person or nominee in relation to any Investment of which such person or nominee is registered as proprietor.

- (B) 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 Manager. Whenever pursuant to any provision of this Trust Deed any certificate, notice, direction, instruction or other communication is to be given by the Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Manager by any person whose signature the Trustee is for the time being authorized in writing by the Manager to accept.

- (C) The Trustee may accept as sufficient evidence of the Value of any Investment or foreign currency or the cost or sale price of any Investment or any Recognized Stock Exchange quotation or of any other matter within his competence a certificate by an Approved Broker.
- (D) (i) The Trustee may act upon any advice or information obtained from the Manager or any bankers, accountants, brokers, lawyers or other persons acting as agents or advisers of the Trustee or the Manager and the Trustee shall not be liable for anything done or omitted or suffered in good faith in reliance upon such advice or information. Any such advice or information may be obtained or sent by letter, telegram/telefax authenticated telex message or cablegram and the Trustee shall not be liable for acting on any such advice or information purporting to be conveyed as above.
- (ii) The Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment or want of prudence on the part of the Manager or any such person acting as adviser of the Trustee or the Manager.
- (E) Except in and so far as herein otherwise expressly provided the Trustee shall as regards all the trusts, powers, authorities and discretion vested in it have absolute and uncontrolled discretion as to the exercise thereof, whether in relation to the manner of or as to the time for the exercise thereof. Nothing in this Trust Deed shall exempt the Trustee from nor indemnify it against breaches of trust through fraud or willful neglect.
- (F) Nothing herein contained shall prevent the Trustee from purchasing, holding, dealing in or disposing of Certificates or Units or from acting as bankers to the Trust or from at any time contracting or entering into any financial banking insurance or other transaction with the Manager or any holder or any company or body in relation to any of the securities forming part of the Deposited Property or from being interested in any such contract or transaction or from holding any shares or any investment in any such company or body and the Trustee shall not be in anywise liable to account either to the Manager or to the Holders or any of them for any profits or benefits made or derived by the Trustee thereby or in connection therewith.
- (G) Subject as herein provided, the Trustee shall be entitled for the purpose of indemnity against any action, costs, claims, damages, expenses or demands to which it may be put as Trustee to have recourse to the Managing Company.
- (H) Before making any distribution or other payment in respect of any Unit or in respect of the Management Participation the Trustee may make such deductions as by local law or by the law of any other country in which such payment or distribution is to be made the Trustee is required or entitled to make in respect of any income or other taxes, charges or assessments whatsoever and the Trustee may also deduct the amount of any stamp duties or other Governmental taxes or charges payable by it or for which it might be made liable in respect of such distribution or any documents signed by it or by a Holder or his agent in connection therewith.
- (I) The Trustee shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Holders in respect whereof minutes shall



have been made and signed even though it may be subsequently found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not binding upon all the Holders.

- (J) The Trustee shall deposit security guaranteeing against loss due to its misconduct or negligence when required by the Commission.

#### **CONCERNING THE MANAGER**

- 33 (A) The Manager shall keep or cause to be kept at its own expense proper books of account and records in which shall be entered all transactions effected by the Manager for account of the Trust and shall permit the Trustee from time to time on demand to examine and take copies of or extracts from any such books of account or records.
- (B) In the absence of gross negligence or willful default the Manager 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 by it in good faith hereunder and shall not (save as herein otherwise provided) be liable for any act or omission of the Trustee. Provided that nothing in these presents shall exempt the Manager from any liability imposed on it by law nor shall indemnify it against such liability at the expense of the Holders.
- (C) Nothing herein shall prevent the Manager from contracting or entering into any financial banking or other similar transaction with the Trustee (when acting other than in its capacity as Trustee of the Trust) or any Holder or any company or body any of whose shares or securities form part of the Deposited Property or from being interested in any such contract or transaction and the Manager shall not be in anywise liable to account either to the Trust or to the Trustee or to the holders of any of them for any profit or benefit made or derived by the Manager, thereby or in connection therewith. Notwithstanding the foregoing provision the Manager must secure the Trustee's prior written approval for any transaction (other than a transaction with the Trustee) by the Manager as principal with such Holder, company or body.
- (D) The Manager shall be entitled to delegate its functions, powers, discretion, privileges and duties hereunder or any of them to any persons, firm, company or corporation approved in writing by the Trustee and any such delegation may be on such terms and conditions as the Manager thinks fit (including the power to sub-delegate). Provided always that the Manager shall remain liable hereunder for any act or omission of any such person, firm, company or corporation as if such act or omission was its own.

## **RETIREMENT OF TRUSTEE**

- 34 (A) The Trustee shall not retire until a new trustee is appointed. In the event of the Trustee desiring to retire, the Manager (or in default the Trustee) may by deed supplemental hereto under the seal of the Manager or the Trustee (as the case may be) appoint any company or corporation empowered to act as trustee of a unit trust to be the trustee in the place of the retiring Trustee and also provide in such deed for the vesting in the new Trustee of the instruments and securities standing in the name of the retiring Trustee. The retirement of the Trustee shall take effect at the same time the new trustee takes office.
- (B) No new Trustee shall be appointed except with the approval of the Commission.

