

**ASIA SECURITIES DYNAMIC GILT FUND**

**TRUST DEED**

**BETWEEN**

**ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD**

**AND**

**HATTON NATIONAL BANK PLC**



## TRUST DEED

**THIS TRUST DEED** is made and entered into by and between **ASIA SECURITIES WEALTH MANAGEMENT (PVT) LIMITED**, a Company duly incorporated in the Democratic Socialist Republic of Sri Lanka (hereinafter "the said Republic") under the Companies Act No. 07 of 2007 bearing company number PB 10083 and having its registered office at 4th Floor, Lee Hedges Tower 349, Galle Road Colombo 3, in the said Republic (hereinafter referred to as the "Managers") of the One Part and **HATTON NATIONAL BANK PLC**, a banking corporation duly incorporated under the laws of Sri Lanka and having its registered office at No 479, T.B. Jayah Mawatha, Colombo 10 (hereinafter referred to as "the Trustees") of the other part.

**WHEREAS** the Managers desire to establish a unit trust named **ASIA SECURITIES DYNAMIC GILT FUND**, and to appoint the Trustee as the trustee thereof, and

**WHEREAS** the Trustee has agreed to act as trustee of the said Unit Trust, vested with the powers and subject to the terms and conditions contained in this Trust Deed.

**NOW THIS TRUST DEED WITNESSETH** that for and in consideration of each party hereto doing, observing, performing and complying with the covenants, terms, conditions, obligations and stipulations herein contained to be done, observed, performed and complied with by each respective party, the parties hereto hereby agree and declare as follows:

### **1. DEFINITIONS**

1.1 In this Trust Deed and in the Schedules hereto unless the context otherwise requires:

**"Act"** means the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, as amended from time to time, or any other subsisting statutory modification thereto and regulations, rules, directions and determinations made thereunder from time to time.

**"Accounting Date"** means (i) in the case of the final Accounting Period, the date on which the moneys required for the final distribution are transferred to the Distribution Account, and (ii) in any other case, 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 Managers 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 fifteen (15) Business Days' notice to the Trustee and the Holders.

**"Accounting Period"** means a period ending on and including an Accounting Date and commencing (i) in the case of the first Accounting Period on the date on which the Deposited Property is first paid or transferred to the Trustee, and (ii) in any other case from the end of the preceding Accounting Period.

**"Approved Broker"** means any intermediary recognized by the Central Bank of Sri Lanka or the Commission for the purposes of trading in Government Securities.

**"Auditors"** means the auditors of the Trust appointed in terms of the Collective Investment Scheme Code.

**"Business Day"** or **"Market Day"** means a day on which the Colombo Stock Exchange is open for dealings.

**"Cancellation Price"** is the sum the Trustee will pay out of the Deposited Property on the cancellation of a Unit.

**"Collective Investment Scheme Code"** means the Collective Investment Scheme Code framed and gazetted in Gazette No. 2278/27 dated 7<sup>th</sup> May 2022 by the Commission under the Securities and Exchange Commission Act No. 19 of 2021, deemed to be in force in terms of the Act, along with any modifications made thereto or any rules issued by the Commission to replace the said Collective Investment Scheme Code.

D. 2



**"Commercial Banks"** means licensed commercial banks in terms of the Banking Act No. 30 of 1988 and any amendments thereto.

**"Commission"** means the Securities and Exchange Commission of Sri Lanka established under the Act.

**"Connected Person"** in relation to the Managers or Trustee means-

- (a) any person, owning directly or indirectly, twenty per centum (20%) or more of the ordinary share capital of the trust company or the licensed managing company, or is able to exercise directly or indirectly a twenty per centum (20%) or more of the total votes in the trust company or the licensed managing company.
- (b) a company, twenty per centum (20%) or more of whose ordinary capital is owned directly or indirectly, together by the trust company and the licensed managing company or twenty per centum (20%) or more of the total votes are exercised directly or indirectly by the trust company and the licensed managing company.
- (c) a director or officer of trustee, or the licensed managing company of a unit trust or a company referred to in paragraph (b).

**"Dealing Day"** means a day on which subscription for Units and redemption of Units can be effected as specified in relevant schemes, introduced under this Trust Deed.

**"Deposited Property"** means all the assets (including cash and earnings on cash deposits) for the time being held or deemed to be held by the Trustee on behalf of the Trust and subject to the provisions of this Trust Deed, excluding any amount for the time being standing to the credit of the Distribution Account.

**"Directors"** shall have the same meaning as in the Companies Act No. 7 of 2007.

**"Distribution Account"** means an account which has been set up by the Trustee to hold income for the distribution to the Holder/s of Units.

**"Dividend Reinvestment Price"** means the Net Asset Value as at the close of business on the dividend reinvestment date after adding thereto such sum as the Manager may consider represents the appropriate allowance for Duties and Charges divided by the number of units then in issue or deemed to be in issue.

**"Duties and Charges"** means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, sale, exchange or purchase of Units or the sale or purchase of Investments 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 the commission (if any) payable to agents on sales and/or repurchases of Units or any commission, charges or costs which may have been taken into account in ascertaining the Value.

**"Equalization Payment"** means (i) in relation to a Unit issued by the Managers, the amount deemed to have been paid by the Holder of the Unit for the capital sum deemed by the Managers to represent the amount included in an Issue Price of a Unit for the portion of net income accrued and capital gains realized up to the date upon which the Unit is deemed to have been issued, and (ii) in relation to a Unit redeemed by the Managers, the amount deemed to have been paid to the Holder of the Unit for the capital sum deemed by the Managers 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 days (21) notice and held in accordance with the provisions contained in Schedule One hereto and carried by a majority consisting of



not less than three-fourths of the 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-fourths in number of the votes given on such poll.

**"Exit Fee"** means the portion of proceeds received by the Managers equivalent to the difference between the redemption price and the proceeds from the sale of a Unit, which is paid to the Holder, and which shall be determined in accordance with Schedule Three hereto.

**"Front End Fee"** means the difference between the Issue Price and the portion of the proceeds from the sale of a Unit which is received by the Managers;

**"Government Securities"** means treasury bills and treasury bonds issued by the Government of Sri Lanka or instruments issued by the Central Bank of Sri Lanka signifying a debt that is repayable by the issuer and repurchase agreements in that regard.

**"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;

**"Income Account"** means an account set up by the Trustee to hold the income of the Trust, as referred to in Clause 16.2.

**"Initial Offer Period"** means the initial period in which units are offered to the public and indicated in the Key Investor Information Document.

**"Investment"** means any investment in any Government Securities as permitted by the Act, under this Trust Deed, the Collective Investment Scheme Code and any directive or guideline given from the Commission from time to time, subject to the limitation on investment specified in Clause 14 hereof.

**"Investment Advisory Committee"** or **"Committee"** means the committee referred to in Clause 15.

**"Issue Price"** is the sum which the Managers quotes or publishes as being the maximum price payable on purchase of a Unit inclusive of any Front End Fee which shall be deducted prior to its inclusion in the Deposited Property, in return for issuing a Unit.

**"Key Investor Information Document"** means the document issued by the Managers from time to time, containing information with regard to the Trust, to invite offers from members of the public to subscribe for or purchase Units in the Trust.

**"Licensed Specialized Banks"** shall mean licensed specialized banks in terms of the Banking Act No. 30 of 1988.

**"Management Fee"** means any sum to which the Managers may become entitled pursuant to the provisions of Clause 21.

**"Managers"** shall mean a managing company licensed by the Commission to operate a unit trust and for the purpose of this Deed shall be Asia Securities Wealth Management (Pvt) Ltd or any other person for the time being duly appointed as managers of the Trust in succession to Asia Securities Wealth Management (Pvt) Ltd under the provisions of Clause 26.

**"Minimum Holding"** means Fifty Thousand (50,000) Units or such number as the Managers, with the approval of the Trustee, may from time to time determine either generally or in any particular case or cases.

**"Net Asset Value"** shall be determined in accordance with Schedule Two hereto.

**"Recognized Stock Exchange"** means (i) the Colombo Stock Exchange or (ii) any other stock exchange licensed by the Commission or (iii) 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 Trustee and specially recognized for this purpose by the Commission.



**"Redemption"** means the purchase of Units from the Holders by the Manager or the Trust.

**"Redemption Date"** means the day on which a Redemption takes place.

**"Redemption Price"** is the sum which the Managers quote or publish as being the minimum net price after Exit Fees, if any, receivable upon redemption of a Unit, which Exit Fee could be paid over by the Trustee to the Managers in connection with the cancellation of a Unit.

**"Register"** means the register of the Holders kept pursuant to Clause 7.

**"Rupees"** or **"Rs."** mean rupees and **"Cents"** or **"Cts."** mean cents in Sri Lankan currency, unless otherwise stated.

**"Transaction Receipt"** means any notification or confirmation or acknowledgement receipt issued by the Managers indicating the number of units held by the Holder of such receipt, which may be computer generated and/or which may be transmitted or delivered by wire, telephone, satellite, cable or any other such electronic, magnetic or optical media.

**"Trust"** means the unit trust constituted by this Trust Deed as modified or added to from time to time with the approval of the Commission and called by the name "Asia Securities Dynamic Gilt Fund" or such other name as the Trustees and the Managers may mutually agree upon from time to time.

**"Trustees"** means Hatton National Bank PLC or such other person or persons for the time being duly appointed trustee or trustees of the Asia Securities Dynamic Gilt Fund in succession to Hatton National Bank PLC under the provisions of Clause 25.

**"Unit"** means one undivided unit in the Trust.

**"Value"** means:

- (i) with reference to a treasury bond, treasury bills or instruments issued by the Central Bank of Sri Lanka with a tenor of more than one year the discount price of the future cash flows using the relevant discount rate from the treasury yield curve constructed in accordance with the Unit Trust Association of Sri Lanka's guidelines; and
- (ii) with reference to treasury bills, treasury bonds or instruments issued by the Central Bank of Sri Lanka with a tenor of less than one year the principal sum invested plus all accrued interest arising thereon.

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 agreed to be issued by the Managers shall, subject to the provisions of Clause 12, be deemed to be in issue.
- (b) The Deposited Property shall be deemed to include not only cash and property in the hands of the Trustee but also the amount of any cash or other property to be received in respect of Units issued and (subject as aforesaid) agreed to be issued after deducting therefrom (in the case of Units agreed to be issued for cash) the adjustment (if any) referred to in Clause 16.5.
- (c) Where Investments have been agreed to be purchased or sold but such purchase or sale has not been completed, such Investments shall be included or excluded and the total cost of acquisition or net sale proceeds shall be excluded or included, as the case may require, as if such purchase or sale had been duly completed, and where the current price of an



Investment is quoted ex-interest but such interest has not been received the amount of such interest shall be deemed to have been received.

- (d) There shall be deducted any amount of Management Fee accrued but remaining unpaid.
- (e) Where notice of a reduction of the Trust by the cancellation of Units has been given by the Managers to the Trustee but such cancellation has not been completed, the Units to be cancelled shall not be deemed to be in issue, and the Value of the Deposited Property shall be reduced by the amount payable to the Managers upon such cancellation.
- (f) There shall be taken into account such sums as in the estimate of the Managers shall be payable or recoverable in respect of taxation down to the relevant date.
- (g) 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.
- (h) Any Value (whether of an Investment or cash) otherwise than in the currency of Sri Lanka and any foreign currency borrowing effected for the account of the Trust shall be converted into the currency of Sri Lanka at the buying exchange rate published by the Central Bank of Sri Lanka current at the time of valuation; having regard *inter alia* to any premium or discount which may be relevant and the costs of exchange.

“Year” means calendar year and “month” means calendar month.

- 1.2 (i) References to the Schedules and to Clauses, sub-clauses and sub-paragraphs shall be construed as references to the Schedules to this Trust Deed and to Clauses, sub-clauses and sub-paragraphs of this Trust Deed.
  - (i) 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 corporations and firms; the words “written” or “in writing” shall include printing engraving lithograph or other means of visible reproduction or partly one and partly another; and references to any statute shall be deemed to be references to that statute as from time to time amended or substituted.
  - (j) The headings inserted herein are for convenience only and shall not affect the construction of this Trust Deed.
- 1.3 Save as aforesaid, any words or expressions defined in the Act or in any regulations made thereunder shall, if not inconsistent with the subject or context, bear the same meaning in this Trust Deed.

## **2. DECLARATION OF TRUST**

- 2.1 The Trustee shall hold and stand possessed of (i) the Deposited Property as a single common fund and (ii) the amounts standing to the credit of the Distribution Account upon trust for the Holders *pari passu* vested with the powers conferred upon the Trustee by this Trust Deed, according and subject to the provisions of this Trust Deed and any deed supplemental hereto.
- 2.2 The Trustee does hereby agree to act as Trustee of the Unit Trust hereby created, vested with and subject to the powers and provisions hereinafter contained.
- 2.3 Any moneys forming part of the Deposited Property shall from time to time be invested on the directions of the Managers in accordance with with the provisions of the Act, Trust Deed, Collective Investment Scheme Code, the last published Key Investor Information



Document and any directives by the Commission, from time to time: provided that no Unit shall confer any interest or share in any particular part of the Deposited Property.

### **3. TRANSACTION RECEIPTS**

- 3.1 A Transaction Receipt shall be in such form as may from time to time be agreed upon between the Managers and the Trustees. A Transaction Receipt shall, in any case, (i) be dated, (ii) bear the names and addresses of the Managers and the Trustees, and (iii) specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.
- 3.2 Transaction Receipts that are, as from time to time determined by the Managers with the approval of the Trustees, in the form of computer generated documents, shall bear no signature and shall be deemed to be official and final.
- 3.3 Transaction Receipts may be issued in such denominations of Units and such fractions of a Unit as may for the time being generally or otherwise prescribed in writing by the Managers with the approval of the Trustees.
- 3.4 Every fraction of a Unit shall proportionately rank *pari passu* with a Unit, save that the provisions relating to transfer of Units contained in **Clause 8.1** shall not apply to fractions of a Unit, but the Holder thereof may at any time sell the same to the Managers pursuant to **Clause 13**.
- 3.5 A Transaction Receipt to be issued to purchasers of or subscribers for Units purchased or subscribed for as herein provided, shall be issued not more than Fourteen (14) Business Days after the allotment of such Units as agreed to between the Trustees and the Managers and may be sent to the Holder at his own risk by ordinary post.
- 3.6 In the case of Units held jointly by several persons, the Managers shall not issue more than one Transaction Receipt therefor, and the delivery of such Transaction Receipt to the person first named therein shall constitute sufficient delivery to all joint Holders.
- 3.7 A Transaction Receipt in respect of an issue of a Unit/s shall be delivered to a third party only on the Trustees being satisfied that the consideration paid for such Unit/s (less any charges that may be retained by the Managers) has been, or will be, vested in the Trustees.
- 3.8 Subject to the provisions of this Trust Deed and, in particular, to limitations imposed pursuant to **Clause 3.4** and subject to any regulations from time to time made by the Managers, every Holder shall be entitled to exchange any or all of his Transaction Receipts for one or more Transaction Receipts 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 request the same from the Managers in writing, produce a valid form of identification and pay to the Managers all moneys (if any) payable hereunder.
- 3.9 In case any Transaction Receipt has become mutilated or defaced, the Managers may, upon notice in writing to the Managers of such fact, issue to the person entitled a new Transaction Receipt, representing the same aggregate number of Units. In case any Transaction Receipt shall be lost, stolen or destroyed, the Managers may, upon a written request to the Managers in this regard, issue to the person entitled a new Transaction Receipt in *lieu* thereof. No such new Transaction Receipt shall be issued unless the holder shall previously have (i) furnished to the Managers evidence satisfying them of the identity of the Holder (ii) paid all expenses incurred in connection with the investigation of the facts, and (iii) if required by the Managers and/or the Trustees, furnished to the Managers and/or the Trustees such indemnity that neither the Managers nor the Trustees shall incur any liability for any action which they may take in good faith under the provisions of this paragraph.
- 3.10 In the event of the Managers or the Trustees, after the issue of any Transaction Receipt (whether original or balance or duplicate), being required to pay any stamp duty or any additional stamp duty thereon (if any), the Managers shall be entitled to deduct the



amount of such stamp duty or additional stamp duty from any subsequent distribution/s to the Holder of such Transaction Receipt or from any other moneys whatsoever, which may subsequently become payable to such Holder.

#### **4. HOLDERS BOUND BY DEED**

- 4.1 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 (i) covenanted for himself and for all such persons to observe and be bound by all provisions thereof and (ii) authorized the Trustee and the Managers, respectively, to do all such acts and things as this Trust Deed or any such supplemental deed may require the Trustee or the Managers (as the case may be ) to do.
- 4.2 Holders shall not be required to make any further payment or assume any further liability, except in the circumstances, if any, as are set out in this Trust Deed. The Manager shall make available a copy of this Trust Deed and of any supplemental deed for inspection free of charge at the offices of the Managers to any member of the public at all times during usual business hours and shall make available copies of such documents to any person on application at a charge of Rupees One Thousand (Rs. 1,000/-) per copy document (or such other amount as the Trustees and the Managers may from time to time agree) to be retained by the Managers.

#### **5. TRUST AND EQUITIES**

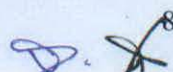
- 5.1 The Holder shall be the only person to be recognized by the Trustee and/or by the Managers as having any right, title or interest in or to Units registered in his name and a Transaction Receipt and the Units represented thereby.
- 5.2 The Trustee and the Managers may recognize the Holder as absolute owner of the 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 by some court of competent jurisdiction ordered to recognize any trust or equity or other interest affecting the title to any Units.
- 5.3 No person other than the Managers and the Holders to the extent and during the period in which Units are registered in his name shall have any rights against the Trustee.

#### **6. MANAGER AS HOLDER**

- 6.1 Nothing herein contained shall prevent the Managers from becoming a Holder provided such holding is not contrary to any other provisions of this Deed and is subject to the limitations on voting provided in Schedule One hereto.
- 6.2 The Managers shall be deemed to hold and (except as otherwise provided herein) be treated for all the purposes of this Trust Deed and of any Deed supplemental hereto as the Holder of each Unit during such times as neither the Managers nor any other person shall be entered in the Register as the Holder thereof and except as otherwise provided herein any such Unit shall be deemed to be in issue.

#### **7. REGISTRATION OF HOLDERS**

- 7.1 The Managers shall, at their registered office in the Democratic Socialist Republic of Sri Lanka, keep a Register of the Holders.
- 7.2 The Register shall be maintained in a legible form or in a manner capable of being produced in legible form; as such, the Register may be kept either in written form or, without prejudice to the provisions of sub-clause 7.5 of this Clause, by such other means, including electronic recording to the extent that such is admissible in a court of Law, as the Trustee shall from time to time approve.
- 7.3 There shall be entered in the Register:





- (i) the number of Units (including fractions of a Unit) for the time being in issue;
- (ii) the full name and address of each Holder; provided that, except otherwise decided by the Managers and the Trustee for good reason, the Managers shall not be obliged to register more than two (2) persons as joint Holders;
- (iii) the number of Units (including fractions of a Unit) held by every such Holder;
- (iv) the date on which the Holder was registered in the Register in respect of the Units standing in his name; and
- (v) the date on which any transfer by or to such Holder is registered.

7.4 Any change of name or address of any Holder shall forthwith be notified in writing to the Managers, who on being satisfied therewith and on compliance with such formalities as the Managers may require (in the case of a change of name, including written instructions to the Managers requesting the change of name and the payment of the fee and sum provided for in **Clause 3.10**) shall alter the Register or cause it to be altered accordingly, and in the case of a change of name may issue a new Transaction Receipt to such Holder.

7.5 Except when the Register is closed in accordance with the provisions hereinafter contained, the Register shall during business hours (subject to reasonable restrictions as the Managers may impose, such as the requirement of prior notice or otherwise, but so that not less than two (2) hours in each Business Day shall be allowed for inspection) be open in legible form for the inspection by any Holder without charge.

7.6 The Register may be closed at such times and for such periods as the Managers may from time to time determine, PROVIDED THAT it shall not be closed for more than thirty (30) Business Days in any one year. The Managers shall give notice of every such closure by advertisement in local newspapers in Sinhala, Tamil and English languages.

7.7 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 into the Register in respect of any Unit except any right obtained under the provisions hereof.

## **8. TRANSFER**

- 8.1
- (i) Every Holder shall be entitled to transfer Units (but not fractions of a Unit) held by him by an instrument in writing in such form as the Managers and the Trustee may from time to time approve.
  - (ii) Provided, however, that no transfer shall be registered in the Register, if the registration thereof would result in the transferor or the transferee being a Holder of less than the Minimum Holding.
  - (ii) Every instrument of transfer of Units must be signed by or on behalf of the transferor (or, in the case of a body corporate, under its seal or signed by one of its officers), who shall, subject to the provisions of **Clause 9.5**, be deemed to remain the Holder of the Units transferred until such time as the name of the transferee has been entered in the Register in respect thereof. The instrument of transfer need not be a deed.
  - (iii) Every instrument of transfer must be duly stamped as necessary and left with the Managers for registration, accompanied by (i) any necessary declarations or other documents that may be required pursuant to any legislation for the time being in force as well as (ii) the Transaction Receipt relating to the Units to be transferred and (iii) such other evidence as the Managers and/or the Trustee may require to prove the title of the transferor or his rights to transfer the Units or, in the case of a body corporate, the authority of the signatory on its behalf.
  - (iv) A fee of Sri Lanka Rupees Five Hundred (LKR 500/-), or such other amount as the Trustee and the Managers may from time to time agree, may be charged and



retained by the Managers for the registration of each transfer and the issue of a new Transaction Receipt in the name of the transferee. Such fee must, if required by the Managers, be paid prior to the registration of the transfer.

- (v) In case only some of the Units represented by any one Transaction Receipt are transferred, the transferor/s shall be entitled, free of charge, to a new Transaction Receipt in respect of the balance not being transferred.

8.2 A receipt signed or purporting to be signed by the Holder for any moneys payable in respect of the Units held by him shall (without prejudice to the application of **Clause 17**) be a good discharge to the Managers and the Trustee, and if several persons are registered as joint Holders or in consequence of the death or bankruptcy of a Holder are entitled to be registered, any one of them may give effectual receipts for any such moneys.

8.3 A body corporate may be registered as a Holder or as one of the joint Holders.

## **9. TRANSMISSION**

9.1 In case of the death of any one joint Holder and upon the production of evidence of such death as the Managers may require, the survivor or survivors shall be the only person or persons recognized by the Managers and the Trustee as having any title to or interest in the Units held by such joint Holders.

9.2 The executors or administrators 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 person recognized by the Managers and the Trustee as having title to the Units held by such deceased Holder unless otherwise nominated by such Holder.

- 9.3 (i) Any person becoming entitled to a Unit in consequence of the death of any sole Holder or as survivor of joint Holders may, subject as hereinafter provided, upon producing such evidence as to his title as the Trustee shall think sufficient, and upon giving to the Trustees notice in writing of such desire, either be registered himself as Holder of such Unit or transfer such Unit to some other person. All the provisions of this Trust Deed relating to the transfer of Units shall be applicable to any such notice and transfer as if the death of the Holder had not occurred and such notice or transfer were 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 as aforesaid shall be entitled to receive and may give a discharge for all moneys payable in respect of such Unit, but shall not be entitled to receive notices of or attend or vote at any meetings of Holders until he shall have been registered as a Holder in the Register in respect of such Unit.
- (iii) The Managers may, at their discretion, retain any moneys payable in respect of any Unit in respect 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 duly transfer the same.
- (iv) In the case of a death of a unit Holder, where the value of the unit holding is below the administrable value and there are several heirs, the Manager and Trustee will follow the rulings of a court of law, made on the estate of the deceased.