## **RETIREMENT AND REMOVAL OF MANAGER**

- 35 (A) The Manager shall be subject to removal by notice in writing given by the Trustee to the Manager with the approval of the Commission upon the occurrence of any one or more of the following events:
- (i) If for good and sufficient reason the Trustee is of the opinion after a due inquiry by a person appointed by the Trustee and acceptable to the Commission that a change of Manager is desirable in the interests of the Holders, or
  - (ii) If the Holders of at least seventy five per centum (75%) of the Units issued (excluding those held by the Manager) deliver to the Trustee or the Commission, as the case may be, a written request for the dismissal of the Manager.

The Trustee may also remove the Manager after the Commission is informed of such intended removal if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver be appointed of the undertaking of the Manager or any part thereof.

In either of the cases aforesaid the removal of the Manager shall not take effect until a another company or corporation empowered to function as manager of unit trusts is appointed as the manager of the Trust upon and subject to such company or corporation entering into such deed or deeds or writing or writings as the Trustee may deem necessary or expedient to be entered into by such company or corporation in order to secure the due performance of its duties as Manager and written notice of the termination of the Manager and the appointment of a the new manager has been sent to the Holders. The appointment of the new company or corporation as the manager of the Trust shall be ratified by the Commission. This provision shall not prejudice the right of the Trustee to terminate the Trust in accordance with clause 38 where a replacement manager cannot be found.

- (B) The Manager may retire in favour of another company or corporation approved in writing by the Trustee with the concurrence of the commission upon and subject to the following conditions:
- (i) The Trustee shall appoint such company or corporation by writing under its seal as Manager of the Trust and assign to such appointee all its rights and duties as such Manager, and such appointment shall be in writing under the seal of the Trustee.
  - (ii) Such company or corporation so appointed shall enter into such deed or deeds as are mentioned in paragraph (A) of this clause.
  - (iii) Upon payment to the Trustee of all sums due by the retiring Manager to the Trustee hereunder at the date of such retirement the retiring Manager shall be absolved and released from all further obligations hereunder but without prejudice to the rights of the Trustee or of any Holder or other person in respect of any act or omission on the part of the retiring Manager prior to such retirement and the new Manager may and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all the duties and obligations of the Manager hereunder as fully as though such new Manager had originally been party hereto.
- (C) Upon any removal or retirement the removed or retiring Manager shall remain entitled to all Units which it holds or is deemed to hold and it shall be entitled to require the Trustee to issue to it a Certificate or Certificates in respect thereof (if not previously issued) and to be registered in the Register in respect thereof and thereafter to exercise all rights of a holder of such Units.

#### **BORROWING POWERS**

36 Subject to any statutory requirements for the time being in force and to the terms and conditions hereinafter provided the Trustee may at any time at the request of the Manager concur with the Manager in the Trustee borrowing for the account of the Trust any monies for the purpose of:

- (i) For redemption of Units, or

For the purposes of or in connection with any borrowing (including any such assumption of liability) the following provisions shall apply:

- (a) The borrowing may be effected from any person approved by the Trustee (including the Trustee, if the Trustee is a Banker).
- (b) The Trustee may in pursuance of any borrowing arrangements place on deposit with the lender or any nominee of the lender an amount out of the income or capital of the Deposited Property upon the terms providing for the repayment of the deposit at the same time or times (and, if more than once, so that on each occasion the proportion which the deposit bears to the loan is maintained) as the borrowing is repayable.

- (c) The aggregate outstanding of all borrowings and or leveraged by borrowings whether in local or foreign currency shall not exceed fifteen per centum (15%) of the assets attributable to Holders.
- (d) Any borrowing shall be subject to the provisions hereunder and the borrowing shall become repayable in the event of the termination of the Trust.
- (e) Any interest on any borrowing effected under this clause and all expenses incurred in negotiating, entering into varying, carrying into effect with or without variation and terminating the borrowing arrangements shall be payable out of the income or capital of the Deposited Property.
- (f) For the purposes of securing any borrowing and interest and expenses thereof, the Trustee shall be entitled with the concurrence of the Manager, to charge or pledge in any manner all or any part of the Deposited Property, and where any part of the Deposited Property or any document of title thereto is for the time being under the custody and control of some persons other than the Trustee in consequence of any such charge or pledge, the provisions of these presents as to the custody and control of the Deposited Property or the documents of title thereto shall be deemed not to have been infringed thereby. Any such charge or pledge shall be made upon the terms that no step shall be taken to enforce the security thereby constituted until thirty (30) days after notice in writing shall have been given to the Trustee demanding repayment of the monies thereby secured. If such a notice shall be given the Trustee shall promptly advise the Manager who shall promptly effect such sales of Investments as may be necessary to enable such repayment to be effected in due time.
- (h) The Trustee shall not incur any liability by reason of any loss which a Holder may suffer by reason of any depletion in the Value of the Deposited Property which may result from any borrowing arrangements made hereunder by reason of fluctuations in rates of exchange and (save as herein otherwise expressly provided).
- (i) In the event any arrangements for borrowing or making deposits under this sub-clause shall be made with the Manager or the Trustee then such person shall be entitled to retain for its own use and benefit all profits and advantages which may be derived there from.
- (j) Where the Deposited Property or any part thereof is registered in the name of a lender as security for a loan obtained by the Manager, the Trustee shall be liable for any act or omission of the lender or his agent with respect to such property.
- (k) Where borrowing is undertaken for the account of the Trust, assets forming part of the Deposited Property may be registered in the lender's name or in that of a nominee appointed by the lender; provided that the lender or its

nominee as the case may be enters into a written commitment that under no circumstances will it pledge or obligate any part of such assets to any other person or use any part of them to 'margin' guarantee, secure, discharge or settle any borrowing, trades or contracts, or dispose of any part of them or treat them as if any person other than the Trustee and the lender had any interest in them; and provided also that the Trust Deed makes the Trustee liable for the acts and omissions of the lender and its agents in relation to such assets.

- (l) Leveraging by borrowing against investments or buying on margin by the Trustee or Manager is prohibited, except in cases of investments with determinable future maturity dates, with the approval of the Commission.

#### **ADVERTISEMENTS**

37. (A) The Manager covenants and undertakes that it shall and will not without the prior written approval of the Trustee to approve to publish, issue, circulate or cause to be published, issued or circulated any edition of the Information Memorandum, application form, sales literature or other printed matter for issue to prospective buyers, advertisement, report, announcement (other than announcement of prices or yields) addressed to the general body of Holders or to the public or to the press or other communication media.

(B) The Manager covenants and undertakes that it shall and will not without the prior written approval of Securities and Exchange Commission of Sri Lanka to publish Explanatory Memorandum information contained therein –

- (a) Upon the occurrence of any material change in the information stated therein ;
- or
- (b) Upon the arising of any significant new matter which should be stated therein.

#### **TERMINATION OF THE TRUST**

38 (A) The Trustee may terminate the Trust upon the occurrence of any of the following events:

- (i) If the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver shall be appointed for the undertaking of the Manager or any part thereof and an alternate Manager cannot be found, or
- (ii) If, on the expiration of three (3) months after notifying the Manager that in the Trustee's opinion a change of Manager is desirable, the Trustee has not found another company or corporation ready to accept the office of Manager of the Trust and of which the Trustee and the Commission shall approve, or
- (iii) If any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust.

(B) The Manager may (with the consent of the Trustee, such consent not to be unreasonably withheld) terminate the Trust on a date to be agreed between the Trustee and the Manager if at any time the Value of the Deposited Property.

(C) Either the Trustee or the Manager may by not less than three (3) Months' notice given to the other with the concurrence of the Commission, decide to terminate the Trust. The party terminating the Trust shall give notice thereof to all Holders and by such notice fix the date at which such termination is to take effect which date shall not be less than three (3) Months after service of such notice

39. Upon the Trust being terminated:

(A) The Trustee shall sell all Investments then remaining in its hands as part of the Deposited Property and shall repay any borrowings effected by the Trust (together with any interest thereon accrued but remaining unpaid) for the time being outstanding and such sale and repayment shall be carried out and completed in such manner and within such period after the termination of the Trust as the Trustee in its absolute discretion shall decide.

(B) The Trustee shall from time to time and at such time or times as it shall deem convenient and in its absolute discretion distribute to the Holders and the Manager pro-rata to the number of Units held or deemed to be held by them respectively all net cash proceeds derived from the realization of the Deposited Property and any other cash proceeds derived from the realization of the Deposited Property and any other cash then forming part thereof and available for the purpose of such distribution and shall distribute in the manner provided in clause 21 any monies standing to the credit of the Distribution Account. Provided that the Trustee shall be entitled to retain out of any monies in its hands under the provisions of this clause full provision for all costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee in connection with or arising out of the liquidation of this Trust and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands. Every such distribution shall be made to a Holder only against production of the Certificates relating to the Units in respect of which the same is made and upon delivery to the Trustee of such form of request for payment and receipt (if any) as the Trustee shall in its absolute discretion require. All Certificates shall in the case of an interim distribution be endorsed by the Trustee with a memorandum of the payments made and shall in the case of the final distribution be surrendered to the Trustee.

(C) Any unclaimed proceeds or other moneys held by the Trustees under the provisions of this clause may at the expiration of twelve (12) months after the date upon which the same were payable be paid to the Public Trustee of the Republic of Sri Lanka subject to the right of the Trustees to deduct therefrom any costs, charges and expenses that may be incurred by the Trustee in making such payment.