9.4 In respect of the registration of any probate, letter of administration, power of attorney, marriage or death certificate, judgment or order of court, deed, poll or other document relating to or affecting the title to any Unit, a fee of Sri Lanka Rupees Five Hundred (LKR 500/-), or such other amount as the Trustee and Manager may from time to time agree, shall be paid to the Managers.

9.5 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 the Register in respect thereof. Neither shall any notice of such transfer or purported transfer (other than as aforesaid) be entered into the Register.



## **10. VALUING OF DEPOSITED PROPERTY**

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 Transaction Receipt may be delivered in terms of **Clause 3** or for which the Manager confirms consideration has been realized.
- b) The Deposited Property shall be deemed to include not only cash and property in the hands of the Trustees but also the amount of any cash or other property to be received in respect of Units issued and (subject as aforesaid) agreed to be issued after deducting there from (in the case of Units agreed to be issued for cash) the adjustment (if any) referred to in **Clause 12.2**.
- c)
  - i) Where Investments have been agreed to be purchased but such purchase has not been completed such purchase shall be included and the total cost of acquisition excluded as the case may require as if such purchase had been duly completed.
  - ii) Where Investments have been agreed to be sold but such sale has not been completed such sale shall be excluded and the net sale proceeds included as the case may require as if such sale had been duly completed.
- d) Where the current price of an Investment is quoted ex-interest but such interest has not been received, the amount of such interest shall be deemed to have been received;
- e) Where notice of a reduction of the Trust by the cancellation of Units has been given by the Managers to the Trustees but such cancellation has not been completed the Units to be cancelled shall not be deemed to be in issue and the Value of the Deposited Property shall be reduced by the amount payable to the Managers upon such cancellation;
- f) Any Value (whether of an Investment or cash) otherwise than in the currency of Sri Lanka and any foreign currency borrowing effected 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;

## **11. CONSTITUTION OF THE DEPOSITED PROPERTY**

- 11.1 The Deposited Property shall initially be constituted out of the proceeds of an offer of Units at the Issue Price (a price per Unit of an amount to be determined by the Managers and Trustees) and on such terms and conditions as the Managers and Trustees may determine.
- 11.2 The initial offer shall remain open for not more than twenty one (21) Business Days and no redemptions shall take place during this period.
- 11.3 All monies subscribed during the Initial Offer Period shall be paid into a special income account, which shall be controlled by the Custodian and shall not be invested in any other manner until the Initial Offer Period is over: Provided, however, that investments may be made with the approval of the Commission during the Initial Offer Period once the minimum subscription amount is reached. Provided further, that no charges for entry or exit or management shall be made against these monies until the end of the fixed period or the minimum subscription amount being reached, whichever is earlier.
- 11.4 If during the Initial Offer Period, the minimum subscription amount is not reached, the monies held in the account by the Trustee or Custodian shall be returned to the subscribers in full within ten (10) days of the expiry of the fixed price Initial Offer Period and the Commission shall be informed immediately of such occurrence.

## **12. ISSUE OF UNITS**



- 12.1 The Managers shall have the exclusive right to effect, for account of the Trust, the creation and issue of Units.

The Managers shall have an absolute discretion to accept or not to accept, in whole or in part, any application for Units. Units shall be issued and created only on a Business Day. In particular, the Managers shall not be bound to accept any (i) initial application for Units having a value of less than Sri Lanka Rupees One Hundred Thousand (Rs. 100,000/-) or such other sum as may be determined by the Managers, and approved by the Commission; and/or (ii) any subsequent application for Units having a value of less than Sri Lanka Rupees One Hundred Thousand (Rs. 100,000/-) or such other sum as may be determined by the Managers:

- 12.2 (i) The price, at which any subsequent issue of Units for cash shall be effected, shall be the Issue Price and shall be ascertained by dividing the Value of the Deposited Property as at 4.00 p.m. (Sri Lanka time) on the date of issue thereof, by the number of Units in issue and deemed to be in issue on that date, and adding thereto any Front End Fee and such sum as the Managers may consider as representing the appropriate provision for Duties and Charges in relation to such issue of Units, which price per Unit, shall be calculated to four (4) decimal places, which may be retained by the Managers with the approval of the Trustees.

- (ii) In the event that the Trustee determines at any time (after consultation with the Managers and having obtained such advice as they may deem necessary) 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, then the Trustee shall instruct the Managers either to substitute such Value with the latest available Value or to adjust the Issue Price within the limits permitted by this Trust Deed. The Trustee with the concurrence of the Commission and in accordance with the provisions of the Collective Investment Scheme Code may instruct the Managers 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 Managers for the issue of Units for delivery into any country outside Sri Lanka, the price at which such Units may be issued may, at the discretion of the Managers, as an addition to the price of issue as hereinbefore provided, include a further amount sufficient to cover any (i) currency exchange fluctuations, (ii) additional stamp duties and/or (iii) taxes, whether national municipal or otherwise leviable in that country in respect of such issue or of the delivery or issue of a Transaction Receipt in connection therewith or the remittance of money to Sri Lanka.

- 12.3 Citizens of foreign states whether resident in or outside Sri Lanka, companies with limited liability or bodies corporate established or incorporated outside Sri Lanka may apply for the purchase of Units, subject to the approval of any regulatory authority from whom any approval may be required.

Minors may apply as the first holder when applied jointly with parent, legally appointed guardian or curator.

- 12.4 Notwithstanding the preceding provisions of this Clause the Managers with the approval of the Trustees shall 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 12.2 of this Clause as at the third Business Day immediately preceding the date of publication of such offer) and for a period not exceeding seven (7) 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 Issue 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 the public offer or not.

- 12.5 The Managers shall furnish to the Trustee from time to time on demand a statement (i) of all issues of Units and of the terms on which the same have been issued and (ii) of any Investments which they determine to direct to be purchased for account of the Trust, (iii) of any Investments which in accordance with the powers herein contained they determine



to direct to 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 the Value of the Deposited Property at the date of such statement.

- 12.6 The Managers may, with the written consent of the Commission and the Trustees suspend the issue of Units in accordance with the Act and during
- (i) the existence of any state of affairs which, in the opinion of the Managers, constitutes an emergency as a result of which disposal of such Investments would not be reasonably practicable or might seriously prejudice the interests of the Holders as a whole and/or of the Deposited Property;
  - (ii) any breakdown in the means of communication normally employed in determining the price/Value of any of such Investments or the current price when for any reason the prices/Values of any of such Investments cannot be promptly and accurately ascertained;
  - (iii) any period when remittance of money which will or may be involved in the realization of such Investments or in the payment for such Investments cannot, in the opinion of the Managers, be carried out in reasonable time.

Such suspension shall take effect forthwith upon the declaration thereof by the Managers and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorized under this sub-clause shall exist.

### 13. REDEMPTION OF UNITS

- 13.1 Subject to **Clause 13.3**, the Managers shall on a Redemption Date redeem from such Holder the Units (including any fraction of a Unit) comprised in his holding at a Redemption Price per Unit (and proportionately in respect of any fraction of a Unit) ascertained by determining the Net Asset Value as at the close of business on such a Redemption Date and deducting therefrom Exit Fees if any and such sum as the Managers may consider represents the appropriate allowance for Duties and Charges in relation to the realization of the Deposited Property and dividing the same by the number of Units then in issue and deemed to be in issue, and by computing the price per Unit to Four (4) decimal points. Provided that any Units so redeemed shall be cancelled by the Managers and the notice of such cancellation shall be deemed to have been issued on the day on which such redemption took place.
- 13.2 No such request for redemption of units shall be valid unless the Holder shall have made a written request to that effect to the Manager or their authorized agents.
- 13.3 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.
  - (b) To redeem part only of his Units if, as a result of such redemption, he would remain a Holder of less than the Minimum Holding.
- 13.4 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.
- 13.5 In relation to the provisions of **Clause 13.1** the Redemption Price shall be payable to the Holder within fourteen (14) Business Days after the Redemption Date on which the relevant Units are realized.
- 13.6 Any moratorium which may at any time be applied to payments in respect of banking transactions shall apply equally to payments due from the Managers pursuant to this Clause.



- 13.7 The Manager may, in consultation with the Trustee and subject to approval of the Commission, suspend the redemption of Units, where to do so is in the interests of the Holders, provided the sale of Units are also suspended.

If the Manager suspends the redemption and sale of Units, it must immediately notify the Holders of:

- (a) such suspension and the reasons for such suspension; and
- (b) the proposed time period when redemptions and sales may resume.

The Commission may in exceptional circumstances:

- (a) require the Manager to temporarily suspend the sale and redemption of Units in order to protect the interests of the Holders; and
- (b) require the Manager to resume the sale and redemption of holdings, shares or Units.

#### **14. LIMITATION ON INVESTMENT**

- 14.1 The Trust will make investment/s from and out of the Deposited Property (a) in accordance with the provisions of the Trust Deed and the Key Investor Information Document of the Trust; and (b) within the investment parameters set out by the Commission, the Collective Investment Scheme Code, the Key Investor Information Document and any other regulations promulgated by the Commission, as amended from time to time.

Without prejudice to the generality of the aforesaid provision, the Trust shall only invest in Government Securities and in short term deposits with any commercial bank or financial institution approved by the Trustee pending any investment or for the purposes of meeting liquidity requirements.

- 14.2 If any limitations on Investment or use of assets set forth above is complied with at the time a transaction is effected, any later changes in such limitations resulting from changed values shall be remedied to ensure that they are in conformity with the above limitations, taking due account of the interest of the Unit Holders.
- 14.3 Any moneys forming part of the Deposited Property shall from time to time be invested at the direction of the Managers in accordance with the provisions herein contained. No Unit shall confer on any Holder any particular interest or share in any particular assets (including cash and earnings on cash deposits) that comprise the Deposited Property.
- 14.4 Subject to **Clause 14.13**, all cash and other property which, in accordance with the provisions of this Trust Deed, ought to form part of the Deposited Property shall be paid or transferred by the Managers to the Trustee forthwith on receipt by the Managers. All assets must be held by and under the control of the Trustee. Any investment in registered form shall, as soon as reasonably practicable after receipt of the necessary documents by the Trustee, be registered in the name of the Trustee. All cash shall, at the discretion of the Managers but subject always to the provisions of this Trust Deed and any limitations placed by the Commission or any other authority, be applied in the acquisition of Investments. PROVIDED THAT all or any amount of cash in any currency may, during such time or times as the Managers may think fit, be retained in cash or in short-term deposits with any commercial bank or financial institution approved by the Trustee (and in the case of financial institutions, approved by the Commission as well) and on such terms as the Managers may think fit. Further, in the case of any cash forming part of the Deposited Property being deposited with the Managers or with any Connected Person of the Managers for a period exceeding seventy two (72) hours, interest must be received on the deposit at a rate not below the prevailing rate for a deposit of that term.
- 14.5 Investments comprised in the Deposited Property, on ceasing to be Investments as hereinafter provided, shall be realized by the Managers, and the net proceeds of such realization shall be applied in accordance with the provisions of this Trust Deed. With the



approval of the Trustee the Managers may, however, postpone the realization of any such Investments for such period as they may determine to be in the interest of the Holders, unless the Trustee shall require the same to be realized.

- 14.6 Without prejudice to the foregoing or any other provision of this Trust Deed, any Investment comprised in the Deposited Property may, at any time, be realized at the discretion of the Managers 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 to retain the proceeds of sale in cash or on deposit as aforesaid, or partly for one of such purpose and partly for another.
- 14.7 The Trustee shall have the sole responsibility for the safekeeping of all Investments comprised in the Deposited Property, whether in bearer or registered form and whether wholly or partly represented by paper or represented in any other article or form.
- 14.8 The Managers shall, at all times, ensure a level of liquidity required to meet the scheduled redemptions and dividends as envisaged under the relevant schemes and as specified in Appendix 5 of the Collective Investment Scheme Code, as changed and/or amended from time to time.
- 14.9 It shall not be necessary for the Managers to effect changes of any Investment merely because, owing to appreciations or depreciations of the Investments of the Trust, the limits prescribed by this Clause shall be exceeded, nor by reason of the said limits being exceeded as result of:
- (i) the receipt by the Trustee or its nominee of benefits in the nature of capital; and/or
  - (ii) any redemption
- 14.10 Subject to the provisions of this Clause, the selection of Investments (whether partly paid or not) shall in all respects be the responsibility solely of the Managers and not of the Trustee.
- 14.11 The Managers shall not be entitled, without the prior consent of the Trustee, to apply any part of the Deposited Property in the acquisition of any Investments, which are 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 Managers and acceptable to the Trustee sufficient to provide for paying-up such Investments in full or meeting such other liability, as the case may be. As long as and to the extent that such Investments remain part of the Deposited Property and only partly paid or such liability continues in relation to the Deposited Property, as the case may be, 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 other than as may be required for paying-up the Investment or meeting the liability in respect of which the appropriation was made.
- 14.12 The Trustee shall, at any time at its entire discretion and without assigning any reason, be entitled to (i) give notice to the Managers 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 (ii) require the Managers to deposit in place of any such property other property acceptable to the Trustee.
- 14.13 The Manager shall not make or grant loans out of the Deposited Property or act as guarantor or indemnitor for any party, except with the consent in writing of the Trustee.

## **15. INVESTMENT ADVISORY COMMITTEE:**

- 15.1 The Managers may establish an Investment Advisory Panel ("Panel") to advise the Managers as to the investment of the Deposited Property. The members of the Panel shall be appointed and removed by the Managers with the concurrence of the Trustees. The Panel shall meet periodically and give its advice to the Managers on planning and formulating investment strategies.



- 15.2 The Managers may make such regulations for the conduct of the meetings of the Panel for fixing a quorum and for the appointment by the Managers of alternate Members of the Panel as the Managers think fit and except as provided in such regulations the Members of the Panel may conduct their business in such manner as they may from time to time determine.
- 15.3 The Managers shall be responsible for paying the remuneration of the Members of the Panel and all reasonable charges incurred by the Panel in the course of its duties. The Trustees shall not be liable to the Members of the Panel for any remuneration or otherwise.
- 15.4 The Trustees, the Managers and the Members of the Panel shall not incur any liability to the Holder merely by reason of the Trustees or the Managers having acted or having not acted upon the advice of the Panel.

## **16. DISTRIBUTIONS**

- 16.1 The Managers may, as and when they shall so decide, by notice in writing direct the Trustee to distribute income of the Trust to Holders in respect of such period (not exceeding twelve (12) months), at such time and in accordance with such method of calculation as the Trustee and the Managers may agree having regard to the provisions of this Trust Deed.
- 16.2 All income of the Trust shall, as and when received by the Trustee, be paid into a special Income Account and shall be held therein pending capitalization or distribution in accordance with the provisions of this Trust Deed.
- 16.3 The proceeds and other receipts deemed by the Managers, after consulting the Auditors, to be in the nature of capital accruing from Investments shall not be regarded as income of the Trust but shall be retained as part of the Deposited Property.
- 16.4 In the event of a distribution being made, an appropriate amount shall first be transferred out of the Income Account and paid into the Distribution Account. The amount standing to the credit of the Distribution Account shall not, for any 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.
- 16.5 In the event of a distribution being made, the amount of the income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:
- (i) the Management Fee for the relevant period (if the Managers decide to deduct the Management Fee 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 effected 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 and all such receipts deemed by the Managers after consulting the Auditors to be in the nature of income, and by making such permitted adjustments hereinafter mentioned as the Managers after consulting the Auditors may think fit and appropriate to the circumstances.

Permitted adjustments shall be:

- (i) addition or deduction of a sum by way of adjustments to allow for the effect of sales or purchases;
- (ii) addition of a sum representing any interest accrued but not received by the Trustees at the end of a relevant period and deduction of a sum representing (to the extent that an adjustment by way of addition has been made in respect of any previous such period) any interest accrued at the end of the previous such period. Income from any Investment shall be deemed to have accrued on the date which in accordance with the normal



practice of the Managers 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;

- (iii) 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 participations in income distributed upon the cancellation of Units upon a reduction of the Trust during the relevant period;
- (iv) 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 Trustees in effecting registration or safe custody of the documents of title to all Investments held upon the trusts of this Deed;
- (v) addition or deduction of such sums as the Auditors shall certify to be appropriate to take account of liability to tax and of repayments receivable or received on account of other tax relief.
- (vi) deduction of a sum representing expenses directly incurred in the effecting maintaining and terminating of borrowings and which in the opinion of the Managers and the Auditors are properly payable out of income.

16.6 Once the amount of income qualifying for distribution in respect of the relevant period has been computed, the Managers shall forthwith determine the amount to be distributed, which shall be such amount (if any) not exceeding the amount qualifying for distribution as the Managers shall in their absolute discretion decide.

16.7 In the event that a distribution is made, the Managers shall cause to be made up and audited a statement showing the amount qualifying for distribution in respect of the relevant period. The statement with the Auditors' report annexed shall be filed with the Trustee and shall be conclusive and binding, and copies thereof shall be open for inspection during usual business hours by any Holders at the offices of the Managers. The Trustee and the Managers shall not incur any liability in relying on and acting upon such an audited statement provided that they have acted in good faith and exercised due care and diligence in so doing.

Neither the Trustee nor the Managers 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, provided that they have acted in good faith and exercised due care and diligence in so doing. If the same shall prove incorrect in some respects, 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.

16.8 If any distribution is made in respect of an Accounting Period, during which a Unit/s is/are issued and/or redeemed by the Managers (but not otherwise), then the first such distribution and, if appropriate, any subsequent distribution so made following the issue or redemption thereof, shall be of 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, subject as hereinafter provided, be equal to the Equalization Payment in respect of such Unit/s, provided that such capital sum may, if the Managers 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 sums are payable.

16.9 In the event that any of the amounts to be distributed remains unclaimed by the Holder six (6) months after the date of distribution, the Managers reserve the right to re-invest such funds, subject to the provisions of this Trust Deed, by issuing such number of Units to and in the name of the Holder, equivalent in



value of the said amounts unclaimed by the Holder, and applying the said amounts in full payment therefor.

- 16.10 Every Holder may, by notice in writing, elect to receive *in lieu* of his entitlement to a distribution the equivalent in value of further Units. The Manager shall in such event, subject to the provisions of this Trust Deed, (i) issue such number of Units equivalent in value at the Dividend Reinvestment Price and (ii) apply the respective Holder's entitlement to a distribution in full payment therefor.

## **17. PAYMENTS**

- 17.1 Any money payable, under the provisions of this Trust Deed, by the Managers and/or the Trustee to a Holder in respect of any Unit may be paid by a crossed cheque or warrant made payable to the order of the respective Holder and sent through the post to the registered address of such Holder or, in the case of joint Holders, made payable to the order and sent to the registered address of that one of the joint Holders who is first named in the Register provided however that monies payable upon a redemption, in terms of **Clause 13.1** above pursuant to a written request for redemption, of any Units held jointly by any one or more Holders, may be made payable to the order and sent to the registered address of the joint Holder who signed the written request for the redemption. The payment of any cheque or warrant to the first named of joint Holders or the joint Holder who signed the written request for the redemption, as the case may be, shall be as effective a discharge to the Managers and the Trustee as if such joint Holder had been a sole Holder. Every such cheque or warrant shall be sent at the risk of the person to whom it is sent, and payment of every such cheque or warrant shall be (i) a satisfaction of the moneys payable and (ii) a good discharge to the Managers and the Trustee. Where authority in writing from the Holder, or in the case of joint Holders from all of them, shall have been received by the Managers or the Trustee in such form as the Managers or the Trustee shall consider sufficient, the Managers or the Trustee, as the case may be, shall pay the amount payable to the Holder or joint Holders, as the case may be, to his or their banker or other agent 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.
- 17.2 Before making any payment in or outside Sri Lanka in respect of any Unit, the Trustee and/or the Managers, as the case may be, may make such deductions as the Trustee and/or the Managers, as the case may be, is/are by the law of any country in which such payment is made or received required or entitled to make in respect of any income or other taxes, charges or assessments whatsoever.
- 17.3 In respect of each Accounting Period, the Managers shall issue to the Holders concerned such tax certificates as may from time to time be required, such tax certificates to be prepared by the Auditors or by the Managers in a form to be approved by the Trustee and by or on behalf of the taxation authorities. Upon liquidation of the Trust, each tax certificate shall show what part of the distribution represents capital and what part represents income.
- 17.4 The Managers shall (i) prepare and pay for all cheques, warrants, statements, accounts, certificates and notices which the Trustee has to issue, and (ii) send or serve, as required in this Trust Deed, stamp, (where authorized to do so by the Trustee) sign the same on behalf of the Trustee, and dispatch the same on the proper day or deposit the same (together with the necessary stamped and addressed envelopes) with the Trustee so as to afford the Trustee reasonable time to examine and check the same and sign such cheques, warrants, statements, accounts, certificates and notices and dispatch them on the day on which they ought to be dispatched.

## **18. ACCOUNTS**

- 18.1 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 the Republic of Sri Lanka in respect of each financial year.



- 18.2 The responsibility for the keeping and maintaining of the accounts and the accounting records pertaining to the 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 Collective Investment Scheme Code.
- 18.3 Any transaction between the unit trust and Managers or between the unit trust and any connected person of the Managers as principal may only be made with the prior written consent of the Trustees. All such transactions shall be disclosed in the unit Trust's annual report.
- 18.4 If any Connected Persons of the Managers have become entitled to profits deriving from transactions in Units or from the management of the Trust, those persons must be named and the profit which each such person has become entitled to must be disclosed in the accounts of the Trust.

Also, if the Managers or any other person acting on their behalf or with their permission has –

- (i) disposed of Units at a price lower than the then current Issue Price, or
- (ii) acquired Units at a price higher than the then current Redemption Price,

it must be disclosed in the accounts of the Trust that this has been done and to what extent. The Managers are at liberty to append explanations.

- 18.5 The Manager must maintain proper Accounts of the Trust and the Trustee must ensure that the Manager maintain proper Accounts of the Trust to ensure that the Trust is managed and administered in compliance with this Deed and applicable laws.
- 18.6 All reports produced by or for the Trust shall be approved by the Commission and the Trustee prior to dissemination to unit holders. The Managers shall file such reports with the Commission and the Trustee for review and comments not less than two weeks prior to distribution according to the provisions of the Collective Investment Scheme Code.