## **UNIT TRUST CODE**

- 40 The Manager and the Trustee covenant with each other and the Holders for the time being and from time to time to observe and otherwise comply with the provisions of the Unit Trust Code and any other law pertaining to trusts in Sri Lanka.

In the event of any of the provisions in this Trust Deed being inconsistent with the Unit Trust Code, the provisions of the Unit Trust Code shall prevail over the provisions hereof, and where this Trust Deed is silent in regard to a particular issue arising out of the trust, primary recourse shall be made to the provisions of the Unit Trust Code to resolve such issue.

## **HOLDERS' MEETINGS**

- 41 (A) A meeting of the Holders held in accordance with the provisions contained in the Schedule shall in addition to all other powers that may be conferred upon it by law, this indenture or otherwise have the following powers, namely –
- (i) Subject to clause 35 hereof resolve to remove the Manager for default or non-compliance with the provision of the Trust, in terms of this Trust Deed; or
  - (ii) To assent to any modification of the provisions contained in this Trust Deed which shall be proposed by the Manager and assented to by the Trustee.
- (B) The provisions contained in the Schedule shall have in effect in the same manner as if such provisions were herein set forth. All expenses of and incidental to the holding of a meeting in accordance with the provisions of the Schedule shall be borne as follows:-
- (i) If the meeting is held at the request of the Holders or the Trustee certifies that in its opinion the meeting is held for the benefit of Holders then the said expenses shall be borne by the Trust and paid by the Trustee out of the Deposited Property,
  - (ii) In any other event the said expenses shall be borne by the Manager.

## **SERVICE OF NOTICES AND DOCUMENTS**

- 42 (A) Any notice or other document required to be served upon a Holder shall be deemed to have been duly served if sent by post to his address as appearing on the Register and in the case of joint Holders to the address of whichever of such Holders is named first on the Register. Any notice or document so sent by post shall be deemed to

have been served two clear working days after the day on which the same was posted and in proving such service it shall be sufficient to prove that the cover or wrapper containing such notice or document was properly addressed, stamped and duly posted at a post office.

- (B) Service of a notice or document on any one of several joint Holders shall be deemed effective service on all the joint Holders.
- (C) Any notice or document sent by post to the said address of a holder in pursuance of this Trust Deed shall notwithstanding that such holder be then dead or bankrupt or insolvent and whether or not the Trustee or the Manager has notice of his death or bankruptcy or insolvency be deemed to have been duly served on the expiration of a period of two clear working days from date of such posting and the same shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.

#### **MODIFICATION OF TRUST DEED**

43 The Trustee and the Manager shall, subject to the prior approval of the Commission be entitled by deed supplemental hereto to modify, alter or add to the provisions of this Trust Deed in such manner and to such extent as they may consider expedient. Provided that the Trustee shall certify in writing that in its opinion such modification, alteration or addition:

- (a) Does not prejudice the interests of the then existing Holders, does not operate release the Trustee or the Manager or any other person associated with the Trust from any responsibility or liability to Holders and does not increase the costs and charges payable from the income and the capital of the Deposited Property, or
- (b) Is necessary to comply with fiscal, statutory or other official requirements and/or
- (c) Is a correction of a manifest error, and/or
- (d) Is not in conflict with the Unit Trust Code or any condition laid down in the license granted by it.

Unless condition (a) or (b) or (c) and (d) are met no modification, alteration or addition shall be made to this Trust Deed except by an Extraordinary Resolution of the Holders. Where this Trust Deed has been altered or supplemented to comply with fiscal, statutory or other official requirements, Holders must be notified immediately if the alteration is of material consequence to them.

#### **SECRECY**

44. The Trustee and the Manager and every director, officer or employee of the Trustee and Manager who is in any way engaged in the business of this Trust and all persons



employed or engaged by the Trustee or Manager in connection with the business of the Trust shall before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all matters relating to or concerning the Trust and all transactions of the Trust, its customers and all matters relating thereto and shall by such declaration pledge himself not to reveal any matter which may come to his knowledge in the discharge of his duties except when required to do so:

- (i) By Board of the Trustee or Manager, or
- (ii) By a court of law, or
- (iii) By the person to whom such matters relate, or
- (iv) In the performance of his duties, or
- (v) In order to comply with the provisions of any law

#### **INDEMNITY FOR TRUSTEE**

45. Without prejudice to the limitation of liability of the Trustee for breaches of trust as provided by the SEC Act or any subsisting amendment thereto the Trustee shall not be liable and shall stand fully indemnified in respect of any loss, damage, claim or suit arising from or in connection with or in relation to any matter or thing done or omitted to be done by the Trustee in the proper exercise by the Trustee of the powers and duties of the Trustee under this Trust Deed or any instrument supplemental hereto or in law except for any loss or damage, claim or suit occasioned by fraud or negligence on the part of the Trustee or its officers or agents.

#### **INCORPORATION OF STATUTORY PROVISIONS AND REGULATIONS**

46. All the provisions of the SEC Act and all subsisting amendments thereto and the Unit Trust Code as may be replaced or changed from time to time and all regulations and rules duly promulgated there under shall be deemed for all purposes to be incorporated in this Trust Deed as part and parcel hereof and have effect accordingly.

**IN WITNESS WHEREOF THE MANAGER AND THE TRUSTEE HAVE CAUSED THEIR RESPECTIVE COMMON SEALS TO BE AFFIXED HERETO AND TO TWO OTHERS OF THE SAME TENOR AND DATE AS THESE PRESENTS AT THE PLACES AND ON THE DATE OR DATES HEREINAFTER SETFORTH.**

#### **THE SCHEDULE ABOVE REFERRED TO**

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#### **MEETINGS OF HOLDERS**

1. (a) The Trustee and the Manager shall at the request in writing of Holders of not less than one-fifth of the Units at any time convene a meeting of Holders at such time

and place in Colombo (subject as hereinafter provided) as the parties convening the meeting may think fit.

- (b) The Manager or the Trustee with the concurrence of the other may at its discretion convene a meeting of Holders to transact business.
- 2.
- (a) The Manager and the Trustee shall be entitled to receive notice to attend and vote in respect of their holding (if any) of Units at any such meeting. Provided that the Trustee and the Manager shall be prohibited from voting in respect of their own Units at or forming a quorum for, a meeting at which the Trustee and the Manager or their connected persons have a material interest in the business to be contracted.
  - (b) The Trustee and the Manager and their connected persons shall disclose their interest wherever any business in which they have a material interest is being discussed at any meeting of the Holders.
3. A meeting of the Holders shall be convened:
- (a) By giving at least twenty one (21) days (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) to the Holders in the manner provided in this Trust Deed, and/or
  - (b) By publishing at least twenty one (21) days (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) before the meeting, the notice of the meeting in daily newspapers circulating generally in Sri Lanka in the Sinhala, Tamil and English languages.

The notice shall specify the place, day and hour of the meeting and the terms of any resolution to be proposed thereat. The accidental omission to give notice to or the non-receipt of notice by any of the Holders shall not invalidate the proceedings at any meeting.

4. At any meeting not less than twenty-five (25) Holders present in person or by proxy shall form a quorum for the transaction of business. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.
- 5.
- (i) The Chairman of the Trustee shall preside as chairman at every meeting or adjourned meeting of the Holders. If there be no such Chairman of the Trustee or if at any meeting he be not present within five (5) minutes after the time appointed for the holding of the meeting or be unwilling to act, then the Chairman of the Manager shall preside as chairman of the meeting. If there also be no such Chairman of the Manager or if at any meeting he also be not present within a further five (5) minutes after the first period of five (5) minutes referred to above or he be also unwilling to act then the Holders present shall choose one of their number to be chairman of the meeting.
  - (ii) The term “chairman” in this schedule shall mean the chairman of the meeting where the context so requires or admits.

6. If within half an hour from the time appointed for the meeting a quorum is not present the meeting if convened upon the requisition of Holders shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than fifteen (15) days thereafter and to such place in Colombo as may be appointed by the chairman; and at such adjourned meeting the Holders present in person or by proxy shall be a quorum for the transaction of business including the passing of Extraordinary Resolutions. At least seven (7) days notice of any adjourned meeting of Holders shall be given in the same manner as for original meeting and such notice shall state that the Holders present at the adjourned meeting whatever their number and the number of Units held by them will form a quorum.
7. Such a meeting shall be held at the time and place in Colombo specified in the notice, being not later than two (2) months after the giving of notice.
8. The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
9. At any meeting a Resolution put to the vote at the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or by one or more Holders present in person or by proxy registered as holding in the aggregate not less than one-twentieth of the number of Units for the time being in issue. A demand for a poll may be withdrawn. Unless a poll is so demanded and the demand be not withdrawn a declaration by the chairman that a resolution has been carried unanimously or by a simple majority or by a particular majority of the Holders present and voting or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes in favour of or against such resolution.
10. If a poll is duly demanded it shall be taken in such manner as the chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
11. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such time and place as the chairman directs. No notice need be given of a poll not taken immediately.
12. Subject as aforesaid the demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
13. On a show of hands every Holder who (being an individual) is present in person or (being a company or a corporation) is present by one of its officers as its proxy shall have one vote,
14. In the case of joint Holders the vote of the first named of the Joint Holders whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Holders.