## **19. AUDIT OF ACCOUNTS**

- 19.1 The accounts of the Trust shall be (i) audited by the Auditors and (ii) accompanied by a Certificate of the Auditors in accordance with the Companies Act No. 7 of 2007 to the effect that the accounts and statements attached thereto have been examined in accordance with the relevant auditing standards applicable in Sri Lanka and that the Auditors have obtained all the explanations and information required. The Auditors shall further report, whether the accounts are in their opinion properly drawn up in accordance with such books and records and all disclosures required to be made by the Trustee in accordance with the requirements of the Commission have been made.
- 19.2 The Auditors shall be appointed in accordance with the provisions of the Collective Investment Scheme Code, with the approval of the Commission for each financial year. Subject to the provisions of **Clauses 19.3 and 30.1** of this Trust Deed, the Auditors shall hold office for the entirety of the financial year that they have been appointed.
- 19.3 The Trustee may with the consent of the Managers from time to time remove the Auditors and, with the approval also of the Commission, appoint other Auditors in their place. The Auditor of the Trust may also be removed when the Commission requires the same in writing.
- 19.4 The fees and expenses of the Auditors in connection with the auditing of the accounts of the Trust shall be paid by the Trustee out of the Deposited Property. The audit fees of the auditor shall be determined by the Managers with the approval of the Trustee. Save as aforesaid and except as provided by **Clause 21.4**, the other fees and expenses of the Auditors shall be paid by the Managers.
- 19.5 The auditors appointed as Auditors of the Trust shall have the qualifications specified by the rules of the Commission including the Collective Investment Scheme Code, and if (i)



they cease to possess such qualifications and/or (ii) the Commission withdraws its approval regarding such Auditors, they shall retire from the office of Auditors when the Commission requires them so to do.

19.6 The Managers shall file with the Commission and the Trustee a copy of the Trust's annual report and audited financial statements within four (4) months of the end of the Accounting Period for each year.

19.7 The Trustee shall file with the Commission a copy of its annual report and the audited financial statements within four months of the end of its financial year. Such report shall be open to public inspection at the trustee's registered office.

## **20. COVENANTS BY THE MANAGERS AND THE TRUSTEE:**

20.1 The Managers hereby covenant that they will:

- (i) use their best endeavours to carry on and conduct their business in a proper and efficient manner and ensure that the Trust is managed in accordance with the Act, Trust Deed, Collective Investment Scheme Code, Key Investor Information Document and the directives issued by the Commission from time to time;
- (ii) pay to the Trustee (or as it may direct) under normal circumstances within three (3) working days after the creation of Units any moneys payable by the Managers to the Trustee hereunder. This time bar could, however, be varied in exceptional circumstances with the approval of the Trustee. The Managers shall be responsible for any moneys payable by the Managers to the Trustee until the time that they are transferred to the Trust account.

Further, if any moneys payable by the Managers to the Trustee hereunder are not transferred as per this Clause, interest must be paid by the Managers at a rate not below the average weighted fixed deposit rate prevailing at the time of transfer or any other rate; pursuant to the consultation of the Trustee.

- (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 Managers;
  - (a) make available to the Trustee and/or any approved company auditor appointed by it for inspection the whole of the books of the Managers whether kept at the Registered Office of the Managers or elsewhere ; and
  - (b) give to the Trustee and/or any approved company auditor appointed by it such oral or written information as required by the Trustee and/or its appointed auditor with respect to all matters relating to the Managers;
- (vi) make available or ensure that there are made available to the Trustee such details as the Trustee requires with respect to all matters relating to the Trust; and
- (vii) appoint a designated Compliance Officer who will be responsible for ensuring that the Managers 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 Deed.

20.2 The Trustee hereby covenants that it will:

- (i) exercise all due diligence and vigilance in carrying out its functions and duties and in protecting the rights and interests of the Holders;



- (ii) keep or cause to be kept proper books of account in relation to those interests;
  - (iii) cause those accounts to be audited at the end of each Accounting Period by the Auditors;
  - (iv) cause to be sent by post a statement of the accounts of the Trust with the Report of the Auditors thereon to each Holder, in accordance with **Clauses 18 and 19**; and
  - (v) formulate with the approval of the Commission and implement a Code of Conduct for the Directors, officers, and employees of the Managers within six (6) months of the signing of this Trust Deed.
- 20.3 The Managers and the Trustee hereby covenant that no moneys available for investing hereunder will be invested in or lent to (i) the Managers or (ii) the Trustee (except where the Trustee is also a Bank) or (iii) any Connected Person. In any event no loans shall be granted out of the Deposited Property, and no transactions shall be entered into between the Trust and the Managers or their Connected Persons, without the prior written approval of the Trustee.
- 20.4 If an Approved Broker is under common control with the Managers or the Trustee, this fact shall be disclosed in the Key Investor Information Document and to the Commission, and any special commission negotiated with such Approved Broker shall also be disclosed to and approved by the Commission. Commissions paid to agents, shall not be paid out of the Deposited Property.
- 20.5 The Trustee, the Managers 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 Trust.

## **21. REMUNERATION OF THE MANAGERS AND THE TRUSTEE**

### **21.1 Remuneration of the Managers:**

- (i) The Management Fee shall be a sum not exceeding such percentage as is hereinafter mentioned of the Value of the Deposited Property.

The Management Fee shall be payable to the Managers in arrears at the end of each month; 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.

The percentage hereinbefore referred to shall not be more than one percent (1%) *per annum* of the Net Asset Value of the Deposited Property:

Provided further, that subject to the prior approval of the Commission being granted, the percentage referred to above maybe increased to such other higher percentage as may be fixed by agreement supplemental hereto and approved by the Trustee and sanctioned by an Extraordinary Resolution of the Unit Holders.

The Managers may from time to time, by giving at least three (3) months' notice in writing to the Trustee, fix as the appropriate percentage some smaller percentage than hereinbefore provided, and in that event and for such period as may be specified in such notice (or if no period is so specified then until further notice in writing shall be given to the Trustee cancelling the previous notice) such smaller percentage shall be the appropriate percentage, but any such notice shall be *ipso facto* cancelled upon the Managers who gave such notice in writing as aforesaid ceasing to be the Managers of the Trust.

The Management Fee shall begin to accrue from the closing date of the first offer of Units and shall be calculated daily, on the basis of the Value of the Deposited Property as estimated from day to day.



- (ii) The Management Fee shall be payable out of the capital or income of the Deposited Property as the Managers in their discretion shall decide.
  - (iii) The Management Fee shall be paid to the Managers for their own account as soon as possible after the respective dates by reference to which they are calculated pursuant to sub-paragraphs (i) and (ii) of this sub-clause, respectively, PROVIDED THAT unless and until the Trustee shall be satisfied that adequate provision has been or will be made for the future management and expenses of the Trust, including the remuneration of the Trustee, the Trustee shall have a lien on and shall be entitled to retain the Management Fee for the purpose of paying, discharging or providing for such expenses including its remuneration and shall pay to the Managers only the balance (if any) after all such payments, discharges and provisions have been made.
- 21.2 The Trustees, Custodians and Registrars shall in addition to their remuneration be entitled to be paid on demand out of the Deposited Property the amount of all its disbursements wholly and exclusively incurred in the performance of their respective duties hereunder.
- 21.3 The Managers shall be responsible for the payment of all expenses incurred from time to time in connection with management or trusteeship of the Trust, except such expenses as are expressly authorized hereunder to be payable out of the Deposited Property.
- 21.4 In consideration of the foregoing and save as aforesaid, neither the Trustees nor the Managers shall make any charge against the Holders or against the Deposited Property or against any distribution for their services or for their normal expenses. 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 the Unit Holders.
- (a) Trustee fees;
  - (b) Registrars' fees;
  - (c) Accountant's fees and expenses (other than Auditor's fees and expenses) incurred in preparing any special reports required by the Commission and/or any other regulatory authority;
  - (d) Auditor's fees and expenses;
  - (e) Legal costs incurred on Unit Holder's behalf and costs incurred or to be incurred in the preparation and modification of the Trust Deed and all expenses necessarily incurred or to be incurred in the preparation of Supplemental Trust Deeds;
  - (f) Cost incurred to enable the Trust to comply with legislation or other official requirements;
  - (g) All professional fees incurred in connection with matters pertaining to the affairs of the Trust and all expenses incurred by the Trustees in effecting registration or safe custody of the documents of title to all Investments held upon the trusts of this Deed;
  - (h) All taxes and other duties payable or in connection with or arising from the establishment, execution, management or termination of the Trust;
  - (i) Any costs incurred in preparation and modifying the Trust Deed and the other documents in relation;
  - (j) All costs incurred by the Managers in communicating with the Unit Holders in general and include cost of producing and dispatching newsletters, periodicals, reports etc;
  - (k) The stamp duty payable on the issue of Transaction Receipts (if any);



- (l) Cost of printing and distributing dividend warrants, Transaction Receipts and accounts and reports of the Trust;
- (m) Costs incurred in respect of meeting of Unit holders subject to the Clause 30.2;
- (n) Any licensing fees imposed by the Commission;
- (o) Any other costs of dealing in the Deposited Property;
- (p) All other charges or fees expressly authorized by this Trust Deed or by law;

Any or all of which may be discharged out of the Deposited Property. Commissions paid to agents, shall not be paid out of the Deposited Property.

The total of the charges and fees attributable to the Trust is restricted to two *per centum* (2%) *per annum* of the weighted average Deposited Property. PROVIDED HOWEVER that this limit does not apply to any litigation expenses related to the affairs of the Trust. The use of the word *per annum* in this clause shall mean the period from April 1 in any calendar year to, March 31 in the following calendar year.

#### 21.5 Remuneration of the Trustee

- (i) The Trustee shall be entitled to a remuneration not exceeding zero decimal fifteen percent (0.15%) *per annum* of the Net Asset Value of the Deposited Property payable at the end of each month in arrears or subject to the prior approval of the Commission being granted, such other higher percentage as may be fixed by agreement with the Managers supplemental hereto and sanctioned by an Extraordinary Resolution of the Unit Holders.
- (ii) The Trustee shall be entitled to an additional monthly fee of such sum as may be agreed upon from time to time by the Trustee and the Managers as a custodian fee, for administration and custodial services rendered, in connection with the Trust.
- (ii) The said remuneration of the Trustee and the custodian fees shall not be payable out of the Management Fee but shall be made over and above the capital or income of the Deposited Property as the Managers in their discretion shall decide.
- (iii) The Trustee shall, in addition to such remuneration and custodian fees, on demand be entitled to be paid out of the capital or income of the Deposited Property the amount of all their respective disbursements wholly and exclusively incurred in the performance of their respective duties hereunder.

### 22. CONCERNING THE ADMINISTRATION OF THE TRUST

#### 22.1 Neither,

- (i) the Trustees nor
- (ii) the Managers, (their Directors, Officers and employees) nor
- (iii) any company controlled by either of them nor
- (iv) any person firm or body corporate (hereinafter referred to as "a delegate") entitled to exercise any powers or discretions pursuant to a delegation by the Managers made under Clause 24 hereof

shall as principal sell or deal in the sale of Investments to the Trustees for account of the Trust or vest Investments in the Trustees against the issue of the Units or purchase Investments from the Trustees 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 Trustees and Managers PROVIDED THAT nothing shall prevent any sale to or any purchase for account of the Trust of any Investment from the trustees, a custodian or manager of any other unit trust scheme or



mutual fund company or investment company of account of such scheme or company notwithstanding that the Trustees and/or the Managers and/or any Connected Person may be or be interested in the Trustees or the Custodian or the Managers of or any person, firm or body corporate to whom any investment powers or discretions may have been delegated under or by such scheme or company provided that:-

- (a) the value of the Investment in question is certified in writing for the purpose of the transaction by a professionally recognised person; and
- (b) the Trustees 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 purposes 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.

- 22.2 Nothing in this Trust Deed contained shall prevent the Trustees or the Managers or any Connected Person from becoming the owner of Units and holding, disposing or otherwise dealing with the same rights which they would have had if neither the Trustees nor the Managers nor any connected person were a party to or a connected person for purposes of this Trust Deed and the Trustees and the Managers and any such connected person may buy, hold and deal in any Investments upon their respective individual accounts notwithstanding that similar Investment may be held under this Trust Deed as part of the Deposited Property. Every transaction between The Manager or any Connected Person and the Trust shall be approved in writing by the Trustee.
- 22.3 No units shall at any time be quoted or sold by or for account of the Managers at a price higher than the Issue Price for the time being applicable to Units issued for cash pursuant to this Trust Deed. No units shall at any time be quoted or purchased by or for account of the Managers at a price lower than the Redemption Price for the time being applicable to Units redeemed by the Managers pursuant to this Trust Deed. The Trustees shall not be responsible to verify the price of any such quotation or dealing, but the Managers shall justify such quotation or dealing if so requested by the Trustees at any time.
- 22.4 Neither the Trustees nor the Managers nor any connected person shall be liable to account either to any other or others of them or to the Holders or any of them for any profits or benefits made or derived by or in connection with any such transaction permitted as aforesaid.
- 22.5 Nothing herein contained shall be construed so as to prevent the Managers and the Trustees in conjunction or the Managers or the Trustees separately from acting as Managers or Trustees for trusts separate and distinct from the Trust. Provided, however, that the Managers shall not act as the Trustees of another trust and provided further that the Trustees shall not act as the Managers of another trust.
- 22.6 The Trustees and the Managers may accept as sufficient evidence of the value of any Investment, a certificate by a professionally recognized person.
- 22.7 Neither the Managers nor the Trustees 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.
- 22.8 In no event shall a Holder have or acquire any rights against the Trustees and the Managers or either of them save such as are expressly conferred upon such Holder by this Trust Deed nor shall the Trustees be bound to make any payment to any Holder except out of funds held by or paid to it for that purpose under the provisions of this Deed provided however that nothing herein shall exempt the Trustees from or indemnify it against any breach of trust occasioned by fraud or negligence as set out in **Clause 23.5**.
- 22.9 Neither the Trustees nor the Managers 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 (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.

- 22.10 Neither the Trustees nor the Managers 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 judgement 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 Trustees or the Managers shall be directed or requested to do so or perform or to forbear from doing or performing, or if for any reason it becomes impossible to perform any of their obligations hereunder.
- 22.11 Neither the Trustees nor the Managers 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 on or giving effect to any such forged or unauthorized signature or seal. The Trustees and the Managers respectively shall nevertheless be entitled but not bound to require that the signature of any Holder or joint Holder to any document required to be signed by him under or in connection with this Trust Deed shall be verified by a banker or broker or other responsible person or otherwise authenticated to its or their reasonable satisfaction.
- 22.12 Any indemnity expressly given to the Trustees and/or the Managers in this Trust Deed is in addition to and without prejudice to any indemnity allowed by law PROVIDED NEVERTHELESS THAT nothing in any of the provisions of this Trust Deed shall in any case in which the Trustees and/or the Managers, as the case may be, have failed to show the degree of diligence and care required by them by the provisions of this Trust Deed 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 gross negligence, default, breach of duty or trust of which they may be guilty in relation to their duties.
- 22.13 Any investment in registered form shall be registered in the name of the Trust as soon as reasonably practicable after receipt of the necessary documents by the Trustees and shall remain so registered until disposed of pursuant to the provisions of this Deed. The Trustees 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 Trustees the documents of title to any Investments held upon the Trusts of this Deed. Subject as aforesaid the Trustees 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 Trustees in effecting such registration or providing such safe custody shall be payable out of the income or the Deposited Property. 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.
- 22.14 The Trustees and/or the Managers 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 Transaction Receipts 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 and registered statements (excluding the register of Unit Holders) statements and other records and documents relating to the Trust at any time after the expiration of six (6) years after the end of a financial year.



Neither the Trustees nor the Managers 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 Transaction Receipts so destroyed shall be deemed to have been a valid Transaction Receipts 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:

- (i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (ii) nothing in this sub-clause shall be construed as imposing upon the Trustees or the Managers 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,
- (i) reference herein to the destruction of any document include references to the disposal thereof in any manner,

22.15 The Trustee shall maintain or cause to be maintained a Register setting out all particulars of the documents and all other materials destroyed under **Clause 22.14** and the date of such destruction together with the authority for such destruction and such register shall not be destroyed for a period of ten (10) years from the date of the last entry thereon.

22.16 The Trustees and Managers 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.

### **23. CONCERNING THE TRUSTEE**

23.1 With regard to any provision in this Trust Deed

- (i) providing for any act or matter to be done by the Trustees such act or matter may be performed on behalf of the Trustees by any officer or responsible official of the Trustees or by any nominee appointed by the Trustees with the approval of the Managers and any act or matter so performed shall be deemed for all the purposes of this Trust Deed to be the act of the Trustees, and

- (ii) as to the vesting of investment such provision shall be deemed also to relate to any nominee of the Trustees. The Trustees shall be entitled to procure:-

- (a) the Trustees; or
- (b) any officer or responsible official of the Trustees jointly with the Trustees; or
- (c) any such nominee and the Trustees;

to be registered as proprietor of any Investment held upon the trusts of this Trust Deed PROVIDED ALWAYS that the Trustees 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.

23.2 The Trustees shall not be under any liability on account of anything done or suffered by the Trustees in good faith in accordance with or in pursuance of any request of the Managers. Whenever pursuant to any provision of this Trust Deed any certificate, notice direction, instruction or other communication is to be given by the Managers to the Trustees the Trustees may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Managers by any person whose signature the Trustees is for the time being authorized in writing by the Managers to accept.

23.3 The Trustees may accept as sufficient evidence of the Value of any Investment or foreign



currency or the cost or sale price of any Investment or of any market quotation or of any other matter within his competence a certificate by an Approved Broker.

- 23.4 The Trustees shall not be responsible for any act, omission misconduct, error of judgement, or want of prudence on the part of the Managers or any such persons acting as agents or advisor of the Managers.
- 23.5 Except in and so far as herein otherwise expressly provided the Trustees shall as regards all the trusts, powers, authorities and discretions 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 Deed shall exempt the Trustees from nor indemnify them against breaches of Trust through fraud or gross neglect. In the absence of fraud, misconduct or gross negligence the Trustees shall not be in any way responsible for any loss, costs damages or inconvenience that may result from the exercise or non-exercise of any power, authority or discretion vested in it.
- 23.6 Nothing herein contained shall prevent the Trustees from purchasing, holding, dealing in or disposing of Transaction Receipts or Units or from acting as bankers to the Trust or from any time contracting or entering into any financial banking insurance or other transaction with the Managers or any Holder or any company or body any part of the securities of which form 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 Trustees shall not be in anywise liable to account either to the Managers or to the Holders or any of them for any profits or benefits made or derived by the Trustees thereby or in connection therewith.
- 23.7 The Trustees shall not be under any obligation to appear in, prosecute or defend any action, suit, arbitration or inquiry in respect of the provisions hereof or in respect of the Deposited Property or any part thereof which in its opinion would or might involve it in expense or liability unless the Managers shall so request in writing in which case they shall so often as required by the Trustees furnish it with an indemnity satisfactory to or against any such expense or liability provided that no such indemnity shall be given in respect of any actions taken against the Trustees for fraud or gross negligence in connection with its duties as Trustees under this Deed.
- 23.8 Subject as herein provided the Trustees shall be entitled for the purpose of indemnity against any action costs claims damages expenses or demands to which it may be put as Trustees to have recourse to the Deposited Property or any part thereof.
- 23.9 Before making any distribution or other payment in respect of any Unit or in respect of the Management Fee the Trustees may make such deductions as by the law of Sri Lanka the Trustees are required or entitled to make in respect of any income or other taxes, charges or assessments whatsoever and the Trustees may also deduct the amount of any stamp duties or other Governmental taxes, duties 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.
- 23.10 The Trustees 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.
- 23.11 The Trustees shall not be responsible for verifying or checking any valuation of the Deposited Property or any calculation of the prices at which Units are to be issued or purchased by the Managers except as herein expressly provided.
- 23.12 Where any trust property is registered in the name of a lender as security for a loan obtained by the Fund the Trustees shall be liable for any act or omission of the lender or his agent with respect to such property.
- 23.13 The Trustees shall, when required by the Commission, deposit security guaranteeing against loss due to its fraud, misconduct or gross negligence.



## **24. CONCERNING THE MANAGERS**

- 24.1 The Managers shall keep or cause to be kept at their own expense proper books of account and records, subject to Section 29 of the Collective Investment Scheme Code in which shall be entered all transactions effected by the Managers for account of the Trust and shall permit the Trustees from time to time on demand to examine and take copies of or extracts from any such books of account or records.
- 24.2 In the absence of fraud or gross negligence the Managers 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 Trustees. Provided that nothing in these presents shall exempt the Managers from any liability imposed on it by law nor shall indemnify it against such liability at the expense of the Unit Holders.
- 24.3 Nothing herein shall prevent the Managers from contracting or entering into any financial banking or other similar transactions with the Trustees (when acting other than in its capacity as Trustees 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 Managers shall not be in anywise liable to account either to the Trust or the Trustees or to the Holders or any of them for any profit or benefit made or derived by the Managers thereby or in connection therewith. Notwithstanding the foregoing provisions the Managers must secure the Trustee's prior written approval for any transaction other than transactions with the Trustees by the Managers as principal with such Holder, company or body.
- 24.4 The Managers shall be entitled to delegate their functions, powers, discretions, privileges and duties hereunder or any of them to any person, firm or body corporate approved in writing by the Trustees and any such delegation may be on such terms and conditions as the Managers think fit (including the power to sub-delegate). PROVIDED always that the Managers shall remain liable hereunder for any act or omission of any such person firm or body corporate as if such act or omission was their own.
- 24.5 The Managers shall not enter into any underwriting or sub underwriting contract on behalf of this Trust, except with the approval of the Trustees and the Commission.

## **25. APPOINTMENT, RETIREMENT AND REMOVAL OF THE TRUSTEE**

- 25.1 Hatton National Bank PLC, is hereby expressly appointed as Trustees for the Holders and the Trustees do hereby accept such appointment.
- 25.2 The Trustees shall not be entitled to retire voluntarily except upon the appointment of a new trustee. In the event of the Trustees desiring to retire it shall give notice in writing to that effect to the Managers and the Managers (or in default the Trustees) may by deed supplemental hereto under the seal of the Managers or the Trustees (as the case may be) appoint any company incorporated in Sri Lanka which is permitted by Statute or the relevant statutory authority to act as Trustees of a Unit Trust scheme to be the Trustees in the place of the retiring Trustees and also provide in such deed for the vesting in the new Trustee of the instruments and the securities standing in the name of the retiring Trustees.
- 25.3 If the Trustees go into liquidation otherwise than for the purpose of amalgamation or reconstruction or ceases to carry on business or a receiver of its undertaking is appointed the Managers shall forthwith by instrument in writing remove the Trustees from its appointment under this Trust Deed and shall by the same or some other instrument in writing appoint as Trustees hereof some other trustees duly approved as may be required by the law for the time being applicable to this Deed.
- 25.4 The Trustees may be removed and another Trustee (duly approved as may be required by Commission) may be appointed by Extraordinary Resolution duly passed at a meeting of Holders held in accordance with the provisions contained in **Schedule One** hereto and of which not less than twenty one days (21) notice has been given to the Trustees and the Managers.
- 25.5 A new Trustee may not be appointed without the approval of the Commission.



## **26. RETIREMENT AND REMOVAL OF THE MANAGERS**

26.1 The Managers for the time being shall be subject to removal by notice in writing given by the Trustees to the Managers with the approval of the Commission in any of the following events:-

- (i) if the Managers go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustees) or if a receiver is appointed of the undertaking of the Managers or any part thereof;
- (ii) if for good and sufficient reason, the Trustee is of the opinion after an inquiry by a person appointed by the Trustee and acceptable to the Commission that a change in the Managers is desirable in the interests of the Holders ;
- (iii) For any other reasons specified in the Collective Investment Scheme Code; and
- (iv) if the Holders resolve pursuant to **Clause 30** that the Managers be removed.