15. On a poll every Holder who is present in person or by proxy or by attorney duly authorized by a Power of Attorney deposited with the Trustee or Manager as may be directed shall have one vote for every Unit of which he or it is the Holder.
16. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or if the appointor is a company or a corporation either under the Common Seal or under the hand of an officer or attorney authorized in writing. A person appointed to act as proxy need not be a Holder.
17. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee or the Manager with the approval of the Trustee may in the notice convening the meeting direct or if no such place is appointed then at the registered office of the Manager not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
18. An instrument of proxy may be in the following form or in any other form which the Trustee shall approve:
 

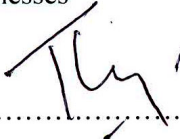
“I.....of .....being a Holder of.....Units numbered .....of and in the Unit Trust known as .....

Hereby appoint .....of .....as my proxy to vote for me and on my behalf at the meeting of the Holders of Units of and in the said Trust to be held on the .....day of .....as witness my hand this .....day of .....”
19. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the power of attorney or other authority under which the proxy was signed or the transfer of the Units in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received at the place appointed for the deposit of proxies or if no such place is appointed at the registered office of the Manager before the commencement of the meeting or adjourned meeting at which the proxy is used.
20. The Register shall be closed for not more than three consecutive days terminating on the day of the meeting and notice thereof shall be given by public advertisement as in the case of notice of all meetings.
21. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Manager at its expense and any such minute as aforesaid if purporting to be signed by the chairman of the meeting shall be conclusive evidence of the matters therein stated and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat to have been duly passed.

22. Every Resolution shall be binding upon all Holders whether present or not present at the meeting and each of the Holders and the Trustee and the Manager shall subject to the provisions relating to the indemnity in this Trust Deed contained be bound to give effect thereto accordingly.
23. The words and expression appearing in this Schedule shall have the same meanings as are assigned to them in this Trust Deed constituting the Trust of which this Schedule is a part.

The Common Seal of Arpico Ataraxia Asset Management (Private) Limited was affixed hereto in the presence of SHARAD SPIDHARAN and SAVANITH SEBASTIAN, two Directors at Colombo on this 27 day of FEBRUARY, 2016.

Witnesses

1. 

2. 

THARANGA GAMAGE  
4516A  
THALAPATHIPITIYA  
NUGEGODA  
810223286V

Rajitha wijesingha  
4519D,  
Railway station Road,  
Kapuwatta, Ja-ela  
873433175 V

  
Arpico Ataraxia  
Asset Management (Pvt) Ltd.  
Authorized Signatory

  
Arpico Ataraxia  
Asset Management (Pvt) Ltd.  
Authorized Signatory

The duly appointed authorised signatories.....  
and.....of Deutsche Bank AG, Colombo Branch have set their respective hands hereto on this.....day of ..... in the year Two thousand and Twelve

Witnesses

1. 

2. 

Anton Joseph R...  
117, Dhikshinaramed,  
Mount Lavinia,  
842092989V

Wahendaru Hanth  
444 School Lane  
Nawath  
750620813V

For and benefit of  
DEUTSCHE BANK AG  
COLOMBO BRANCH

Attorney

Attorney

### Supplementary Deed

This deed made and entered into between **ARPICO ATARAXIA ASSET MANAGEMENT (PRIVATE) LIMITED** a company duly incorporated in the Democratic Socialist Republic of Sri Lanka (herein after the "said republic") under the Companies Act No. 7 of 2007 on the 21 of August 2011 bearing company No PV 80658 and having its registered office at 310, High Level Road, Nawinna, Sri Lanka in the said Republic (hereinafter referred to as "the Manager") of the One Part and DEUTSCHE BANK AG, a Banking Corporation duly incorporated in Germany and acting through its Colombo Branch incorporated in Sri Lanka and bearing company number NF 61 and having an established place of business at 86, Galle Road, Colombo 03, also in the said republic (herein referred to as the "Trustee") of the Other part


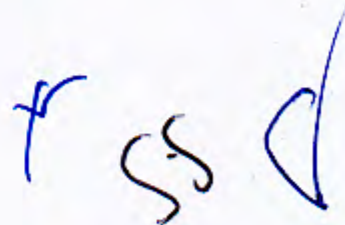
IS SUPPLEMENTAL to the Trust Deed executed by the parties on executed by the parties respectively on 27 February 2013 (herein after referred to as the "Trust Deed").

#### WHEREAS

- (a) In terms of the Trust Deed, a unit trust by the name of the Arpico Ataraxia S&P SL 20 Index Fund (S&P SL 20) was created and the Trustee agreed to act as the trustee of the S&P SL 20 and to hold and stand possessed of the assets for the time being of the S&P SL 20 upon trust for the holders of the units of the S&P SL 20, subject to the provisions contained in the Trust Deed and any deed supplemental thereto;
- (b) As per the provisions of the Trust Deed, the S&P SL 20 is only empowered to invest in fixed income instruments, cash and cash equivalents;
- (c) The parties have now decided to empower the fund to invest in any listed equity security, where there will be a minimum of twenty (20) percent of the deposited property of the fund in listed equity at all times, subject to the provisions provided by the section 10 of the Unit Trust Code and other parameters provided by the SEC.
- (d) Accordingly, the parties hereto desire to modify the Trust Deed to record the change of the name of the Unit Trust to Arpico Ataraxia Equity Income Fund, change in the investment objectives of the Unit Trust as aforesaid and a change in the total fees to only include a management fee of 1.00% payable to the Manger of the Fund and any other pre-arranged fees and expenses that must be paid to the Trustee & Custodian.
- (e) The manager and the Trustee do hereby execute these presents to give effect to the aforesaid modification of the Trust Deed.

NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED AND DECLARED BY THE PARTIES HERETO as follows:-

1. Clause 18 (E) of the Trust Deed is hereby modified by the amendments of words "The Manager shall at all times invest to invest a minimum of twenty (20) percent of the deposited property of the fund in listed equity".
2. Subject to the above alterations, modifications and/or variations, all of the provisions contained in the Trust Deed shall be deemed to remain in full force, operation and effect.

IN WITNESS WHEREOF Sharad Sridharan and Savanth Sebastian two Directors of ArpicoAtaraxia Asset Management Pvt Ltd and ..... the duly appointed attorneys of Deutsche Bank AG, Colombo Branch have set their respective hands hereunto and to one another of the same tenor at Colombo on this...<sup>12<sup>th</sup></sup> day of ...February..... Two Thousand and Nineteen.



The Signature of ..... SHARAD SRIDHARAN ..... )  
and ..... SAVANTH SEBASTIAN ..... )  
two Directors of ..... )

**Arpico Ataraxia  
Asset Management (Pvt) Ltd.**

were placed hereunto on  
this <sup>12<sup>th</sup></sup> day of FEBRUARY, 2019 at Colombo

..... )  
Authorized Signatory Authorized Signatory

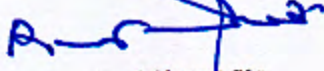
Witness:

1.  H.M.R.C. WIJESINGHA  
873433175 V  
45/9 D,  
RAILWAY STATION RD,  
KAPUWATTA, JA-ELA
2.  K.M.S.K. KULATHUNGA  
910481436 V  
314/6  
BANDARAGAMA, MEEGALEWA


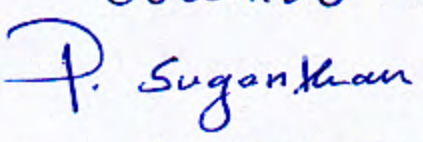

The signatures of ..... Ruwanthi Fernando ..... )  
and ..... Dilan Jesudasan ..... )

the authorized signatories of DEUTSCHE BANK ..... )  
AG, Colombo Branch were placed hereunto on ..... )  
This <sup>12<sup>th</sup></sup> day of February ..... )  
2019 at Colombo

For and on behalf of  
**DEUTSCHE BANK AG  
COLOMBO BRANCH**

 ..... )  
Attorney Attorney

Witness:

1. K. T. Krishanthan  
863551803V  
8/35 D 1/1, Sri Siddhartha Road  
Colombo - 05 
2.  P. Suganthan  
861350472V  
27/28, Sri Dharmarama Rd,  
Ratmalana. 

**SUPPLEMENTARY TRUST DEED**  
**ARPICO ATARAXIA EQUITY INCOME FUND**

**THIS SUPPLEMENTARY TRUST DEED** is made on this 20<sup>th</sup> day of January 2020 by and between

1. **ARPICO ATARAXIA ASSET MANAGEMENT (PVT) LTD** a company incorporated in the Democratic Socialist Republic of Sri Lanka under registration no. PV 80658 and having its registered office at 310, High Level Road, Nawinna, Sri Lanka (hereinafter referred to as the “**Manager**”)
2. **DEUTSCHE BANK AG, COLOMBO BRANCH**, a banking corporation duly incorporated in the Federal Republic of Germany and having its registered office at 12, Taunusanlage, Frankfurt am Main, Federal Republic of Germany and having a branch office at No. 86 Galle Road, Colombo 3 in the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as the “**Retiring Trustee**”)
3. **HATTON NATIONAL BANK PLC** a banking corporation duly incorporated under the Companies Act No 7 of 2007 and bearing Registration No. PQ 82 having its registered office at 481, T.B. Jayah Mawatha, Colombo 10 (hereinafter referred to as the “**New Trustee**”)

(The Manager, Retiring Trustee and New Trustee shall hereinafter be referred to as the Party individually or Parties collectively)

**WHEREAS**

- (a) The Manager and the Retiring Trustee entered into Deed of Trust dated 27 February 2013 (“Principal Trust Deed”) in terms of which a unit trust by the name of the Arpico Ataraxia S&P SL 20 Index Fund (“the Unit Trust”) was created and the Trustee agreed to act as the trustee of the Unit Trust and to hold and stand possessed of the assets for the time being of the Unit Trust upon trust for the Holders of the Units of the Unit Trust, subject to the provisions contained in the Trust Deed and any deed supplemental thereto;
- (b) The Manager and the retiring Trustee entered into Supplemental Deed of Trust dated 12 February 2019 (“Supplementary Trust Deed”) in terms of Clause (c) which the Investment Strategy of the Unit Trust was changed and in terms of



Clause (d) the name of the Unit Trust was changed as “Arpico Ataraxia Equity Income Fund” and in terms of Clause (d) which the Management Fee of the Unit Trust was changed.