In any of the cases aforesaid the Managers for the time being shall upon receipt of such notice by the Trustees as aforesaid but subject as in paragraph (ii) above provided ipso facto cease to be the Managers, and the Trustees shall by writing under its Seal immediately appoint another company incorporated in Sri Lanka and approved by Commission to be the Managers of the Trust upon and subject to such company entering into such deed or deeds as the Trustees may be advised to be necessary or desirable to be entered into by such company in order to secure the due performance of their duties as Managers during the remainder of the period of the Trust. This provision shall not prejudice the right of the Trustees herein contained to terminate the Trust in any of the events in which in accordance with the provisions herein contained the right of terminating the trust is vested in the Trustees.

26.2 The Managers shall have the power to retire in favour of another company incorporated in Sri Lanka approved in writing by the Trustees and any relevant statutory authority, upon and subject to fulfillment of the following conditions:-

- (i) The retiring Managers shall appoint such company by writing under the Seal of the retiring Managers as Managers of the Trust and assign to such appointees all their rights and duties as such Managers.
- (ii) Such company shall enter into such deed or deeds as are mentioned in **Clause 26.1**.
- (iii) Upon payment to the Trustees of all sums due by the retiring Managers to the Trustees hereunder at the date of such retirement the retiring Managers shall be absolved and released from all further obligations hereunder but without prejudice to the rights of the Trustees or of any Holder or other person in respect of any act or omission on the part of the retiring Managers prior to such retirement and the new Managers 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 Managers hereunder as fully as though such new Managers had been originally a party hereto.

26.3 Upon any removal or retirement the removed or retiring Managers shall remain entitled to all Units which they hold or are deemed to hold and they shall be entitled to require the Trustees to issue to them a Transaction Receipt in respect thereof and to be registered in the Register in respect thereof and thereafter to have and exercise all rights of a Holder of such Units.

## **27. BORROWING POWERS**

27.1 The Trustees may at any time at the request of the Managers borrow for the purpose of acquiring Investments, redemption of Units or funding of any distribution of income for the account of the Trust in accordance with the provisions set out hereinafter, the Collective Investment Scheme Code and any direction which may be given by the Commission;

Any such borrowing may be effected from any Commercial Bank or other financial



institution (including, the Managers or the Trustees, if they be a bank or a financial institution) provided that the Trustees shall exercise due care and diligence in effecting such borrowings at the best interest rates with comparable terms and conditions.

- 27.2 The Trustee may with the consent of the Managers, mortgage, charge or pledge in any manner not exceeding fifteen percent (15%) of the total assets of the Deposited Property for the purposes of securing any such borrowing of the Trust; Where any part of the Deposited Property or any document of title thereto is for the time being under the custody or control of some person other than the Trustees in consequence of any such mortgage, charge or pledge the provisions of this Deed as to the custody and control of the Deposited Property or documents of title thereto (including registration of investments) shall be deemed not to have been infringed thereby. Any such mortgage, charge or pledge shall be made upon the terms that the lender or its nominee shall not pledge or obligate any part thereof to any other person or use any part thereof to margin, guarantee, secure, discharge or settle any indebtedness, trade or contract, or dispose of any part thereof, or treat the same as if any person other than the Trustees as trustees of the Trust and the lender had any interest therein, and that no step shall be taken to enforce the security constituted by such mortgage, charge or pledge until thirty (30) days after notice in writing has been given to the Trustees demanding repayment of the moneys thereby secured. If such a notice is given the Trustees shall promptly advise the Managers who shall promptly effect such sales of Investments as may be necessary to enable such repayment to be effected in due time.
- 27.3 Any interest on any such borrowing and any expenses incurred in negotiating, entering into, varying and carrying into effect, with or without variation, and terminating such borrowings shall be payable out of the Deposited Property.
- 27.4 The Trustees 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 borrowings made pursuant to this clause and save as otherwise expressly provided herein the Trustees shall be entitled to be indemnified out of and have recourse to the Deposited Property in respect of any liabilities, costs claims or demands which it may suffer arising directly or indirectly from the operation of this clause and the arrangement referred to therein.
- 27.5 If any arrangements for borrowing pursuant to this clause are made with the Managers or the Trustees, the Managers or the Trustees (as the case may be) may retain any benefits arising there from.
- 27.6 Where the Deposited Property or any part thereof is registered in the name of a lender as security for a loan obtained by the Managers, the Trustees shall be liable for any act or omission of the lender or his agent with respect to such property.
- 27.7 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 Trustees and the lender had any interest in them; and provided also that the Trust Deed makes the Trustees liable for the acts and omissions of the lender and its agents in relation to such assets.
- 27.8 Leveraging by borrowing against investments or buying on margin by the Trustees or Managers are prohibited, except in case of investments with determinable future maturity dates, with the approval of the Commission.

## **28. ADVERTISEMENTS**

- 28.1 The Managers covenant and undertake that it shall and will not without the prior written approval of the Trustees and the Commission publish, issue, circulate, or cause to be published issued or circulated any edition of the Key Investor Information Document, 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.



- 28.2 In all letters or circulars or advertisements or other publications referring to the issue or sale of Units reference shall be made to the Trustees only in terms previously approved by the Trustees and in accordance with the Collective Investment Scheme Code.
- 28.3 The Managers shall be responsible for obtaining all requisite consents for the issue or publication of any such advertisement, circular, document or other publication from the relevant authorities in any country or state in which issue or publication thereof is effected by the Managers or their agents.

## 29. TERMINATION OF THE TRUST

- 29.1 The Trust shall be dissolved pursuant to the terms of the Trust Deed and in accordance with the Collective Investment Scheme Code.
- 29.2 The Trustees may terminate the Trust upon the happening of any of the following events:-
- (i) If the Managers go into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustees) or if a receiver is appointed for the undertaking of the Managers or any part thereof and an alternate Manager cannot be found.
  - (ii) If, on the expiration of three (3) months after notifying the Managers that in the Trustee's opinion a change of Managers is desirable, the Trustees have not found another company ready to accept the office of Managers of the Trust and of which the Trustee and Commission shall approve.
  - (iii) If it becomes illegal or if any law shall be passed which renders it illegal or in the opinion of the Trustees impracticable or inadvisable to continue the Trust.
  - (iv) If in the opinion of the Trustees it is impracticable or inadvisable to continue the Trust and the Holders resolve pursuant to **Clause 30** that the Trust be terminated.
- 29.3 Either the Trustees or the Managers may by not less than three (3) months' notice given to other with the concurrence of the Commission, decide to terminate the Trust. The party hereto terminating the Trust shall (unless the matter shall have been referred to arbitration) 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.
- 29.4 Upon the Trust being terminated:-
- (i) the Trustees shall, subject to such orders, if any, as may be made by any court of competent jurisdiction, sell all the 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 Trustees in its absolute discretion think advisable.
  - (ii) The Trustees shall from time to time at such time or times as it shall deem convenient and in its absolute discretion distribute to the Holders and the Managers pro rata to the number of Units held or deemed to be held by them respectively all net cash proceeds derived from the realisation of the Deposited Property and any other cash then forming part thereof and available for the purpose of such distribution and also distribute in the manner provided in **Clause 16** any moneys standing to the credit of the Distribution Account.

PROVIDED THAT the Trustees shall be entitled to retain out of any moneys 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 Trustees in connection with or arising out of the liquidation of this Trust and out of the moneys 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 upon a request in writing by the Holder upon delivery to the Trustees of such form of request for payment and receipt if any as the Trustees shall in its absolute discretion require.



- 29.5 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 it may incur in making such payment.

### **30. HOLDERS' MEETING**

- 30.1 A meeting of the Holders held in accordance with the provisions contained in Schedule One hereto shall in addition to all other powers conferred upon it by any statute or by this Trust Deed or otherwise have the following powers which shall be exercisable by Extraordinary Resolution only namely:-

- (i) to remove the Managers for default or non-compliance with the provisions of the Trust in terms of this Trust Deed;
- (ii) to remove the Trustees;
- (iii) to remove the Auditors;
- (iv) to appoint a committee of Holders and define its constitution and powers (including power for the committee to institute or defend legal proceedings on behalf of one or more Holders), to remove all others of the members of such committee and appoint others in their place or to dissolve such committee and to provide for payment of its costs and expenses out of the Deposited Property;
- (v) to assent to any modification of the provisions contained in this Trust Deed which shall be proposed by the Managers and assented to by the Trustees;
- (vi) to terminate the Trust.

- 30.2 The provisions contained in Schedule One hereto shall have the 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 Schedule One hereto shall be borne as follows:-

- (i) If the meeting is held at the request of Holders or the Trustees certify 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 Trustees out of the Deposited Property.
- (ii) In any other event the said expenses shall be borne by the Managers.

### **31. NOTICES**

- 31.1 Any notice or other document required to be served upon or sent to a Holder shall be deemed to have been duly given or served if sent by registered post to or left at his address as appearing on the Register and in the case of joint Holders the address of whichever of such Holders is named first on the Register. Any notice or document so served or sent by post shall be deemed to have been served or received two days after that on which the same was posted and in proving such service or receipt it shall be sufficient to prove that the envelope or wrapper containing such notice or documents was properly addressed, stamped and posted.
- 31.2 Service of a notice or document on any one or several joint Holders shall be deemed effective service on himself and the other joint Holders.
- 31.3 Any notice or document sent by post to or left at the last known address of a Holder in pursuance of this Trust Deed shall notwithstanding that such Holder be then dead or bankrupt and whether or not the Trustees or the Managers have notice of his death or bankruptcy be deemed to have been duly served or sent and such service shall be deemed a sufficient service on or receipt by all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.



**32. TRUST DEED**

A copy of this Trust Deed and of any supplemental deed shall be (i) available for inspection free of charge at the offices of the Managers at all times during usual business hours and (ii) supplied by the Managers to any person on application at a charge of Sri Lanka Rupees One Thousand per copy (or such other amount as the Trustee and the Managers may from time to time agree) to be retained by the Managers.

**33. MODIFICATION OF THE TRUST DEED**

Subject to the provisions of any statutory law and with the approval of the Commission, the Trustees and the Managers shall be entitled by Trust 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 for any purpose. PROVIDED THAT the Trustees shall prior to such modification, alteration or addition certify in writing that in its opinion such modification alteration or addition

- (a) does not prejudice the interests of the then existing Holders and does not operate to release the Trustees or the Managers from any responsibility to Holders; PROVIDED ALSO 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 to comply with fiscal, statutory or other official requirements; and
- (c) is not in conflict with the Collective Investment Scheme Code or any condition laid down in the licence granted by it.

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

**34. GOVERNING LAW AND JURISDICTION**

This Deed shall be governed by the Laws of Sri Lanka and the courts of Sri Lanka shall have exclusive jurisdiction in relation to hearing any matter arising out of or connected to this Deed.

**35. BASIS OF CALCULATION**

Any calculations made under this Trust Deed should be calculated on the basis of actual number of days with a year being three hundred and sixty five (365) days. (ie. actual/365 days).

**36. SECRECY**

The Trustees and the Managers and every director, officer or employee of the Trustees and Managers who are in any way engaged in the business of this Trust and all persons employed or engaged by the Trustees or Managers 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 the Board of the Trustees or Managers' 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.



**37. INDEMNITY**

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

**38. INCORPORATION OF STATUTORY PROVISIONS AND REGULATIONS**

All the provisions of the Act, the Collective Investment Scheme Code and regulations duly promulgated there under shall be deemed for all purposes to be incorporated in this Trust Deed as a part and parcel hereof and have effect accordingly and nothing repugnant thereto in this Trust Deed.

*[Schedules and execution page to follow]*



## **SCHEDULE ONE**

### **MEETINGS OF HOLDERS**

1. 

(a) *The Trustee and/or the Managers, respectively, may and the Managers at the request in writing of the Holders of not less than Twenty Five Per centum (25%) of the Units at any time shall, 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, and the following provisions of this Schedule shall apply thereto.*

(b) *The Managers or the Trustee may, with concurrence of the respective other, at their discretion convene a meeting of Holders to transact any business.*
2. 

*The Trustee, the Managers and the 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 is being passed by voting by proxy or otherwise and more than 50% of those present at such meeting object to the resolution so passed, such objection may be submitted in appeal to the Commission whose decision shall be final.*
3. 

*A meeting of the Holders shall be convened:*

  - (a) *by giving at least Fourteen (14) days' notice (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; 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 date of the proposed meeting, a notice of the meeting in all three languages (Sinhala, Tamil and English) in a daily newspaper circulating generally in Sri Lanka.*

*Such notice shall specify the place, day and hour of the meeting and the terms of any resolution to be proposed thereat.*
4. 

*Such a meeting shall be held at the time and place in Colombo specified in the notice, being not later than Two (02) months after the giving of notice and in accordance with the provisions of any applicable statute. Meetings may also be held by audio visual means where participants are able to see and hear each other and effectively participate in the meeting.*
5. 

*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.*

  - (i) *The chairman of the board of directors of the Trustee shall preside as chairman at every meeting or adjourned meeting of the Holders. If there be no such Chairman of the board of directors of the Trustee or if at any meeting he be not present within Five (05) minutes after the time appointed for the holding of the meeting or be unwilling to act, then the chairman of the board of directors of the Managers shall preside as chairman of the meeting. If there should also be no such Chairman of the board of directors of the Managers at any meeting and he also is not present within a further Five (05) minutes after the first period of Five (05) minutes referred to above or is unwilling to act, then the Holders present shall choose one of their number to be the chairman of the meeting; provided further that at meetings where the Managers or the Trustee are prohibited from voting in terms of Clause 2 above, the Holders entitled to vote shall choose one of their number to be the chairman of the meeting.*
  - (ii) *The term "Chairman" shall, in this Schedule hereafter, mean the chairman of the meeting, where the context so requires or admits.*



6. *If within an hour from the time appointed for a meeting a quorum is not present, the meeting shall (i) if convened upon the requisition of the Holders, be dissolved, and (ii) in any other case, 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 Five (05) days' notice of any adjourned meeting of Holders shall be given in the same manner as for an 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. *The Chairman (i) may with the consent of any meeting at which a quorum is present and (ii) 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.*
8. *A resolution put to the vote of a general 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 of the meeting or by not less than two (2) holders or by the Trustee. A demand by a proxy is deemed to be a demand by the member appointing the proxy. The chairman shall exercise his power to demand a poll if requested to do so by the Manager.*
9. *The entitlement to vote at any meeting of holders or class meeting attaching to each Unit is in accordance applicable law, including, inter alia, the Collective Investment Scheme Code. On a show of hands every Unit Holder who is present in person has one (1) vote. On a poll, votes may be given either personally or by proxy or in any other manner (including the use of ballot papers or electronic or computer voting systems) as the chairman of the meeting may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and, if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*
10. *Where a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Unit Holder on the ground (however formulated) of mental disorder, the Managers may in its absolute discretion upon or subject to production of such evidence of the appointment as the Manager may require, permit such receiver or other person on behalf of such Unit Holder to vote on a poll in person or by proxy at any meeting of Unit Holders or class meeting or to exercise any right other than the right to vote on a show of hands conferred by ownership of Units in relation to such a meeting.*
11. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to be or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*
12. *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Managers may approve or in its absolute discretion accept (including as to how it may be signed or sealed). The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Managers) be lodged with the instrument appointing the proxy pursuant to the next following Clause, failing which the instrument may be treated as invalid.*
13. *An instrument appointing a proxy shall be left at or delivered to such place or one of such places (if any) as may be specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, to or at the Managers' head office) by the time which is 48 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and, in default, may be treated as invalid. The*



*instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.*

14. *A vote cast by proxy shall not be invalidated by the previous death or bankruptcy of the principal or by other transmission by operation of law of the title to the units concerned or by the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Managers at its head office by the time which is two (2) hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*
15. *Any corporation which is a Unit Holder in the Scheme may by resolution of the directors or other governing body of such corporation and in respect of any Unit or Units in the Scheme of which it is the Unit Holder authorise such individual as it thinks fit to act as its representative at any general meeting of the Unit Holders or of any class of Unit Holders. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such unit or units if it were an individual Unit Holder in the Scheme and such corporation shall for the purposes of this Deed be deemed to be present in person at any such meeting if an individual so authorised is so present.*
16. *The Register shall be closed for not more than three (03) consecutive days terminating on the day of the meeting, and notice thereof shall be given by public advertisement as in the case of notices of all meetings.*
17. *Minutes of all resolutions and proceedings at every meeting shall be made and duly entered into books from time to time to be provided for that purpose by the Managers at their expense, and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting shall be conclusive evidence of the matters therein stated until the contrary is proved, and 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.*
18. *Every Resolution duly passed at a meeting shall be binding upon all Holders whether present or not present at the meeting, and each of the Holders and the Trustee and the Managers shall, subject to the provisions relating to indemnity in this Trust Deed contained, be bound to give effect thereto accordingly.*
19. *The words and expressions appearing in this Schedule shall have the same meanings as are assigned to them in the Trust Deed constituting the Trust of which this Schedule is a part.*



## SCHEDULE TWO

### Determination of Net Asset Value

- *The Net Asset Value of the property of the Trust shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:*
  - (i) *if a single price for buying and selling Units or shares is quoted, at that price; or*
  - (ii) *if separate buying and selling prices are quoted, at the average of the two (2) prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or*
  - (iii) *if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable.*
- *In determining the value of the property of the Trust, all instructions given to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Collective Investment Scheme Code or the Trust Deed shall be assumed (unless the contrary has been shown) to have been taken.*
- *Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Trust; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) [capital gains tax, income tax, corporation tax, value added tax, stamp duty].*
- *Deduct an estimated amount for any liabilities payable out of the property of the Trust and any tax thereon treating periodic items as accruing from day-to-day.*
- *Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.*
- *Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.*
- *Add any other credits or amounts due to be paid into the property of the Trust.*
- *Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.*



### **SCHEDULE THREE**

#### **Determination of Exit Fee**

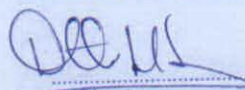

- *Redemptions made within the first year of purchasing Units- Two per cent (2%) per annum of the Net Asset Value of the Deposited Property*
- *Redemptions made within the two years of purchasing Units- One per cent (1%) per annum of the Net Asset Value of the Deposited Property*

*[Execution page to follow]*


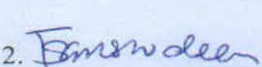


IN WITNESS WHEREOF Asia Securities Wealth Management (Pvt) Ltd and Hatton National Bank PLC have set their respective hands hereunto and to Three (3) others of the same tenor at Colombo on this Eighteenth (18<sup>th</sup>) day of September Two Thousand Twenty Three (2023).

The Common Seal of **ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD** was affixed hereto in the presence of Dumith Hemantha Fernando (Chairman) and Harold Avancka Herat (Executive Director) who do hereby attest the sealing thereof )

ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD  
  
Director  
  
Director

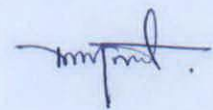
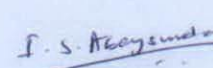
**Witnesses:**

1.  Kamani Rushpika Jeeraratne.
2.  Emswaleen Sabeeha Tasneem Samsodeen

The duly appointed authorized signatories of **HATTON NATIONAL BANK PLC** ..... and ..... have set their hands hereto )

Hatton National Bank PLC  
Custody and Trustee Services  
  
Authorized Signatory  
  
Authorized Signatory

**Witnesses:**

1. Nishadi Fernando 
2. Isuru Abegunawardena 



**TRUST DEED**  
**ASIA SECURITIES DYNAMIC INCOME FUND**  
**(OPEN END FUND)**

**BETWEEN**  
**ASIA SECURITIES WEALTH MANAGEMENT**  
**(PVT) LTD**  
**FUND MANAGER**

**AND**

**DEUTSCHE BANK AG**  
**TRUSTEE**



## Contents

1.	DEFINITIONS .....	3
2.	NATURE OF THE TRUST .....	7
3.	CONSTITUTION OF THE TRUST .....	7
4.	HOLDERS BOUND BY DEED .....	8
5.	TRUST AND EQUITIES .....	8
6.	MANAGING COMPANY AS HOLDER .....	8
7.	REGISTRATION OF HOLDERS .....	9
8.	TRANSFER AND TRANSMISSION .....	10
9.	ISSUE OF UNITS .....	10
10.	REDEMPTION OF UNITS .....	12
11.	INVESTMENT OF DEPOSITED PROPERTY .....	13
12.	LIMITATION ON INVESTMENT .....	14
13.	INVESTMENT ADVISORY COMMITTEE .....	15
14.	DISTRIBUTIONS .....	15
15.	PAYMENTS .....	16
16.	ACCOUNTS .....	17
17.	AUDIT OF ACCOUNTS .....	17
18.	COVENANTS BY THE MANAGING COMPANY AND TRUSTEE .....	17
19.	REMUNERATION OF MANAGING COMPANY AND TRUSTEE .....	19
20.	CONCERNING THE ADMINISTRATION OF TRUST .....	21
21.	CONCERNING THE TRUSTEE .....	23
22.	CONCERNING THE MANAGING COMPANY .....	25
23.	BORROWING POWERS .....	26
24.	ADVERTISEMENTS .....	27
25.	APPOINTMENT, RETIREMENT AND REMOVAL OF TRUSTEE .....	27
26.	RETIREMENT AND REMOVAL OF MANAGING COMPANY .....	28
27.	TERMINATION OF THE TRUST .....	29
28.	HOLDERS' MEETINGS .....	30
29.	NOTICES .....	30
30.	MODIFICATION OF THE TRUST DEED .....	31
31.	GOVERNING LAW .....	31
32.	SECRECY .....	31
33.	INDEMNITY .....	31
34.	INCORPORATION OF STATUTORY PROVISIONS AND REGULATIONS .....	32
	SCHEDULE .....	33



**THIS TRUST DEED** (hereinafter referred to as the "TRUST DEED") is made on the fifth (5<sup>th</sup>) day of November 2024 between **ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD** a Company duly incorporated in the Democratic Socialist Republic of Sri Lanka under registration No. PV 130083 and having its registered office at 4<sup>th</sup> Floor Lee Hedges Tower, No 349, Galle road Colombo 03 in the said Republic (hereinafter referred to as the "Managing Company") of the one part and **DEUTSCHE BANK AG**, 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 Level 21, One Galle Face Tower, 1A, Centre Road, Galle Face, Colombo 2, in the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as the "Trustee") of the other part.

**WHEREAS:**

- A. The MANAGING COMPANY wishes to establish an Open Ended UNIT TRUST (hereinafter referred to as the "UNIT TRUST") to be known as the Asia Securities Dynamic Income Fund and to constitute the same by this TRUST DEED.
- B. The TRUSTEE has agreed to act as Trustee of the said UNIT TRUST vested with the powers and subject to the terms and conditions hereinafter contained.

**NOW IT IS HEREBY AGREED AND DECLARED** as follows:

**1. DEFINITIONS**

- 1.1 In this TRUST DEED and in the Schedule hereto unless the context otherwise requires: -

"**ACT**" means the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 (as amended);

"**ACCOUNTING DATE**" means the date on which the monies required for the final distribution are transferred to the DISTRIBUTION ACCOUNT in the case of the final ACCOUNTING PERIOD, and in any other case, 31<sup>st</sup> day in the MONTH of March each YEAR, commencing from the 1<sup>st</sup> day of April provided that the MANAGING COMPANY may, with the prior written consent of the TRUSTEE, change such date to any other date approved by the TRUSTEE upon giving not less than twenty one (21) BUSINESS DAYS notice to the TRUSTEE and the HOLDERS;

"**ACCOUNTING PERIOD**" means the period ending on including the date on which the monies required for the final distribution are transferred to the DISTRIBUTION ACCOUNT, which commenced (in the case of the first such period") on the date the DEPOSITED PROPERTY was first paid or transferred to the TRUSTEE or (in any other case) from the end of the preceding ACCOUNTING PERIOD;

"**ACCOUNTING STANDARDS**" means the Sri Lanka Accounting Standards specified under the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995;

"**APPLICATION**" means the documentation to be filled by a prospective HOLDER and submitted to the MANAGING COMPANY prior to the subscription for UNITS to the UNIT TRUST;

"**APPROVED BROKER**" means a member, a trading participant of a Stock Exchange licensed by the SEC or any trading system approved by the Central Bank of Sri Lanka;

"**AUDITORS**" means the Auditors of the TRUST appointed by the MANAGING COMPANY with the approval of the TRUSTEE in terms of the CIS CODE;

"**AUTHORISED INVESTMENT**", "**APPROVED INVESTMENTS**" or "**INVESTMENTS**" means any investments generally or specifically permitted by this TRUST DEED, the CIS CODE and any directive given by the SEC from time to time subject to Clause 12.2 of this TRUST DEED and may include: -

17





- a) Treasury Bills and Bonds;
- b) Central Bank Securities (CBSL Securities) issued by the Central Bank of Sri Lanka;
- c) Quoted and unquoted Debentures, Debenture Stocks and Bonds;
- d) Commercial Paper and Promissory Notes;
- e) Asset Backed Securities;
- f) Any investment pursuant to a Repurchase Agreement on the investment instruments specified in (a) to (e) above;
- g) Deposits in LICENSED COMMERCIAL BANKS or LICENSED SPECIALIZED BANKS or Finance Companies established under the Finance Business Act No. 42 of 2011;

Any investment which is not covered by paragraph (a) to (g) above, but is selected by the MANAGING COMPANY for the purpose of investment of the DEPOSITED PROPERTY and generally or specifically approved by the TRUSTEE and the SEC;

**"BUSINESS DAY" or "MARKET DAY"** means a day upon which LICENSED COMMERCIAL BANKS are open for general business;

**"CENTRAL DEPOSITORY SYSTEM" or "CDS"** shall have the same meaning assigned to central depository in terms of the ACT with particular reference to the Central Depository System operated by the COLOMBO STOCK EXCHANGE or any depository which is approved by the Central Bank of Sri Lanka;

**"COLLECTION ACCOUNT"** means a special account established by the UNIT TRUST to collect monies prior to creation of UNITS from the HOLDERS;

**"COLLECTIVE INVESTMENT SCHEME CODE (CIS CODE)"** means the collective investment code published in Gazette Extraordinary No. 2278/27 dated 07<sup>th</sup> May 2022 by the SEC under the ACT and any other modifications made thereto or any other regulations replacing such Collective Investment Scheme Code;

**"COLOMBO STOCK EXCHANGE"** means a company incorporated in Sri Lanka bearing registration number GL 12 and licensed as an exchange by the SEC in terms of the ACT;

**"COMPANIES ACT"** means the Companies Act No. 7 of 2007 as amended;

**"CUSTODIAN"** means a Commercial Bank licensed by the Central Bank of Sri Lanka to whom the property of the SCHEME is entrusted for safekeeping;

**"DEALING DAY"** means a day on which subscription for UNITS and REDEMPTION of UNITS can be effected as specified in relevant schemes, introduced under this TRUST DEED;

**"DEPOSITED PROPERTY"** means all the assets (including cash deposits and earnings on cash deposits) for the time being held or deemed to be held upon the trusts of this TRUST DEED, 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 among HOLDER/S;

**"DUTIES AND CHARGES"** means in relation to any particular transaction or dealing, all stamp and other duties, taxes, Government charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges whether in connection with the constitution of the DEPOSITED PROPERTY or the increase or decrease of the DEPOSITED PROPERTY or the creation, issue, sale, exchange or purchase of UNITS or the sale or purchase of INVESTMENTS 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 include commission (if any) payable to agents on sales and re-purchases of UNITS or any commission, charges or costs which may have been taken into account in ascertaining VALUE;

**"EXIT FEE"** means the portion of proceeds received by the MANAGING COMPANY equivalent to the difference between the REDEMPTION PRICE and the amount which is received by the MANAGING COMPANY from the TRUSTEE upon a REDEMPTION of a UNIT, and which shall be specified in the KIID;



**"EXTRAORDINARY RESOLUTION"** means a resolution passed at a meeting of HOLDER/S duly convened by giving not less than twenty one (21) days' notice and held in accordance with the provisions contained in the Schedule and carried by a majority consisting of not less than three fourths of the HOLDERS present in person and voting upon a show of hands or if a poll is duly demanded and taken, by a majority consisting of not less than three-fourths in number of the votes given on such poll;

**"FRONT-END FEE"** means the difference between the SELLING PRICE / OFFER PRICE and the amount which is payable by the MANAGING COMPANY to the TRUSTEE upon an issue of a UNIT and which shall be specified in the KIID;

**"HOLDER/S"** means any person who by reason of the holding of UNITS or by reason of having invested capital in the SCHEME is entitled to a proportionate part of the property of the SCHEME as the holder of a UNIT and includes persons entered as joint-holder/s;

**"INITIAL OFFERING"** means the initial offer to the public or a section of the public to subscribe for UNITS in the UNIT TRUST as specified in the KIID;

**"INVESTMENT ADVISORY COMMITTEE" or "COMMITTEE"** means the committee referred to in Clause 13;

**"KEY INVESTOR INFORMATION DOCUMENT (KIID)"** shall have the same meaning assigned to it in the CIS CODE;

**"LICENSED COMMERCIAL BANKS"** means a Commercial Bank licensed under the Banking Act No. 30 of 1988 (as amended);

**"LICENSED SPECIALIZED BANKS"** means a specialized bank licensed under the Banking Act No. 30 of 1988 (as amended);

**"MANAGING COMPANY"** means Asia Securities Wealth Management (Pvt) Ltd and its successors or any other person for the time being duly appointed as MANAGING COMPANY of the TRUST under Clause 26, and licensed by the SEC as a MANAGING COMPANY and shall have the same meaning as defined in the ACT;

**"MANAGEMENT FEE"** means any sum to which the MANAGING COMPANY may become entitled to in terms of Clause 19;

**"NET ASSET VALUE ("NAV")"** means the aggregate value of the assets of the SCHEME established under this TRUST DEED as determined by the market value of its underlying INVESTMENTS specified by the CIS CODE and this TRUST DEED as the case may be including any cash in the portfolio less liabilities computed at the close of the trading hours of the exchange and NAV per unit shall be calculated by dividing the value of the DEPOSITED PROPERTY by the number of UNITS in issue and deemed to be in issue;

**"REDEMPTION"** means the purchase of UNITS from the HOLDERS by the MANAGING COMPANY and the cancellation of the corresponding UNITS by the TRUSTEE;

**"REDEMPTION DATE"** means the day on which a REDEMPTION takes place;

**"REDEMPTION PRICE"** is the sum the MANAGING COMPANY will pay to the HOLDER on the REDEMPTION of a UNIT or a fraction of a UNIT which price shall also be published daily in at least one leading Sri Lankan daily newspaper or on the website of the MANAGING COMPANY;

**"REGISTER"** means the register of the HOLDER/S maintained in terms of Clause 7;

**"REGISTRAR"** means an officer appointed by the MANAGING COMPANY to maintain the REGISTER under Clause 7;

**"RUPEE (Rs)" and "CENTS (cts)"** mean Rupees and Cents in Sri Lankan currency, unless otherwise stated.

**"RELATED PERSON" of the MANAGING COMPANY or TRUSTEE**, means –

- a) a person owning twenty per centum (20%) or more of the ordinary share capital of the TRUSTEE or the MANAGING COMPANY directly or indirectly;
- b) a person exercising twenty per centum (20%) or more of the total votes of the TRUSTEE or the MANAGING COMPANY voting rights directly or indirectly;

U<sub>p</sub>





- c) a corporate entity where twenty per centum (20%) or more of the ordinary share capital of the corporate entity is held by the TRUSTEE or the MANAGING COMPANY directly or indirectly;
- d) a corporate entity where twenty per centum (20%) or more of voting rights of the total votes exercised by the TRUSTEE or the MANAGING COMPANY directly or indirectly;
- e) a corporate entity where twenty per centum (20%) or more of the ordinary share capital of the corporate entity is held together by the TRUSTEE or the MANAGING COMPANY directly or indirectly;
- f) a corporate entity where twenty per centum (20%) or more of voting rights of the total votes are exercised together by the TRUSTEE or the MANAGING COMPANY directly or indirectly;
- g) a Key Management Person of the TRUSTEE or the MANAGING COMPANY of a Collective Investment Scheme.

**“SCHEME” or “FUND”** means the ASIA SECURITIES DYNAMIC INCOME FUND established under this TRUST DEED upon approval granted by the SEC as a TRUST and includes any Sub-Schemes established in terms of the ACT;

**“SEC”** means the Securities and Exchange Commission of Sri Lanka established under the Act No.36 of 1987 as amended and replaced by Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021;

**“SELLING PRICE / OFFER PRICE”** means a sum which a HOLDER would be required to pay the MANAGING COMPANY for the issue of a UNIT or a fraction of a UNIT which shall be calculated in accordance with Clause 9.4 and which price shall be published in at least one leading Sri Lankan daily newspaper or the website of the MANAGING COMPANY;

**“TRANSACTION RECEIPT”** means any notification or confirmation or acknowledgement receipt issued by the MANAGING COMPANY which may be computer generated and/or which may be transmitted or delivered by wire, telephone, satellite, cable or any other such electronic, magnetic or optical media;

**“TRUST” or “UNIT TRUST”** means the arrangement made for the purpose of providing for the participation by persons as beneficiaries under a trust constituted by this TRUST DEED with the approval of the SEC to share in the profits or income and capital gains arising from the acquisition, holding, management or disposal of securities or any other property vested in the trust and called by the name “Asia Securities Dynamic Income Fund”;

**“TRUSTEE”** means Deutsche Bank AG or such other person or persons appointed as Trustee or Trustees in succession to Deutsche Bank AG under Clause 25;

**“TRUSTEE FEE”** means any sum to which the TRUSTEE may become entitled to in terms of Clause 19;

**“UNIT”** means one of the equal proportionate participations into which the beneficial interests in the assets of the SCHEME are divided and which shall be fully paid, free from all liens and freely transferable and includes shares;

**“VALUE”** means the valuation of INVESTMENTS according to the CIS CODE and any amendments made thereto which shall be disclosed in the KIID;

**“YEAR”** means calendar year and **“MONTH”** means calendar month.

## 1.2

- a) Reference to the Schedule and to Clauses, Sub-Clauses and Sub-Paragraphs shall be construed as references to the Schedule to this TRUST DEED and to Clauses, Sub-Clauses and Sub-Paragraphs of this TRUST DEED.



- b) Words importing the singular shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender; words importing persons shall include corporations and firms; the words "written" or "in writing" shall include printing engraving lithograph or other means of visible reproduction or partly one and partly another; and references to any statute shall be deemed to be references to that statute as from time to time amended or substituted.
  - c) The headings inserted herein are for convenience only and shall not affect the construction of this TRUST DEED.
  - d) Reference to the TRUST DEED shall include any deeds supplemental thereto.
- 1.3 Save as aforesaid any words or expressions defined in the ACT or the CIS CODE or in any regulations made there under shall if not inconsistent with the subject or context bear the same meaning in this TRUST DEED.
- 1.4 This TRUST DEED shall be effective until terminated in accordance with this TRUST DEED.

## **2. NATURE OF THE TRUST**

- 2.1 The Asia Securities Dynamic Income Fund is hereby constituted by this TRUST DEED as an open-ended Unit Trust Fund.
- 2.2 The primary investment objective of the SCHEME is to optimise income for the HOLDERS commensurate with an acceptable level of risk by investing in a portfolio of fixed income securities.
- 2.3 The TRUSTEE shall hold and possess the DEPOSITED PROPERTY as a single common FUND upon trust for the HOLDER/S *pari passu* vested with the powers conferred upon the TRUSTEE by this TRUST DEED, and any deed supplemental hereto. The consideration paid in respect of any duly created Units (less any charges) that the MANAGING COMPANY is entitled to retain shall become the property of the Trust immediately on receipt of such consideration by the TRUSTEE. A certificate in respect of Units or a relevant electronic entry is made in the register of Unit Holders of a depository of a exchange to a Unit Holder only on the Trustee being satisfied that the consideration paid for such units (less any charges that may be retained by the Managing Company) has been, or will be vested in the Trustee"
- 2.4 The TRUSTEE does hereby agree to act as TRUSTEE of the UNIT TRUST hereby created and vested with and subject to the powers and provisions hereinafter contained.
- 2.5 Any monies forming part of the DEPOSITED PROPERTY shall from time to time be invested at the discretion of the MANAGING COMPANY in accordance with the provisions contained in the CIS CODE, directives given by the SEC from time to time and in this TRUST DEED, any other supplementary Deed hereto and KIID issued by the MANAGING COMPANY mentioned herein before.
- 2.6 Each of the UNITS shall rank equal and *pari passu* and no UNIT shall confer any interest or share in any particular part of the DEPOSITED PROPERTY.
- 2.7 The MANAGING COMPANY does hereby agree to act as MANAGING COMPANY on the terms and conditions contained in the TRUST DEED.

## **3. CONSTITUTION OF THE TRUST**

- 3.1 The DEPOSITED PROPERTY shall initially consist of the proceeds of an offer of UNITS at a fixed price per UNIT (exclusive of the FRONT-END FEE) of an amount determined by the MANAGING COMPANY with the approval of the TRUSTEE and subsequently at the SELLING PRICE (exclusive of the FRONT-END FEE) and the UNIT HOLDERS shall not be required to make any further payment or bear any further liability.
- 3.2 The FRONT-END FEE shall be the amount specified in the KIID and shall not exceed 5% of the SELLING PRICE which shall be the maximum fee that can be levied on the purchase of UNITS and the MANAGING COMPANY reserves the right to waive the FRONT-END FEE.



- 3.3 The initial offer of UNITS shall be conducted by the MANAGING COMPANY in accordance with the KIID. The proceeds of the offer (SELLING PRICE) after deduction of the FRONT-END FEE (if any), shall be transferred to the UNIT TRUST from the COLLECTION ACCOUNT upon the creation of the UNITS and the consideration paid for the UNITS less any charges at the INITIAL OFFERING shall become the property of the UNIT TRUST immediately upon the receipt of such consideration by the TRUSTEE.
- 3.4 The UNITS in the SCHEME shall only be issued in one class, with each UNIT conferring on the holder thereof, (a) the right to one vote on a poll at a meeting of the SCHEME on any resolution, (b) an equal share in distributions paid by the SCHEME, and (c) an equal share in the distribution of the surplus assets of the SCHEME on a winding up.

#### **4. HOLDERS BOUND BY DEED**

- 4.1 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/S 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 himself and for all such persons, to observe and be bound by all provisions thereof, and had thereby authorized the TRUSTEE and the MANAGING COMPANY respectively to do all such acts and things as this TRUST DEED or any such supplemental Deed may require the TRUSTEE or the MANAGING COMPANY (as the case may be) to do.
- 4.2 A copy of this TRUST DEED and of any supplemental Deed shall be available for inspection free of charge at the offices of the MANAGING COMPANY at all times during usual business hours and a print copy shall be supplied by the MANAGING COMPANY to any person on application at a charge of RUPEES one thousand (Rs. 1,000) per printed copy document (or such other amount as the TRUSTEE and the MANAGING COMPANY may from time to time agree) to be retained by the MANAGING COMPANY.

#### **5. TRUST AND EQUITIES**

The HOLDER/S shall be the only person to be recognized by the TRUSTEE or by the MANAGING COMPANY as having any right title or interest in or to the UNITS registered in his name and the UNITS represented thereby and the TRUSTEE and the MANAGING COMPANY may recognize such HOLDER/S as 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 by some court of competent jurisdiction ordered to recognize any trust or equity or other interest affecting the title to any UNITS. No person other than the MANAGING COMPANY shall have any rights against the TRUSTEE except during the period in which UNITS are registered in his name.

#### **6. MANAGING COMPANY AS HOLDER**

- 6.1 Nothing herein contained shall prevent the MANAGING COMPANY from becoming a HOLDER/S provided such holding is not contrary to the CIS CODE or any other provisions of this TRUST DEED and is subject to the limitations on voting provided in Schedule.
- 6.2 The MANAGING COMPANY shall be deemed to hold and (except as otherwise provided herein) be treated for all the purposes of this TRUST DEED and of any Deed supplemental hereto as the HOLDER/S of each UNIT during such times as neither the MANAGING COMPANY nor any other person shall be entered in the REGISTER as the HOLDER/S thereof and except as otherwise provided herein any such UNIT shall be deemed to be in issue.



## 7. REGISTRATION OF HOLDERS

- 7.1 A REGISTER of the HOLDERS shall be kept by the MANAGING COMPANY at its Registered Office in the Republic of Sri Lanka. The REGISTER may be kept either in written form by such 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. A duplicate of the REGISTER or in the case of electronic recording, a backup copy updated from time to time and duly authenticated as agreed with the TRUSTEE shall be kept at a location different to the location where the MANAGING COMPANY is housed. The MANAGING COMPANY shall inform the TRUSTEE and the SEC in writing the address at which the REGISTER, duplicate register or the backup copy is kept.

There shall be entered in the REGISTER: -

- (i) the full name and address of each HOLDER provided that the TRUSTEE is satisfied that the fixed price per UNIT or the SELLING PRICE per UNIT (exclusive of the FRONT-END FEE), as the case may be, has been or will be vested with the TRUSTEE, and provided further that the MANAGING COMPANY shall not be obliged to register more than two (02) persons as joint HOLDERS except in any case or cases otherwise decided upon by the MANAGING COMPANY and the TRUSTEE for good reason;
  - (ii) the number of UNITS (including fractions of a UNIT) held by every such HOLDER issued in respect thereof;
  - (iii) the date on which the name of every such HOLDER was entered in the REGISTER in respect of the UNITS standing in his name;
  - (iv) the date on which any transfer by or from such HOLDER is registered;
  - (v) the number of UNITS (including fractions of a UNIT) for the time being in issue.
- 7.2 Any change of name or address of any HOLDER shall forthwith be notified in writing to the MANAGING COMPANY, who on being satisfied therewith and on compliance with such formalities (including in the case of a change of name written instructions to the MANAGING COMPANY requesting the change of name) as the MANAGING COMPANY may require shall alter the REGISTER or cause it to be altered accordingly and in the case of a change of name, may issue a new TRANSACTION RECEIPT to such HOLDER.
- 7.3 The MANAGING COMPANY shall at all reasonable times during business hours, give the TRUSTEE and its representatives access to the REGISTER and to all associated documents and records to inspect the same with or without notice and without charge, but neither the TRUSTEE nor any associated company of the TRUSTEE shall be entitled to remove the same or to make any entries therein or alterations thereto, except when the REGISTER is closed. In accordance with the provisions hereof, the REGISTER shall, during business hours (subject to such reasonable restrictions as to the provision or prior notice or otherwise as the MANAGING COMPANY may impose, but so that not less than two (02) hours in each BUSINESS DAY shall be allowed for inspection), be open in legible form for the inspection of any HOLDER/S without charge. The TRUSTEE shall be entitled to obtain free of charge certified copies of statements from the said REGISTER, documents and records and such copies shall be supplied by the MANAGING COMPANY within a reasonable time.
- 7.4 The REGISTER may be closed at such times and for such periods as the MANAGING COMPANY may from time to time determine in consultation with the TRUSTEE provided that it shall not be closed for more than thirty (30) BUSINESS DAYS in any one YEAR.
- 7.5 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 in respect of any UNIT except any right obtained as per Clause 5 hereof.
- 7.6 A duplicate of the REGISTER or in the case of electronic recording, a backup copy updated from time to time shall be kept at a location separate to the location where the REGISTER is maintained.
- 7.7 The MANAGING COMPANY shall notify the SEC in writing of the address where the REGISTER is kept.



## **8. TRANSFER AND TRANSMISSION**

- 8.1 Notwithstanding any provision in this TRUST DEED suggesting the contrary, UNITS of the UNIT TRUST shall be freely transferable and registration of the transfer of such UNITS shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- 8.2 In case of the death of a joint HOLDER/S, the remaining HOLDER/S shall be the only persons recognized by the MANAGING COMPANY and the TRUSTEE as having any title to or Interest in the UNITS held by such joint HOLDER/S.
- 8.3 The executors or administrators or persons holding a certificate of heirship of a deceased HOLDER/S (not being one of two or more joint Holders) shall be the only person (s) recognized by the MANAGING COMPANY and the TRUSTEE as having any title to the UNITS or any interests in UNITS by such deceased UNIT HOLDER subject to the rules and regulation of the SEC, CSE and the CDS in relation to the transmission of UNITS.
- 8.4 Any person becoming entitled to a UNIT in consequence of the death or bankruptcy of any sole HOLDER, or as the survivor of Joint HOLDERS may, subject as hereinafter provided, upon producing such evidence as to his title as the MANAGING COMPANY and the TRUSTEE shall think sufficient, either be registered himself as HOLDER of such UNIT upon giving to the MANAGING COMPANY notice in writing of such desire, or transfer such UNIT to some other person subject to the rules and regulation of the SEC, CSE and CDS as the case maybe.
- 8.5 Subject to the provisions of **Clause 8.6** a person becoming entitled to a UNIT in consequence of death or bankruptcy as aforesaid shall be entitled to receive and may give a discharge for all moneys payable in respect of the UNIT, but he shall not be entitled to receive notices 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.
- 8.6 The MANAGING COMPANY may in its discretion retain any moneys 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 duly transfer the same.
- 8.7 In respect or the registration of any Probate, Letters of Administration, Power of Attorney, Marriage or Death Certificate, Judgment or Order of Court, Deed Poll or other document relating to or affecting the title to any UNIT, there shall be paid to the MANAGING COMPANY a fee as the TRUSTEE and the MANAGING COMPANY may from time to time agree and DUTIES AND CHARGES, if any.
- 8.8 A body corporate may be registered as a HOLDER or as one of the joint HOLDER/S.
- 8.9 Any individual may appoint a nominee in accordance with Section 544 of the Civil Procedure Code who would become entitled to a UNIT consequent to the death of such Unit HOLDER.

## **9. ISSUE OF UNITS**

- 9.1 The MANAGING COMPANY shall have the exclusive right to effect for account of the TRUST, the creation and issue of UNITS provided that the MANAGING COMPANY shall not be bound to accept any initial APPLICATION for UNITS having a VALUE which differs from that in the KIID. The minimum initial investment shall be LKR 100,000/-
- 9.2 The MANAGING COMPANY shall furnish to the TRUSTEE from time to time on demand as soon as practicable a statement of all issues of UNITS and of the terms on which the same have been issued and of any INVESTMENTS which they determine to direct to be purchased for account of the TRUST, a statement of any INVESTMENTS which in accordance with the powers herein contained they determine to direct to be sold for account of the TRUST and any other Information which may be necessary so that the TRUSTEES may be in a position to ascertain at the date of such statement, the VALUE of the DEPOSITED PROPERTY.