- (c) The Retiring Trustee wishes to resign as the Trustee in terms of Clause 34 (A)-(B) of the Principal Trust Deed and the New Trustee has agreed to act in its place in terms hereof
- (d) In accordance with Clause 34 (A)-(B) of the Principal Trust Deed the appointment of the New Trustee has been approved by the Securities and Exchange Commission of Sri Lanka on 17<sup>th</sup> December 2019.
- (e) The Parties do hereby execute these presents to give effect to the aforesaid resignation and appointment and the amendments necessitated thereby in terms of Clause 34 (A)-(B) of the said Principal Trust Deed.

**NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED AND DECLARED BY THE PARTIES HERETO** as follows: -

1. The Manger does hereby appoint the New Trustee to be the Trustee of the Arpico Ataraxia Equity Income Fund established by the said Principal Trust Deed to the intent that all assets, liabilities, right, obligations and entitlements of the Retiring Trustee shall henceforth vest in the New Trustee in terms of the said Principal Trust Deed and that the New Trustee shall and may exercise such trusts, powers and authorities vested by the said Principal Trustee in the Trustees of the Arpico Ataraxia Equity Income Fund as if the New Trustee had been originally appointed Trustee by the said Principal Trust Deed.
2. The Parties hereto agree that the modifications alterations and additions to the Principal Trust Deed as contained in this Supplementary Trust Deed:
  - (a) does not prejudice the interests of the existing Holders and does not operate to release the Trustees or the Managers from any responsibility to Holders; and that no such modification alteration or addition shall impose upon any Holder any obligation to make any further payment in respect of his Units or to accept any liability in respect thereof;

(b) is necessary due to the resignation of the Retiring Trustee in terms of Clause 34 (A)-(B) of the Principal Trust Deed; and

(c) is not in conflict with the Unit Trust Code issued by the Commission or any condition laid down in the licence granted by it.

3. The Parties hereto agree that other than as amended by the terms of this Supplementary Trust Deed, the Principal Trust Deed shall remain in full force and effect, and the terms and provisions of the same are hereby ratified and affirmed by the Manager and the New Trustee.
4. This Deed of Amendment and any non-contractual obligations arising out of or in connection with this Deed of Amendment shall be governed by and interpreted in accordance with Sri Lankan law.

*Execution Page to Follow*



Handwritten signatures and initials in blue ink at the bottom right of the page. There are four distinct marks: a checkmark-like symbol, a stylized signature, another stylized signature, and a checkmark-like symbol.

IN WITNESS WHEREOF the said **ARPICO ATARAXIA ASSET MANAGEMENT (PRIVATE) LIMITED** had placed their common seal AND **DEUTSCHE BANK AG AND HATTON NATIONAL BANK PLC** have set their respective hands hereunto and to one other of the same tenor at Colombo on this 20 day of JANUARY.....Two Thousand and Twenty.



The Common Seal of **ARPICO ATARAXIA ASSET MANAGEMENT (PRIVATE) LIMITED** was affixed hereto in the presence of SAYANTH SEBASTIAN (Director) and SHARAD SRIDHARAN (Director) who do hereby attest the sealing hereof

**Arpico Ataraxia Asset Management (Pvt) Ltd.**  
  
 Director  
  
 Director

**Witnesses:**

1. H.M.R.C. WIJESINGHA 
2. G.T.PUSHPALAL 

The duly appointed authorised signatories Ruvankai Fernando and Dilan Jegudason of **DEUTSCHE BANK AG COLOMBO BRANCH** have set their respective hands hereto

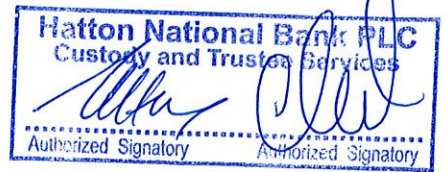
**Deutsche Bank AG COLOMBO BRANCH**  
  
 Attorney  
  
 Attorney

**Witnesses:**

1. P. Suganthan 
2. K.T. Krishanthan 



Signed by T. Hannan  
and C.J. Abeywickremu  
The Authorised Signatories of **HATTON**  
**NATIONAL BANK PLC** in the presence of us.



**Witnesses:**

1. V. Sivakujan [Signature]
2. C. Niroshan [Signature]

[Handwritten initials/signatures]