9.3 Notwithstanding the preceding provisions of this clause the MANAGING COMPANY shall with the approval of the TRUSTEE be entitled from time to time to make an invitation to the public or to the HOLDERS to apply for UNITS at a fixed SELLING PRICE (being the price per UNIT based on the NAV per UNIT plus DUTIES AND CHARGES plus FRONT-END FEE as at a particular date). Any invitation to subscribe at the fixed SELLING PRICE should be for a period not exceeding 30 BUSINESS DAYS.

9.4

- a) The price at which any subsequent issue after the INITIAL OFFERING of UNITS for cash for valid orders received after 9.30 am on a DEALING DAY shall be effected based on the next SELLING PRICE calculated after the receipt of a valid order and payment. In the event the funds are received on or before 9.30 am for creation of UNITS and can be invested on the same day, the SELLING PRICE prevailing at the time of order and payment shall apply subject to an adjustment for any increase in VALUE arising from any intervening non DEALING DAY since the last publication of the prevailing SELLING PRICE. The UNITS allotted may include fraction of a UNIT up to the nearest hundredth (1/100) of a UNIT equivalent in value to the amount invested.
  - b) The SELLING PRICE for subscriptions on an ongoing basis (subsequent to the INITIAL OFFERING) as at any DEALING DAY shall be determined by,
    - (i) Ascertaining the VALUE of the net assets of the SCHEME as at 4.00 p.m. (Sri Lanka time) on such DEALING DAY.
    - (ii) Adding such sum that the MANAGING COMPANY may consider as representing the appropriate provision for DUTIES AND CHARGES and FRONT-END FEE (if any)
    - (iii) Dividing the resulting sum by the number of UNITS in issue and deemed to be in issue on that DEALING DAY
  - c) In the event that the TRUSTEE determine at any time (after consultation with the MANAGING COMPANY and having obtained such advice as they may deem necessary) that it would be detrimental to existing HOLDERS to issue or continue to issue UNITS at a price based on the NET ASSET VALUE as described in the preceding paragraph, then the TRUSTEE shall instruct the MANAGING COMPANY either to substitute such value with the latest available value or to adjust the SELLING PRICE within the limits permitted by this TRUST DEED. In the event of such change in the determination of the SELLING PRICE, the TRUSTEE's written approval shall be obtained after giving one (01) months' notice to the HOLDERS and the SEC. The TRUSTEE may instruct the MANAGING COMPANY temporarily to suspend the issue of UNITS during any period of consultation or adjustment arising from the provisions of this sub-clause.
  - d) In the event of arrangements being made by the MANAGING COMPANY 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 MANAGING COMPANY, 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 TRANSACTION RECEIPT in connection therewith or the remittance of money to Sri Lanka.
- 9.5 The MANAGING COMPANY may, with the written consent of the TRUSTEE and the SEC suspend the issue of UNITS during:
- a) the existence of any state of affairs which, in the opinion of the MANAGING COMPANY, constitute an emergency as a result of which disposal of such INVESTMENTS would not be reasonably practicable or might seriously prejudice the interest of the HOLDERS as a whole and of the DEPOSITED PROPERTY;
  - b) any breakdown in the means of communication normally employed in determining the price of any of such INVESTMENTS or the current price/value of any of such INVESTMENTS or the current price on any licensed stock exchange or when for any reason the prices/values of any of such INVESTMENTS cannot be promptly and accurately ascertained;



- c) any period when remittance of money which will or may be involved in the realization of such INVESTMENTS or in the payment for such INVESTMENTS cannot, in the opinion of the MANAGING COMPANY, be carried out in reasonable time.
- d) Upon any such suspension, the MANAGING COMPANY shall inform all HOLDERS with reasons therefor and the fact of suspension must be published at least once a MONTH during the period of suspension by advertisement in the local newspapers in Sinhala, Tamil and English languages.

In the event of such imminent suspension, the MANAGING COMPANY shall notify the SEC with the reasons therefore and having obtained the consent of the TRUSTEE and the SEC, such suspension shall take effect forthwith upon the declaration thereof by the MANAGING COMPANY and shall terminate on the day following the first BUSINESS DAY on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorized under this sub-clause shall exist. Notice of the suspension should be published once a MONTH in a leading daily newspaper during the period of suspension.

## 10. REDEMPTION OF UNITS

### 10.1

- a) Subject to **Clause 10.3 and 10.4**, the MANAGING COMPANY shall on the REDEMPTION DATE redeem from such HOLDER the UNITS (including any fraction of a UNIT) comprised in his holding at the REDEMPTION PRICE which shall be next REDEMPTION PRICE calculated after the receipt of a valid redemption request.
- b) The REDEMPTION PRICE for REDEMPTIONS as at any DEALING DAY shall be determined by,
  - i. Ascertaining the VALUE of the net assets of the SCHEME as at 4.00 p.m. (Sri Lanka time) on that DEALING DAY.
  - ii. Deducting the EXIT FEE (if applicable).
  - iii. Deducting there from such sum that the MANAGING COMPANY may consider as representing the appropriate DUTIES AND CHARGES.
  - iv. Dividing the resulting sum by the number of UNITS in issue and deemed to be in issue on that day.

10.2 Payment of REDEMPTION proceeds will be made in Sri Lanka Rupees to the first HOLDER and will be dispatched by crossed 'Account Payee Only' cheque by ordinary post within seven BUSINESS DAYS after the date of receipt of a request for REDEMPTION. HOLDERS have the option of requesting REDEMPTION proceeds by way of a direct transfer into a bank account bearing the name of the redeeming HOLDER. This service will however attract a charge for the specific banking service, which could change from time to time depending on the bank tariff. The MANAGING COMPANY do not assume liability, for any delays in the HOLDER receiving value for the above payments.

10.3 HOLDERS can redeem their UNITS in whole or in part provided the minimum holding is not less than rupees one hundred thousand (LKR 100,000) after such REDEMPTION is made. If the value of remaining UNITS is less than Rupees hundred thousand (LKR 100,000), the MANAGING COMPANY reserves the right to redeem the remaining UNITS and pay the proceeds to the HOLDER.

10.4 If the total amount to be redeemed is greater than or equal to three per centum (3%) of the NET ASSET VALUE based on the market value of the SCHEME, the HOLDER will be required to give the MANAGING COMPANY written instructions of Seven (07) MARKET DAYS prior to the REDEMPTION DATE. The REDEMPTION will be carried out at the REDEMPTION PRICE on the REDEMPTION DATE.



10.5 Requests for REDEMPTION of UNITS shall not be permitted where:

- b) the value/ number of UNITS remaining after such REDEMPTION is lesser than the minimum value/number of UNITS subject to the discretion exercised by the MANAGING COMPANY in terms of **Clause 10.4** above; or
- c) the SEC has temporarily permitted the suspension of REDEMPTION of UNITS of the SCHEME.

10.6 The MANAGING COMPANY may in consultation with the TRUSTEE of that UNIT TRUST and subject to the approval of the SEC suspend REDEMPTION of UNITS in the interests of the HOLDERS provided the sale of UNITS in the UNIT TRUST are also suspended during such time in inter alia the following circumstances

- (a) the existence of any state of affairs which, in the opinion of the MANAGING COMPANY constitutes an emergency as a result of which disposal of such investments would not be reasonably practicable or might seriously prejudice the interests of the HOLDERS as a whole and/or of the DEPOSITED PROPERTY;
- (b) any breakdown in the means of communication normally employed in determining the price/value of any of such investments or the current price on any recognized stock exchange, or when for any reason the prices/Values of any of such investments cannot be promptly and accurately ascertained;
- (c) any period when remittance of money which will or may be involved in the realization of such investments or in the payment for such investments cannot, in the opinion of the MANAGING COMPANY be carried out in reasonable time.

Such suspension shall take effect forthwith upon the declaration thereof by the MANAGING COMPANY and shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorized under this sub-clause shall exist unless otherwise specified by the SEC.

10.7 If the REDEMPTION of UNITS is suspended the MANAGING COMPANY shall inform all HOLDERS with reasons therefor and the fact of suspension must be published at least once a MONTH during the period of suspension by advertisement in the local newspapers in Sinhala, Tamil and English languages.

## 11. INVESTMENT OF DEPOSITED PROPERTY

11.1 All cash and other property which ought, in accordance with the provisions of this trust deed, form part of the deposited property which shall be paid or transferred to the trustee forthwith subject to provisions in **Clause 18.1(i)** after creation of units by the managing company. Immediately on creation of units by the managing company the consideration paid for new units shall be subject to the provisions of this trust deed. All assets must be held by, and be under the control of the trustee, and all assets that can be registered must be registered in the name of or to the order of the trustee. All cash shall be applied at the discretion of the managing company, (but subject always to the provisions of this trust deed), in the acquisition of authorized investments. All or any amounts of cash in any currency may, during such time or times as the managing company thinks fit, be retained in a current account or on deposit with any commercial bank or financial institution licensed by the Central Bank of Sri Lanka and approved by the trustee, and in the case of financial institutions approved also by the SEC.

11.2 The managing company shall ensure that the investment portfolio of the scheme shall at all times be consistent with the scheme's investment objectives and risks.

11.3 investments comprised in the deposited property on ceasing to be authorized investments as hereinafter provided, shall be realized by the managing company and the net proceeds of realization shall be applied in accordance with the provisions of this trust deed but the managing company may, with the approval of the trustee postpone the realization of any such investments for such period as it may determine to be in the interest of the holder/s.



- 11.4 Without prejudice to the foregoing or any other provisions of this trust deed, any investments comprised in the deposited property may at any time be realized at the discretion of the managing company either in order to invest the proceeds of sale in other authorized investments or to provide cash required for the purpose of any provisions 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.
- 11.5 The trustee shall with the prior approval of the SEC, at the request of the managing company, subject to any existing law, have the power to deal for the purpose of investment, re-investment or realization of the deposited property in currencies other than the currency of Sri Lanka, at the official rate of exchange for present or forward settlement and may pay any costs and commissions on such transactions out of the deposited property.
- 11.6 The trustee shall have the sole responsibility for the safe-keeping of all investments comprised in the deposited property, and wholly or partly represented by paper or in electronic form as may be registered or represented in any other article.
- 11.7 In making any authorized investments by way of subscription or purchase by application and subject thereto any purchase or sale shall be made on an exchange licensed by the SEC or approved by the Central Bank of Sri Lanka or trading platform on which such investments are dealt with or in a manner which is customary for such investments to be dealt with unless the managing company and the trustee are satisfied that it is feasible to make such purchase or sale more advantageously in some other manner.
- 11.8 The managing company may, from time to time, for the account of the trust and subject to the prior written approval of the trustee and the SEC in each case, enter into underwriting or sub underwriting contracts in relation to the subscription or purchase of authorized investments upon such terms in all respects as they shall think fit (but subject always to the provisions of this trust deed and so that no such contract shall relate to an authorised investment which if acquired, would constitute a holding in excess of the limits specified in Clause 12). All authorized investments acquired pursuant to any such contract shall form part of the deposited property and any subscription or purchase monies payable there under shall be paid out of the deposited property.
- 11.9 Subject to the prior approval of the trustee, the managing company 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) or, with the approval of the SEC, enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of such investment in any such case, the trustee shall be entitled, but not bound, to appropriate and set aside cash or other property approved by the managing company and acceptable to the trustee, sufficient to provide for paying up such investment in full or (as the case may be), for meeting such underwriting or sub-underwriting or 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 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.
- 11.10 Subject to the provisions in this Clause 11, the selection of all investments (whether partly paid or not) shall in all respects be the sole responsibility of the managing company and not of the trustee.

## **12. LIMITATION ON INVESTMENT**

### **12.1 The FUND will make INVESTMENTS:**

- a) Within the investment parameters set out by the SEC and directives issued by the SEC from time to time subject to the CIS CODE and amendments thereto;
- b) The TRUST DEED of the FUND; and
- c) The KIID of the FUND.



- 12.2 The MANAGING COMPANY shall not make any investment:
- a) for the purpose of gaining management control of a company; and
  - b) which would involve the UNIT TRUST in situations of unlimited liability.
- 12.3 The MANAGING COMPANY shall not make loans to any persons, or act as guarantor or indemnitor for any party, without the consent of the TRUSTEE, PROVIDED THAT for the purpose of this restriction the acquisition of bonds, debentures, securitized paper or other corporate debt securities and investments in Government bills, Government bonds, repurchase securities, commercial paper, certificates of deposits and bankers' acceptances shall not be deemed to be making a loan.
- 12.4 The TRUSTEE shall be entitled at any time, at its entire discretion and without assigning any reason to give notice to the MANAGING COMPANY that it is not prepared to accept the transfer of any property which, in the opinion of the TRUSTEE, infringes the terms of this DEED and the TRUSTEE shall be entitled to require the MANAGING COMPANY to deposit in place of any such property, other property acceptable to the TRUSTEE.
- 12.5 The MANAGING COMPANY shall at all times maintain a level of liquidity as stipulated by SEC Directives from time to time.

### 13. INVESTMENT ADVISORY COMMITTEE

- 13.1 The MANAGING COMPANY may establish an INVESTMENT ADVISORY COMMITTEE to advise the MANAGING COMPANY as to the investment of the DEPOSITED PROPERTY. The member of the COMMITTEE shall be appointed and removed by the MANAGING COMPANY. The COMMITTEE shall make its recommendations to the MANAGING COMPANY on the macro economic conditions, market conditions and overall investment environment.
- 13.2 The MANAGING COMPANY may make such regulations for the conduct of the meetings of the COMMITTEE for fixing a quorum and for the appointment of alternate member of the COMMITTEE as the MANAGING COMPANY thinks fit and except as provided in such regulations the member of the COMMITTEE may conduct their business in such manner as they may from time to time determine.
- 13.3 The MANAGING COMPANY shall be responsible for paying the remuneration of the Members of the COMMITTEE and all reasonable charges incurred by the COMMITTEE in the course of its duties. The TRUSTEE shall not be liable to the Member of the COMMITTEE for any remuneration or otherwise.
- 13.4 The MANAGING COMPANY may in the management of the UNIT TRUST take into consideration any advice stated in Clause 13.1 given by the COMMITTEE provided always that, the MANAGING COMPANY or the Members of the COMMITTEE shall not incur any liability to the HOLDER/S by reason of the MANAGING COMPANY having acted or having not acted upon the advice of the COMMITTEE.

### 14. DISTRIBUTIONS

- 14.1 The MANAGING COMPANY may, at its sole discretion, decide the time of distribution and by notice in writing recommend to the TRUSTEE to distribute part or whole of the income or capital of the TRUST to HOLDER/S in accordance with such method of calculation as the TRUSTEE and the MANAGING COMPANY may agree having regard to the provisions of this DEED.
- 14.2 In the event of a distribution being made an appropriate amount shall be transferred 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.
- 14.3 Immediately after the amount of income qualifying for distribution in respect of the relevant period has been computed, the MANAGING COMPANY shall determine the amount to be distributed which shall be such amount (if any) not exceeding the amount qualifying for distribution, as the MANAGING COMPANY shall in its absolute discretion decide.



- 14.4 In the event that a distribution is made the MANAGING COMPANY shall cause to be prepared and signed by a Director of the MANAGING COMPANY a statement showing the amount for distribution in respect of the relevant period. The statement, with the AUDITORS' report annexed, shall be filed with the TRUSTEE and shall be conclusive and binding and copies thereof shall be open for inspection during usual business hours by any HOLDERS at the offices of the MANAGING COMPANY. The TRUSTEE and the MANAGING COMPANY shall not incur any liability in relying on, and acting upon, such an audited statement provided that they have acted in good faith and with due care and diligence.
- 14.5 Neither the TRUSTEE nor the MANAGING COMPANY 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, provided that they have acted in good faith and with due care and diligence. 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.

## **15. PAYMENTS**

- 15.1 Any money payable by the MANAGING COMPANY or the TRUSTEE to a HOLDER, in respect of any UNIT under the provisions of the TRUST DEED, may be paid as follows;
- a) Crediting the Bank Account of the HOLDER/S or of the first named of the joint-HOLDER/S as specified/linked to the CDS after deducting any applicable bank charges.
  - b) By a crossed cheque or warrant made payable to the order of the HOLDER sent through the post to the address of such HOLDER in the REGISTER, or in the case of joint HOLDER/S, made payable to the order of the HOLDER/S sent to the address of the first named joint HOLDER/S in the REGISTER. The payment of any cheque or warrant to the first named joint HOLDER shall be an effective discharge to the MANAGING COMPANY and TRUSTEE. Every such cheque or warrant shall be sent at the risk of the person to whom it is sent and payment of every such cheque or warrant shall be to the satisfaction of the moneys payable and shall be a good discharge to the MANAGING COMPANY and TRUSTEE.
  - c) Where an authority in writing have been received by the MANAGING COMPANY or the TRUSTEE from the HOLDER, or in the case of joint HOLDER/S, from all of them in such form as the MANAGING COMPANY or the TRUSTEE shall consider sufficient, the MANAGING COMPANY or the TRUSTEE (as the case may be) shall pay the amount distributable to the HOLDER or joint HOLDER/S, as the case may be, to his or their banker or other agent 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.
- 15.2 Before making any payment in respect of any UNIT, the TRUSTEE or MANAGING COMPANY may make such deductions as required by the law of any country in which such payment is made, it is or they are required or entitled to make, in respect of any income or other taxes, charges or assessments whatsoever.
- 15.3 The MANAGING COMPANY shall, at the request of the TRUSTEE or shall otherwise be at liberty, to deposit with a bank under the custody of 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 or satisfied in accordance with the provisions hereof. The TRUSTEE shall not be responsible for the safe custody of such monies.
- 15.4 For each ACCOUNTING PERIOD, when a distribution is made, the MANAGING COMPANY shall issue to the HOLDER concerned such tax certificates as may from time to time be required, such certificates to be prepared by the AUDITORS, or by the MANAGING COMPANY, in a form to be approved by the TRUSTEE, each tax certificate shall show what proportion of the distribution represents capital and what proportion represents income. The MANAGING COMPANY shall prepare and pay for all cheques, warrants, statements, accounts, certificates and



notices which the TRUSTEE has to issue, send or serve as required in the TRUST DEED, and shall stamp and (where authorized by the TRUSTEE) sign the same on behalf of the TRUSTEE and dispatch the same on the proper day or 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.

## **16. ACCOUNTS**

- 16.1 The accounts of the FUND shall be prepared in accordance with the provisions of the COMPANIES ACT and the ACCOUNTING STANDARDS applicable in Sri Lanka in respect of each financial year.
- 16.2 The responsibility for the keeping and maintaining of the accounts of the FUND and the preparation, publication and distribution of any reports and the frequency thereof, shall be in accordance with the CIS CODE.
- 16.3 The ACCOUNTING PERIOD of the MANAGING COMPANY and the FUND shall, wherever possible, be the same.
- 16.4 The annual audited accounts and interim reports of the FUND shall be approved by the board of directors of the MANAGING COMPANY and be signed by two (02) directors of the MANAGING COMPANY and the TRUSTEE.

## **17. AUDIT OF ACCOUNTS**

- 17.1 The accounts of the FUND shall be audited by the AUDITORS and shall be accompanied by a Certificate of the AUDITORS in accordance with the COMPANIES ACT to the effect that the accounts and statements attached thereto have been examined in accordance with the ACCOUNTING STANDARDS and that the AUDITORS have obtained all the explanations and information they have required. The AUDITORS shall also report whether the accounts are, in their opinion, properly drawn up in accordance with such books and records and all disclosures required to be made by the TRUSTEE in accordance with the requirements of the SEC.
- 17.2 The AUDITORS shall be appointed by the MANAGING COMPANY with the approval of the TRUSTEE in accordance with the provisions of the CIS CODE subject to the provisions of Clause 17.3 and such AUDITORS shall hold office until such time as they may voluntarily retire by notice in writing of the MANAGING COMPANY.
- 17.3 The MANAGING COMPANY with the consent of the TRUSTEE may, from time to time, remove the AUDITORS and appoint other AUDITORS in their place.
- 17.4 The fees and expenses of the AUDITORS in connection with the audit of the accounts shall be paid by the TRUSTEE out of the DEPOSITED PROPERTY. The other fees and expenses of the AUDITORS shall be paid by the MANAGING COMPANY under Clause 19.3(c).
- 17.5 The AUDITORS shall have the qualifications specified by the SEC and if they cease to possess such qualifications, they must retire as AUDITORS as soon as the SEC directs.

## **18. COVENANTS BY THE MANAGING COMPANY AND TRUSTEE**

- 18.1 The MANAGING COMPANY hereby covenants with the TRUSTEE as follows:
  - a) That it will have the capability and capacity to carry out the functions, duties and obligations required by it in respect of the SCHEME and amongst others:
    - (i) Establish and maintain risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risk in relation to the SCHEME; and
    - (ii) Have adequate and appropriate systems, procedures and processes to properly and efficiently manage the operations of the SCHEME.

✓

✓



- b) That it will manage the UNIT TRUST with due care and diligence in a manner which provides a prudent spread of risks and in accordance with the ACT, TRUST DEED, CIS CODE, KIID and the directives issued by the SEC from time to time;
- c) That, during the term hereof, it will maintain the minimum net capital specified by the SEC from time to time;
- d) Exercise its powers in the best interest of the HOLDERS of the SCHEME and act impartially between all HOLDERS of the SCHEME;
- e) Not profit by its office except through the payment of remuneration permitted in terms of the KIID and the TRUST DEED;
- f) Avoid conflicts of interest between itself and the HOLDERS of the SCHEME and in instances where the MANAGING COMPANY operates more than one (1) Scheme, ensure that independence is maintained in the management of each Scheme;
- g) Avoid buying or selling any securities in its own name unless otherwise permitted by the SEC;
- h) Take all reasonable steps to obtain the best possible result for the SCHEME, taking into account factors such as: price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of a trade or transaction;
- i) Have internal policies and procedures to ensure that the SCHEME is operated in accordance with applicable legal requirements, such as customer due diligence rules issued by the Financial Intelligence Unit of the Central Bank of Sri Lanka;
- j) That it will instruct the TRUSTEE (or as it may direct) to transfer to the TRUST immediately prior to the issue of UNITS, any moneys which are lying in the COLLECTION ACCOUNT of the TRUST. This may be dispensed with by the MANAGING COMPANY in exceptional circumstances with the approval of the TRUSTEE;
- k) That it will, to the same extent as if the TRUSTEE were a Director of the MANAGING COMPANY:
  - (i) Make available to the TRUSTEE, or any approved company auditor appointed by it, for inspection the whole of the books of the MANAGING COMPANY whether kept at the registered office of the MANAGING COMPANY or elsewhere; and
  - (ii) Give to the TRUSTEE, or any such auditor, such oral or written information as they may require with respect to all matters relating to the MANAGING COMPANY;
- l) That it will make available or ensure that there is made available to the TRUSTEE such details as the TRUSTEE may require with respect to all matters relating to the TRUST;
- m) The MANAGING COMPANY must have a Compliance Officer in place prior to the commencement of operations of the TRUST who will be responsible for;
  - (i) Ensuring that the MANAGING COMPANY complies with applicable law and the directives of the SEC;
  - (ii) Implementation of an effective regulatory risk controls and compliance policies;
  - (iii) Advice on transactions including transactions which require pre-approval;
  - (iv) Transaction and compliance risk reviews;
- n) the MANAGING COMPANY must publish this TRUST DEED on its website.

18.2 The TRUSTEE hereby covenants with the MANAGING COMPANY as follows:

- a) That it will have the capability and capacity to carry out the functions, duties and obligations required by it in respect of the SCHEME and amongst others;
  - (i) Establish and maintain risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risk in relation to the SCHEME; and



- (ii) Have adequate and appropriate systems, procedures and processes to properly and efficiently manage the operations of the SCHEME.
- b) Exercise all due care and diligence in carrying out its functions and duties in protecting the rights and interests of HOLDER/S;
  - c) Create a custodian account to hold the DEPOSITED PROPERTY;
  - d) The assets of the SCHEME are held and dealt with by it in a manner that promotes the best interests of the HOLDERS of the SCHEME and in accordance with the TRUST DEED, the KIID, the provisions of the CIS CODE, the provisions contained in the ACT, any rules and directives issued by the SEC from time to time;
  - e) The property of the SCHEME is segregated from its own property, the property of other Schemes and the property of the MANAGING COMPANY of the SCHEME;
  - f) A valuation of the DEPOSITED PROPERTY of the SCHEME is carried out in accordance with this TRUST DEED;
  - g) Keep, or cause to be kept, proper books of account in relation to those rights and interests;
  - h) Cause those accounts to be audited at the end of each ACCOUNTING PERIOD by the AUDITORS;
  - i) 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 16.
- 18.3 The MANAGING COMPANY and the TRUSTEE undertake to disclose in the KIID and to the SEC if an APPROVED BROKER is under the common control of the MANAGING COMPANY or TRUSTEE and shall ensure due compliance with the CIS CODE and the directives issued from time to time.
- 18.4 The TRUSTEE, the MANAGING COMPANY and any RELATED PERSON shall disclose their interest, whenever any business in which they have a material interest is being discussed at any meeting of the FUND. Furthermore, any transaction between the FUND and MANAGING COMPANY or the TRUSTEE and any RELATED PERSON as principal may only be made with the prior written consent of the TRUSTEE or the MANAGING COMPANY as the case may be. All such transactions shall be disclosed in the annual report of the UNIT TRUST.
- 18.5 The TRUSTEE shall promptly forward to the MANAGING COMPANY 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 the rules and regulations of the relevant corporation whose shares constitute INVESTMENTS) upon the written request of and at the expense of the MANAGING COMPANY, from time to time execute and deliver, or cause to be executed or delivered, to the MANAGING COMPANY or its nominees, such powers of attorney or proxies as may reasonably be required in such name or names as the MANAGING COMPANY 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 MANAGING COMPANY shall be entitled to exercise the said rights in what it may consider to be in the best interests of the HOLDER/S but neither the TRUSTEE nor the MANAGING COMPANY, 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 fact or any matter or thing done or omitted to be done by the TRUSTEE or MANAGING COMPANY or by any such representative or by the HOLDER of such proxy or power of attorney. The TRUSTEE shall be under no obligation to anyone with respect to any action taken or caused to be taken or omitted by the MANAGING COMPANY or by such representative proxy or attorney.
- 18.6 The expression "rights 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.

## 19. REMUNERATION OF MANAGING COMPANY AND TRUSTEE

### 19.1

- a) The MANAGEMENT FEE shall be a sum not exceeding such percentage as is hereinafter mentioned of the VALUE of the DEPOSITED PROPERTY and the MANAGEMENT



FEE shall accrue day to day from the closing date of the INITIAL OFFERING on the VALUE of the DEPOSITED PROPERTY. Any increase to the MANAGEMENT FEE shall require the prior approval of the SEC and the amended fee shall be disclosed in the KIID.

- b) The amount of the MANAGEMENT FEE shall be calculated daily and shall be payable to the MANAGING COMPANY in arrears at the end of each calendar month the amount payable in respect of any period other than a full calendar month shall be calculated based on the number of days for which it has accrued as a proportion of the total number of days in the calendar month concerned.
- c) The percentage hereinbefore referred to shall not exceed zero decimal two five per centum (0.25 % ) per annum of the NAV, or such higher percentage as may be agreed to by the TRUSTEE and approved by the HOLDERS by EXTRAORDINARY RESOLUTION, at a meeting of the HOLDERS duly convened and held in accordance with the Schedule hereto. The MANAGING COMPANY may from time to time, by giving at least ten (10) BUSINESS DAYS notice, fix a lesser percentage and in that event and for such period as may be specified in such notice (or if no period is so specified, then until further notice in writing is given to the TRUSTEE) but such lesser percentage will not apply to a new MANAGING COMPANY.
- d) The MANAGEMENT FEE shall be payable out of the capital or income of the DEPOSITED PROPERTY as the MANAGING COMPANY in its discretion decides.
- e) The remuneration of the MANAGING COMPANY shall be paid as soon as possible after the respective dates by reference to which it is calculated under Clause 19.1 (b) provided that unless and until the TRUSTEE is 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 MANAGEMENT FEE for the purpose of paying, discharging or providing for such expenses including its remuneration and shall pay to the MANAGING COMPANY the balance (if any).
- f) The remuneration of the TRUSTEE shall be payable by the MANAGING COMPANY to the TRUSTEE from the DEPOSITED PROPERTY, on terms to be agreed upon between them, subject to the CIS CODE subject however that the TRUSTEE FEE shall not exceed zero decimal one five per centum 0.15% per annum of the VALUE of the DEPOSITED PROPERTY. The TRUSTEE will also be reimbursed out of the DEPOSITED PROPERTY all agreed upon expenses incurred by the TRUSTEE in the performance of its duties hereunder, subject to the CIS CODE.

19.2 The MANAGING COMPANY shall be responsible for the payment of all expenses incurred from time to time in connection with the management of the TRUST, except such expenses as are expressly authorized hereunder to be payable out of the DEPOSITED PROPERTY.

19.3 In consideration of the foregoing and save as aforesaid, the TRUSTEE and the MANAGING COMPANY shall charge against the DEPOSITED PROPERTY or against any distribution for their services and for their normal expenses hereunder including but not limited to:

- a) Any expenses or disbursements of the custodian which are authorized by the TRUST DEED
- b) The cost of dealing in the assets of the Fund;
- c) Interest on borrowings permitted and charges incurred in effecting or varying the terms of such borrowings;
- d) The costs and expenses incurred in obtaining a listing of the shares of the SCHEME on any licensed securities exchange;
- e) The fees and expenses of the auditor of the SCHEME;
- f) The costs incurred in respect of the distribution of income to investors;
- g) The costs reasonably incurred in respect of the publication of prices of units and in respect of the publication and distribution of the SCHEME KIID or TRUST DEED, annual and interim reports and accounts;
- h) Any costs incurred in preparation or the modification of the TRUST DEED of the SCHEME;
- i) Any other costs, incidental to its operation that may be charged to the SCHEME;
- j) Any change in annual charges of the MANAGING COMPANY;
- k) Any Expenses or disbursements of the TRUSTEE, which are authorized by the TRUST DEED to be paid out of the assets of the SCHEME;



- l) Fees payable to the COMMISSION in respect of obtaining approval for a SCHEME;
- m) Legal expenses incurred in safeguarding the assets of the SCHEME.
- n) Any other fee approved by the COMMISSION and specified in the TRUST DEED.

## 20. CONCERNING THE ADMINISTRATION OF TRUST

### 20.1 Neither

- (a) The TRUSTEE nor,
- (b) The MANAGING COMPANY, (or its directors, officers and employees) nor,
- (c) Any company controlled by any of them nor,
- (d) Any person firm or body corporate entitled to exercise any powers or discretions pursuant to a delegation by the TRUSTEE or MANAGING COMPANY made under Clauses 21 and 22 hereof,

shall as principal sell, or deal in the sale of INVESTMENTS, to the TRUSTEE for account of the FUND, or vest INVESTMENTS in the TRUSTEE against the issue of UNITS, or purchase INVESTMENTS from the TRUSTEE and each shall (without incurring any liability for failure so to do) use its best endeavors to procure that no such sale or dealing or vesting shall be made by a RELATED PERSON of the TRUSTEE or the MANAGING COMPANY.

Provided that nothing shall prevent any sale to, or any purchase for account of the TRUST of any Investment from the TRUSTEE, a CUSTODIAN or MANAGING COMPANY of any other unit trust scheme, or mutual fund company or investment company on account of such scheme or company, notwithstanding that the TRUSTEE and/or the MANAGING COMPANY and/or any RELATED PERSON may be, or be interested in the TRUSTEE or the CUSTODIAN or the MANAGING COMPANY of any person, firm or body corporate to whom any investment powers or discretions may have been delegated under or by such scheme or company.

Provided further that:

- (i) The value of the INVESTMENT in question is certified in writing for the purpose of the transaction by an Exchange licensed by the SEC or other professionally recognized person; and
- (ii) The TRUSTEE is of the opinion that the terms of such transaction will not be likely to result in any prejudice to the HOLDER/S.

- 20.2 Subject to the succeeding Clause, nothing contained herein shall prevent the TRUSTEE, or the MANAGING COMPANY or any RELATED PERSON, from becoming the owner of UNITS and holding, disposing or otherwise dealing with the same rights which they would have had if neither the TRUSTEE nor the MANAGING COMPANY nor any RELATED PERSON was a party to or a RELATED PERSON for the purposes of the TRUST DEED, and the TRUSTEE and the MANAGING COMPANY and any such RELATED PERSON may buy, hold and deal in any INVESTMENTS upon their respective individual accounts notwithstanding that similar INVESTMENTS may be held under the TRUST DEED as part of the DEPOSITED PROPERTY.
- 20.3 Every transaction between the MANAGING COMPANY or any RELATED PERSON and the FUND shall be approved in writing by the TRUSTEE.
- 20.4 Neither the TRUSTEE, nor the MANAGING COMPANY nor any RELATED PERSON, shall be liable to account either to any other or others or to the HOLDER/S or any of them, for any profits or benefits made or derived by or in connection with any such transaction permitted as aforesaid.
- 20.5 Nothing herein contained shall prevent the MANAGING COMPANY or the TRUSTEE from acting as MANAGING COMPANY or TRUSTEE for trusts separate and distinct from the TRUST provided however that the MANAGING COMPANY shall not act as a Trustee and the TRUSTEE shall not act as a MANAGING COMPANY of any other scheme.
- 20.6 Neither the MANAGING COMPANY nor the TRUSTEE shall be liable to account to any HOLDER, or otherwise, for any payment made in good faith to any duly empowered fiscal authority of Sri Lanka, for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under the TRUST DEED, notwithstanding that any such payments ought not to, or need not have been made or suffered.



- 20.7 In no event shall a HOLDER have or acquire any rights against the TRUSTEE or the MANAGING COMPANY, save such as are expressly conferred upon such HOLDER by the TRUST DEED or by law, nor shall the TRUSTEE be bound to make any payment to any HOLDER except out of funds held by, or paid to it for that purpose under the provisions of the TRUST DEED. Nothing herein shall exempt the TRUSTEE from, or indemnify it, against any breach of trust occasioned by the TRUSTEE's fraud or gross negligence.
- 20.8 Neither the TRUSTEE nor the MANAGING COMPANY 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 and, 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 authorized parties.
- 20.9 Neither the TRUSTEE nor the MANAGING COMPANY 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 of competent jurisdiction, 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) by which either the TRUSTEE or the MANAGING COMPANY shall be directed or requested to do or perform or to forbear from doing or performing, or if for any reason including any market fluctuations it becomes impossible to perform any of either obligations hereunder.
- 20.10 The TRUSTEE and the MANAGING COMPANY respectively, shall be entitled, but not bound, to require that the signature of any HOLDER or joint HOLDER to any document required to be signed by him be verified by a banker or broker or other person specified by the MANAGING COMPANY or TRUSTEE or otherwise authenticated to its or their reasonable satisfaction.
- 20.11 Any indemnity expressly given to the TRUSTEE and/or the MANAGING COMPANY in the TRUST DEED is in addition to and without prejudice to any indemnity provided by law, but nothing in the TRUST DEED shall, in any case in which the TRUSTEE and/or the MANAGING COMPANY, as the case may be, have failed to show the degree of diligence and care required by them by the provisions of the TRUST DEED 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 or trust of which they may be guilty in relation to their duties.
- 20.12 Any INVESTMENT in registered form shall, unless otherwise instructed by the TRUSTEE, be registered in the name of the TRUSTEE, or its nominee, 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 the TRUST DEED. The TRUSTEE shall be entitled to, if it considers that it is expedient to do so, cause to be deposited in safe custody with any banker or other agent of the TRUSTEE the documents of title to any INVESTMENTS, subject however that TRUSTEE shall retain the documents of title to all INVESTMENTS in its possession in safe custody. Any expense of whatever nature incurred by the TRUSTEE in effecting such registration or providing such safe custody, shall be payable out of the DEPOSITED PROPERTY. Notwithstanding the provisions of this 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 for the purpose of securing any borrowings effected by the TRUST.
- 20.13 The TRUSTEE (or the MANAGING COMPANY on its behalf) shall, subject as hereinafter provided, be entitled to destroy
- a) All notifications of change of address after the expiration of six (6) years from the date of the recording thereof.
  - b) All forms of proxy in respect of any meeting of HOLDERS six (6) years from the date of the meeting at which the same are used; and
  - c) All registers (excluding the REGISTER of UNIT HOLDER/S), statements and other records and documents relating to the TRUST at any time after the expiration of six years from the date of origin.



Neither the TRUSTEE nor the MANAGING COMPANY shall be under any liability whatsoever in consequence thereof and unless the contrary be proved, every document hereinbefore mentioned so destroyed, shall be deemed to have been a valid and effective document in accordance with the recorded particulars thereof.

Provided that:

- (i) The provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereof) to which the document might be relevant.
- (ii) The provisions aforesaid shall be subject to the data retention policy of the TRUSTEE or MANAGING COMPANY as the case may be and if applicable.
- (iii) Nothing in this sub-clause shall be construed as imposing upon the TRUSTEE or the MANAGING COMPANY, any liability in respect of the destruction of any document earlier than as aforesaid, or in any case where the conditions of proviso (1) above are not fulfilled.
- (iv) References herein to the destruction of any document include references to the disposal thereof in any manner.

20.14 The TRUSTEE and the MANAGING COMPANY 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.

20.15 The TRUSTEE and the MANAGING COMPANY shall maintain, or cause to be maintained, a Register setting out all particulars of the documents and all other materials destroyed under Clause 20.13 hereof 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 subject to the Personal Data Protection Act No. 09 of 2022 from the date of the last entry thereof.

## **21. CONCERNING THE TRUSTEE**

21.1 The TRUSTEE shall give notice in writing to the HOLDERS as soon as practicable if the MANAGING COMPANY fails to remedy after giving of reasonable notice of any breach of terms and conditions of the UNIT TRUST or the provisions/covenants in the TRUST DEED.

21.2 Where an event of termination has occurred or continuing to occur, the TRUSTEE shall exercise such rights and powers vested in it by the TRUST DEED and use reasonable skill and diligence in exercising the powers.

21.3 TRUSTEE shall, in the event the MANAGING COMPANY fails to remedy any breach of terms and conditions of the UNIT TRUST or the provisions/covenants of the TRUST DEED:

- a) call a meeting of the HOLDER/S with notice to the MANAGING COMPANY;
- b) inform the HOLDER/S of the failure at the meeting; and
- c) submit proposals for the protection of the HOLDER/S' interests or call for proposals from the HOLDER/S at the meeting as the TRUSTEE considers necessary or appropriate and obtain their directions.

21.4 TRUSTEE shall give notice in writing to the MANAGING COMPANY as soon as practicable if the TRUSTEE discovers that it is not eligible to be appointed or to act as TRUSTEE.

21.5 With regard to any provision in the TRUST DEED 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, and any act or matter so performed shall be deemed, for all the purposes of the TRUST DEED, to be the act of the TRUSTEE.

21.6 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 MANAGING COMPANY pursuant to any provision of the TRUST DEED, any certificate, notice, direction, instruction or other communication is to be given by the MANAGING COMPANY to the TRUSTEE, the TRUSTEE may accept as sufficient evidence thereof, a document signed or purported to be signed on behalf of the MANAGING COMPANY by any person whose signature



the TRUSTEE is for the time being authorized in writing by the MANAGING COMPANY to accept.

- 21.7 The TRUSTEE may accept a certificate by an APPROVED BROKER as sufficient evidence of the Value of any INVESTMENT or foreign currency, or the cost or sale price of any INVESTMENT or of any stock exchange listing or of any other matter within its competence.
- 21.8 The TRUSTEE may act upon advice or information obtained from the MANAGING COMPANY or bankers, accountants, brokers, lawyers, or advisers of the TRUSTEE or the MANAGING COMPANY, and the TRUSTEE shall not be liable for anything done or omitted to be done in good faith in reliance upon such advice or Information.
- 21.9 The TRUSTEE shall not be responsible for any act, omission, misconduct, error of judgment, or want of prudence on the part of the MANAGING COMPANY or advisors of the TRUSTEE or the MANAGING COMPANY.
- 21.10 Except as expressly provided herein, the TRUSTEE shall, as regards all the trusts, powers, authorities and discretions 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 the TRUST DEED shall exempt or indemnify the TRUSTEE against any breach of trust caused by the TRUSTEE's fraud or gross negligence. In the absence of fraud or gross negligence by the TRUSTEE, the TRUSTEE shall not be liable for any loss or any costs or damages caused by such breach of trust.
- 21.11 Nothing herein contained shall prevent the TRUSTEE from acting as bankers to the TRUST, or from entering into any financial, banking, insurance or other transaction with the MANAGING COMPANY or any HOLDER or any company or body, regarding any part of the securities which form 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 any way liable to account either to the MANAGING COMPANY or the HOLDER/S, or any of them, for any profits or benefits made or derived by the TRUSTEE thereby, or in connection therewith.
- 21.12 The TRUSTEE shall not be under any obligation to appear in, prosecute or defend any action, suit, arbitration or inquiry in respect of the provisions hereof, or in respect of the DEPOSITED PROPERTY or any part thereof, or any corporate or shareholder's action which, in its opinion, would, or might involve it, in expense or liability, unless the MANAGING COMPANY shall so request in writing, in which case the MANAGING COMPANY shall, so often as required by the TRUSTEE, furnish it with an indemnity against any such expense or liability, provided that no such indemnity shall be given in respect of any actions taken against the TRUSTEE for gross negligence or breach of fiduciary duty in connection with its duties as TRUSTEE.
- 21.13 Before making any distribution or other payment in respect of any UNIT or in respect of the MANAGEMENT FEE or TRUSTEE FEE, the TRUSTEE may make such deductions as, by the law of Sri Lanka 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, DUTIES AND 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.
- 21.14 The TRUSTEE shall be responsible for verifying or checking any valuation of the DEPOSITED PROPERTY or any calculation of the prices at which UNITS are to be issued or redeemed by the MANAGING COMPANY, except as herein expressly provided.
- 21.15 Where any TRUST property is registered in the name of a lender as security for a loan obtained by the TRUST, the TRUSTEE shall not be liable for any act or omission of the lender or his agent with respect to such property.
- 21.16 The TRUSTEE shall maintain records that will demonstrate compliance with:
  - a) the provisions contained in the TRUST DEED, the KIID, provisions of the CIS CODE, provisions contained in the ACT, any rules and directives issued by the SEC from time to time; and
  - b) submit a compliance report regarding the activities of the UNIT TRUST to the SEC at least on a half yearly basis.



- 21.17 If the SEC so requires the TRUSTEE shall provide a deposit of security which would guarantee against loss due to its misconduct or negligence.

## **22. CONCERNING THE MANAGING COMPANY**

- 22.1 The MANAGING COMPANY shall keep, or cause to be kept at its own expense, proper books of account and records including the maintenance of proper accounts in respect of assets and expenses of the SCHEME, subject to section 48 of the CIS CODE, in which shall be entered all transactions effected by the MANAGING COMPANY on 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.
- 22.2 In the absence of gross negligence or willful default, the MANAGING COMPANY 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 however that nothing in the TRUST DEED shall exempt the MANAGING COMPANY from any liability imposed on it by law, neither shall it be indemnified against such liability at the expense of the HOLDER/S.
- 22.3 Nothing herein shall prevent the MANAGING COMPANY from contracting or entering into any financial banking or other similar transactions 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 MANAGING COMPANY shall not be in any way liable to account, either to the TRUST or the TRUSTEE or to the HOLDER/S or any of them, for any profit or benefit made or derived by the MANAGING COMPANY thereby or in connection therewith.
- 22.4 The MANAGING COMPANY shall be entitled to delegate its functions, powers, discretions, privileges and duties hereunder or any of them to any person, firm or body corporate approved in writing by the TRUSTEE and with the prior approval of the SEC and any such delegation may be on such terms and conditions as the MANAGING COMPANY thinks fit (including the power to sub-delegate) provided always that the MANAGING COMPANY shall remain liable hereunder for any act or omission of any such person as if such act or omission was its own. The MANAGING COMPANY shall pay for such services obtained from the MANAGEMENT FEE earned by the MANAGING COMPANY.
- 22.5 Where the MANAGING COMPANY of a SCHEME outsources any of the functions, it shall ensure that:
- a) the MANAGING COMPANY can at all times effectively monitor the performance of the functions that have been outsourced;
  - b) the party to whom any function has been outsourced, enables the SEC to carry out any supervisory functions relating to the functions that have been outsourced;
  - c) such outsourced functions are carried out in the best interests of HOLDERS;
  - d) there are controls in place to ensure that the person to whom the functions are outsourced complies with the KIID, the provisions contained in the CIS CODE, the TRUST DEED, the provisions of the ACT, rules and directives issued from time to time by the SEC;
  - e) the person to whom the functions are outsourced is suitable to undertake the particular functions that have been outsourced and ensure that such outsourcing has been done to a person that: (i) has adequate financial resources; (ii) has adequate experience and a proven track record in the performance of the functions outsourced; and (iii) has adequate and appropriate human resources, systems, procedures and processes in place to carry out the functions that have been outsourced;
  - f) the service agreements entered into between the MANAGING COMPANY and the person to whom functions have been outsourced shall, amongst other things, contain provisions regarding the specific service to be provided and the fees, remuneration and other charges that are payable.
- 22.6 The MANAGING COMPANY shall exercise due care and diligence in the discharge of its duties and shall be liable to the SCHEME and its HOLDERS for any loss suffered by them arising from negligence, malfeasance of employees and directors, fraud, willful default or recklessness or omission in the performance of the said duties.
- 22.7 The MANAGING COMPANY shall:

U,





- a) ensure that all property of the SCHEME is clearly identified as the property of the SCHEME and that such property is held by a CUSTODIAN separately from the property of the MANAGING COMPANY and from the property of any other scheme operated by the MANAGING COMPANY;
- b) carry out all administrative functions of the SCHEME;
- c) maintain the REGISTER of all HOLDERS of the SCHEME;
- d) offer and distribute the UNITS of the SCHEME;
- e) deal in the UNITS of the SCHEME;
- f) value the assets of the Scheme and calculate the NAV of the SCHEME and the NAV per UNIT of the SCHEME and where relevant the price per UNIT for sales and REDEMPTIONS;
- g) decide on the composition of the assets of the SCHEME in accordance with the stated investment objectives and policy contained in this TRUST DEED and the KIID;
- h) instruct the TRUSTEE or CUSTODIAN as the case may be in writing indicating the manner in which rights pertaining to the property of the SCHEME is to be exercised; and
- i) maintain all records, prepare and publish reports pertaining to the operations of the SCHEME and ensure compliance with the KIID, provisions contained in the CIS CODE, provisions contained in the ACT, rules, and any directives issued by the SEC from time to time and ensure that such records are kept for a minimum period of six years subject to the Data Protection Act No.9 of 2022 including the internal policies and processes adopted by the MANAGING COMPANY in terms of the requirements therein.

## **23. BORROWING POWERS**

- 23.1 Subject to any statutory requirement, the TRUSTEE may at the request of the MANAGING COMPANY, borrow and vary the borrowing arrangements for the account of the TRUST, whether in local or foreign currency for the purpose of meeting liquidity requirements of the UNIT TRUST.
- 23.2 For the purposes of, or in connection with any borrowing (including any such assumption of liability) the following provisions shall apply;
- a) 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.
  - b) The aggregate amount of all such borrowings shall not, at any time, exceed a percentage directed by the SEC.
  - c) The borrowing is temporary and is for a period not exceeding three (03) calendar MONTHS and is not used to leverage investment returns.
  - d) For the purposes of securing any such borrowing and any interest and expenses in respect thereof, the TRUSTEE may, with the agreement of the MANAGING COMPANY, mortgage, charge or pledge in any manner any part of the DEPOSITED PROPERTY. Where any part of the DEPOSITED PROPERTY, or any document of title thereto is, for the time being, under the custody or control of some person other than the TRUSTEE in consequence of any such mortgage, charge or pledge, the provisions of the TRUST DEED as to the custody and control of the DEPOSITED PROPERTY or documents of title thereto (including registration of INVESTMENTS) shall be deemed not to have been infringed thereby. Any such mortgage, charge or pledge shall be made upon terms that the lender, or its nominee, shall not pledge or obligate any part thereof to any other person, or use any part thereof to margin, guarantee, secure, discharge or settle any indebtedness, trade or contract, or dispose of any part thereof, or treat the same as if any person other than the TRUSTEE (as TRUSTEE of the TRUST) and the lender had any interest therein, and that no step shall be taken to enforce the security constituted by such mortgage, charge or pledge until thirty (30) days after notice in writing has been given to the TRUSTEE demanding repayment of the moneys thereby secured. If such a notice is given the TRUSTEE shall promptly advise the MANAGING COMPANY who shall promptly effect such sales of INVESTMENTS as may be necessary to enable such repayment to be made before the expiration of the notice.



- e) Any interest on any such borrowing and any expenses incurred in negotiating, entering into, varying and carrying into effect, with or without variation, and terminating such borrowings shall be payable out of the DEPOSITED PROPERTY.
- f) If any arrangements for borrowing pursuant to this clause are made with the MANAGING COMPANY or the TRUSTEE, the MANAGING COMPANY or the TRUSTEE (as the case may be) may retain any benefits arising there from.
- g) Where the DEPOSITED PROPERTY, or any part thereof, is registered in the name of a lender as security for a loan obtained by the TRUSTEE, and the TRUSTEE shall not in any event be liable for any act or omission of the lender or his agent with respect to such property.
- h) Where a 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 of a nominee appointed by the lender, provided that the lender, or its nominee as the case may be, enters into a written undertaking that under no circumstances will it pledge, encumber 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 of 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.
- i) Leveraging by borrowing against INVESTMENTS or buying on margin by the TRUSTEE or MANAGING COMPANY are expressly prohibited, except in case of INVESTMENTS with determinable future maturity dates with the approval of the SEC.
- j) The SCHEME shall not engage in any form of direct lending of any part of its assets.
- k) The SCHEME shall not assume, guarantee, endorse or otherwise become directly or indirectly liable for or in connection with any obligation or indebtedness of any third party.

## 24. ADVERTISEMENTS

All advertisements shall be in accordance with such guidelines as maybe contained in the CIS CODE and which may be provided by the SEC from time to time.

## 25. APPOINTMENT, RETIREMENT AND REMOVAL OF TRUSTEE

- 25.1 The TRUSTEE shall not be entitled to retire voluntarily except upon the appointment of a new TRUSTEE. If the TRUSTEE wishes to retire it shall give notice in writing to the MANAGING COMPANY and the MANAGING COMPANY (or in default, the TRUSTEE) may by deed supplemental hereto, under the seal of the MANAGING COMPANY or the TRUSTEE (as the case may be) appoint any company incorporated in Sri Lanka, which is permitted by law to act as trustee of a UNIT TRUST, to be the TRUSTEE in the place of the retiring TRUSTEE and may also provide in such deed for the vesting in the new TRUSTEE of the instruments and the securities standing in the name of the retiring TRUSTEE.
- 25.2 If the TRUSTEE goes into liquidation otherwise than for the purpose of amalgamation or reconstruction or ceases to carry on business or a receiver of its undertaking is appointed, the MANAGING COMPANY shall forthwith, by instrument in writing, remove the TRUSTEE with the approval of the SEC and shall by the same or some other instruments appoint a new TRUSTEE with the approval of the SEC.
- 25.3 The HOLDERS may remove the TRUSTEE and another TRUSTEE (duly approved as may be required by the SEC) may be appointed by EXTRAORDINARY RESOLUTION duly passed at a meeting of HOLDERS at the same meeting held in accordance with the provisions contained in the Schedule and of which not less than twenty one (21) days' notice has been given to the TRUSTEE and the MANAGING COMPANY.
- 25.4 A new TRUSTEE may not be appointed without the approval of the SEC.
- 25.5 The SEC may remove the TRUSTEE for any act of contravention of the TRUST DEED, the KIID or any violation of provisions of the ACT, CIS CODE or any rules and directives issued by the SEC or when the TRUSTEE is guilty of malpractices or irregularities in the management of the affairs of the UNIT TRUST, as the case maybe.
- 25.6 Removal of the TRUSTEE shall not be effected unless a new TRUSTEE approved by the SEC is appointed simultaneously.



## 26. RETIREMENT AND REMOVAL OF MANAGING COMPANY

26.1 The MANAGING COMPANY may be removed by notice in writing given by the TRUSTEE to the MANAGING COMPANY with the approval of the SEC, in any of the following events:

- a) If the MANAGING COMPANY 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 is appointed of the undertaking of the MANAGING COMPANY or any part thereof;
- b) If for good and sufficient reason the TRUSTEE is of the opinion, after due inquiry by a person appointed by the TRUSTEE and acceptable to the SEC, that a change of MANAGING COMPANY is desirable in the interests of the HOLDERS;
- c) If the HOLDERS, representing at least seventy five per centum (75%) of the total UNITS in issue (excluding those UNITS held by the MANAGING COMPANY) deliver to the TRUSTEE, or the SEC, a written request that the MANAGING COMPANY be dismissed;
- d) If the winding up proceedings of a Managing Company has commenced;
- e) The license issued to a MANAGING COMPANY as a Managing Company by the SEC is suspended or cancelled;
- f) The MANAGING COMPANY has failed to renew the license granted by the SEC as a Managing Company;
- g) The MANAGING COMPANY has violated any provision of the ACT, CIS CODE or any rules or directives issued by the SEC;

26.2 The services of the MANAGING COMPANY shall not be terminated until a new MANAGING COMPANY, which has been licensed as a Managing Company by the SEC to operate a UNIT TRUST, has been appointed by the TRUSTEE and written notice of the termination and appointment of the new MANAGING COMPANY has been sent to HOLDERS. The termination shall take effect at the same time as the new MANAGING COMPANY takes office, subject to such company entering into a deed to bind itself as MANAGING COMPANY during the remainder of the term of the TRUST. This provision shall not prejudice the right of the TRUSTEE herein contained to terminate the TRUST in any of the events in which, in accordance with the provisions herein contained, the right of terminating the TRUST is vested in the TRUSTEE.

26.3 The MANAGING COMPANY shall have the power to voluntarily retire in favor of another company incorporated in Sri Lanka and approved in writing by the TRUSTEE and the SEC, upon and subject to fulfillment of the following conditions:

- a) The retiring MANAGING COMPANY appointing such company in writing as the new MANAGING COMPANY of the TRUST and assigning to such appointee all its rights and duties as such MANAGING COMPANY;
- b) The new MANAGING COMPANY entering into such deed or deeds as are referred to in **Clause 28.1**;
- c) Upon payment to the TRUSTEE of all sums due by the MANAGING COMPANY to the TRUSTEE hereunder at the date of its retirement, the retiring MANAGING COMPANY will be 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 MANAGING COMPANY prior to such retirement and the new MANAGING COMPANY may, and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all of the duties and obligations of the MANAGING COMPANY hereunder as though such new MANAGING COMPANY had been originally a party hereto.



- 26.4 Upon any removal or retirement of the MANAGING COMPANY, the removed or retiring MANAGING COMPANY shall remain entitled to all UNITS which it holds or is deemed to hold in its own right, and it shall be registered in the REGISTER in respect thereof and thereafter to have and exercise all the rights of a HOLDER of such UNITS.

## 27. TERMINATION OF THE TRUST

- 27.1 The UNIT TRUST shall be dissolved pursuant to the terms of the TRUST DEED and in accordance with the CIS CODE.

- 27.2 The TRUSTEE shall terminate the TRUST upon the happening of any of the following events:

- a) Where the approval granted by the SEC to operate the SCHEME is cancelled.
- b) If the HOLDERS, representing at least 75% of the total UNITS on issue (excluding those UNITS held by the MANAGING COMPANY) deliver to the TRUSTEE, or the SEC, a written request that the TRUST BE TERMINATED.
- c) There exists circumstances that warrants a termination of the SCHEME as specified in the TRUST DEED or the KIID.
- d) Where the MANAGING COMPANY and the TRUSTEE are of the view or the SEC in consultation with the TRUSTEE and the MANAGING COMPANY has directed that the VALUE of the assets of the SCHEME has fallen below an operationally viable level.
- e) The SEC in consultation with the TRUSTEE and the MANAGING COMPANY has directed the TRUSTEE to wind up the SCHEME since the VALUE of the DEPOSITED PROPERTY has fallen below an operationally viable level.
- f) Upon an order made by a competent Court.
- g) If the MANAGING COMPANY 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 is appointed for the undertaking of the MANAGING COMPANY or any part thereof and an alternate MANAGING COMPANY cannot be found.
- h) If, on the expiration of three (03) months after notifying the MANAGING COMPANY that in the TRUSTEE's opinion a change of MANAGING COMPANY is desirable, the TRUSTEE has not identified another company to act as MANAGING COMPANY which the SEC has approved.
- i) If it becomes illegal or if any law shall be passed which renders it illegal, or in the opinion of the TRUSTEE impracticable, or inadvisable to continue the TRUST.
- j) If in the opinion of the TRUSTEE for good and sufficient reason, it is impracticable or inadvisable to continue the TRUST and the HOLDERS resolve that the TRUST be terminated.

- 27.3 Either the TRUSTEE or the MANAGING COMPANY may, by not less than three (03) months' notice in writing to the other, with the approval of the SEC, elect to terminate the TRUST. The party giving such notice shall (unless the matter shall have been referred to arbitration) give notice thereof to all HOLDERS and by such notice shall fix the date at which such termination is to take effect, which date shall not be less than three (03) months after service of such notice.

- 27.4 Upon the TRUST being terminated:

- a) The MANAGING COMPANY shall cease all operational activities of the SCHEME and cease the issuance, cancellation, sale, REDEMPTION or the transfer of UNITS.
- b) The MANAGING COMPANY shall cause the preparation of annual and unaudited accounts and reports up to the completion of the winding up process of the SCHEME.
- c) The MANAGING COMPANY shall ensure that no changes are made to the REGISTER of the UNIT HOLDERS without the agreement of the TRUSTEE or as directed by a competent Court.
- d) The MANAGING COMPANY shall immediately inform all the UNIT HOLDERS and the SEC of the commencement of the proceedings to terminate the SCHEME and the circumstances leading to such termination.
- e) The TRUSTEE shall, subject to such orders, if any, as may be made by any court of competent jurisdiction, liquidate all assets then remaining in its custody as part of the DEPOSITED PROPERTY and shall repay any liabilities effected by the TRUST (together with any interest thereon accrued but remaining unpaid) for the time being outstanding. 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 thinks advisable.

- f) The TRUSTEE shall, at such time or times as it shall deem appropriate and in its absolute discretion, distribute to the HOLDERS and the MANAGING COMPANY, 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 then forming part thereof and available for the purpose of such distribution in accordance with the CIS CODE and will also distribute in the manner provided in **Clause 14** any moneys standing to the credit of the DISTRIBUTION ACCOUNT.
  - g) The TRUSTEE shall be entitled to retain out of any moneys 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 the TRUST, and out of the moneys so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims, and demands.
  - h) The TRUSTEE shall arrange the auditor to conduct a final review and audit of the UNIT TRUST accounts and submit a copy of such report and accounts to UNIT HOLDERS and to the COMMISSION within one (1) week of receiving such report and accounts.
- 27.5 Any unclaimed net proceeds or other cash held by the TRUSTEE after the expiration of six (6) years from the date on which the same becomes payable shall be paid by the TRUSTEE to the Public Trustee subject to the right of the TRUSTEE to retain there from any expenses incurred by the TRUSTEE in making such payment.

## **28. HOLDERS' MEETINGS**

- 28.1 Subject to **Clause 26.1(c)** a meeting of the HOLDERS held in accordance with the provisions in the **Schedule** shall, in addition to all other powers conferred by the TRUST DEED, or by law, have the following powers exercisable by EXTRAORDINARY RESOLUTION only, namely:
- a) To remove the MANAGING COMPANY;
  - b) To remove the TRUSTEE;
  - c) To assent to any modification of the provisions contained in the TRUST DEED in accordance with **Clause 30.1** which shall be proposed by the MANAGING COMPANY and assented to by the TRUSTEE;
  - d) To terminate the TRUST.
- 28.2 The provisions contained in the **Schedule** shall have effect in the same manner as if such provisions were herein set forth. All expenses of and incidental to holding a meeting in accordance with the provisions of the **Schedule** shall be borne as follows:
- a) If the meeting is held at the request of HOLDERS or the TRUSTEE certifies that, in its opinion, the meeting is held for the benefit of HOLDERS, then expenses shall be borne by the TRUST and paid by the TRUSTEE out of the DEPOSITED PROPERTY;
  - b) In any other event the expenses shall be borne by the MANAGING COMPANY.

## **29. NOTICES**

- 29.1 Any notice or other document required to be served upon, or sent to a HOLDER shall be deemed to have been duly given or served if sent by registered post to, or left at his address on the REGISTER and in the case of joint HOLDERS, the address of the first named HOLDER on the REGISTER or by electronic means where the recipient party must have previously indicated in writing to the party serving that they are willing to accept service by electronic means and provided a fax number, email address or other electronic identification to which it must be sent. Any notice or document so served or sent by post shall be deemed have been served or received two (02) days after the date on which the same was posted and in proving such service or receipt it shall be sufficient to prove that the envelope or wrapper containing such notice or documents was properly addressed, stamped and posted. Whereas any notice or document so served by electronic means shall be deemed to have been served or received at the point of servicing and in proving such service or receipt it shall be sufficient to prove that the proper fax number, email address or other electronic identification has been indicated.



- 29.2 Service of a notice or document on any one of several joint HOLDERS shall be deemed effective service if served on that person and not the other joint HOLDERS.
- 29.3 Any notice or document sent by post to, or left at the last known address of a HOLDER in pursuance of the TRUST DEED shall notwithstanding that such HOLDER is dead or bankrupt and whether or not the TRUSTEE or the MANAGING COMPANY has notice of his death or bankruptcy, be deemed to have been duly served or sent and such service shall be deemed a sufficient service on, or receipt by all persons Interested (whether jointly with or as claiming through or under him) in the UNITS concerned.

### 30. MODIFICATION OF THE TRUST DEED

- 30.1 Subject to Clause 30.2 any modification to the TRUST DEED shall require the approval of the SEC and the approval of the HOLDERS by way of an EXTRAORDINARY RESOLUTION.
- 30.2 Subject to the provisions of any law and with the approval of the SEC, the TRUSTEE and the MANAGING COMPANY may by supplementary deed modify, alter, or add to the provisions of the TRUST DEED, in such manner and to such extent as they may consider expedient for any purpose. Provided however that, if the TRUSTEE shall certify in writing that, in its opinion, such modification, alteration or addition,
- a) does not prejudice the interests of the existing HOLDERS and does not operate to release the TRUSTEE or the MANAGING COMPANY from any responsibility to the HOLDERS.; or
  - b) is necessary to comply with fiscal, statutory or other official requirements; and
  - c) is not in conflict with the CIS CODE or any condition specified in the licence granted to it.

the TRUSTEE may in agreement with the MANAGING COMPANY by way of supplementary deed modify, alter or add to the provisions of this TRUST DEED.

HOLDERS must be notified immediately upon there being any modifications, alterations or amendments to the TRUST DEED.

### 31. GOVERNING LAW

The MANAGING COMPANY and the TRUSTEE covenant with and undertake to the HOLDERS to observe and otherwise comply with the provisions of the CIS CODE and any other law relating to trusts in Sri Lanka.

### 32. SECRECY

- 32.1 The TRUSTEE and the MANAGING COMPANY and every director, officer or employee of the TRUSTEE and the MANAGING COMPANY, who are in any way engaged in 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 HOLDERS 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:
- a) By the Board of the TRUSTEE or MANAGING COMPANY; or
  - b) By a court of law, or
  - c) By the person to whom such matters relate; or
  - d) In the performance of his duties; or
  - e) In order to comply with the provisions of any law.

### 33. INDEMNITY

Without prejudice to the limitation of liability of the TRUSTEE for breaches of trust as provided in the ACT, CIS CODE and the TRUST DEED the TRUSTEE shall not be liable and shall stand fully indemnified in respect of any loss, damage, claims or suit arising from or in connection with any matter or thing done by the TRUSTEE in the proper exercise by the TRUSTEE of the powers



and duties of the TRUSTEE under the TRUST DEED or any instrument in law, except for any loss damage, claim or suit occasioned by fraud or gross negligence on the part of the TRUSTEE its officers or agents.

**34. INCORPORATION OF STATUTORY PROVISIONS AND REGULATIONS**

The provisions of the ACT, and the CIS CODE, shall be deemed for all purposes to be incorporated in the TRUST DEED and have effect accordingly.

*[Schedule to follow]*



## SCHEDULE

1.
  - a) The TRUSTEE or the MANAGING COMPANY may, and the MANAGING COMPANY shall, at the request in writing of the 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 or virtually (subject as hereinafter provided) as the party convening the meeting may think fit and the following provisions shall apply thereto.
  - b) The MANAGING COMPANY or the TRUSTEE with approval of the other may in its discretion convene a meeting of HOLDERS to transact any business.
2. The MANAGING COMPANY and the TRUSTEE and their RELATED PERSONS 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 MANAGING COMPANY and any RELATED PERSON or either of them shall be prohibited from voting their own shares and of forming a quorum for a meeting at which the TRUSTEE, MANAGING COMPANY and their RELATED PERSONS have a material Interest in the business to be voted on.
3. The TRUSTEE, the MANAGING COMPANY and the RELATED PERSONS shall disclose their interest whenever any business in which they have a material interest in being discussed at any meeting of the HOLDERS.
4. A meeting of the HOLDERS shall be convened.
  - a) by giving at least twenty one (21) days' notice (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
  - 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 a daily newspaper 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
5. At any meeting not less than twenty five (25) HOLDERS or twenty per cent (20%) of the HOLDERS whichever is lower 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.
6.
  - a) An authorized representative of the TRUSTEE shall preside as the chairman at every meeting or adjourned meeting of the HOLDERS. If there is no authorized representative of the TRUSTEE or if at any meeting he is not present within five minutes after the time appointed for the holding of the meeting, or is unwilling to act, then the authorized representative of the MANAGING COMPANY shall preside as Chairman of the meeting. If there is no such authorized representative of the MANAGING COMPANY present at the meeting within a further five minutes after the first period of five minutes referred to above or if he is unwilling to act then the HOLDERS present shall choose one of their number to be Chairman of the meeting provided that at the meeting where the MANAGING COMPANY or TRUSTEE is prohibited from voting in terms of Clause 2 above the HOLDERS entitled to vote shall choose one of their number to be Chairman of the meeting.
  - b) The term "Chairman" in this Schedule shall mean the Chairman of the meeting, where the context so requires or admits.
7. If within 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 and 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 (07) days' notice of any adjourned meeting of HOLDERS shall be given in the same manner as for an 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.



8. Such a meeting shall be held at the time and place in Colombo specified in the notice, or held virtually being not later than two (02) months after the giving of notice and in accordance with the provisions of any statute.
9. 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.
10. A resolution put to the vote of a general 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 not less than two (02) HOLDERS or by the TRUSTEE. A demand by a proxy is deemed to be a demand by the member appointing the proxy.
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. A demand for a poll may be withdrawn at any time.
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. The entitlement to vote at any meeting of HOLDERS or class meeting attaching to each UNIT is in accordance with the CIS CODE. On a show of hands every Holder who is present in person has one vote. On a poll, votes may be given either personally or by proxy or in any other manner (including the use of ballot papers or electronic or computer voting systems) as the Chairman of the meeting may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman of the meeting may (and, if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
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. Where a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Holder on the ground (however formulated) of mental disorder, the MANAGING COMPANY may in its absolute discretion upon or subject to production of such evidence of the appointment as the MANAGING COMPANY may require, permit such receiver or other person on behalf of such Holder to vote on a poll in person or by proxy at any meeting of HOLDERS or class meeting or to exercise any right other than the right to vote on a show of hands conferred by ownership of UNITS in relation to such a meeting.
16. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to be or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
17. The instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the MANAGING COMPANY may approve or in its absolute discretion accept (including as to how it may be signed or sealed). The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the MANAGING COMPANY) be lodged with the instrument appointing the proxy, failing which the instrument may be treated as invalid. A person appointed to act as proxy need not be a HOLDER.
18. The instrument appointing a proxy shall be left at or delivered to such place or one of such places (if any) as may be specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, to or at the MANAGING COMPANY's head office) by the time which is forty eight hours before the time appointed for the



holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and, in default, may be treated as invalid. The instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

19. 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 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 ..... 20.... and at any adjournment thereof.

As witness my hand this ..... day of .....20...."

20. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or bankruptcy of the principal or by other transmission by operation of law of the title to the UNITS concerned or insanity of the principal, or revocation of the appointment of the proxy or of the power of attorney or other authority under which the appointment of the proxy was signed provided that no intimation in writing of such death, Insanity, revocation or transfer shall have been received by the MANAGING COMPANY at its head office by the time which is two (02) hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
21. Any corporation which is a Holder may by resolution of the directors or other governing body of such corporation and in respect of any UNIT or UNITS of which it is the HOLDER authorise such individual as it thinks fit to act as its representative at any general meeting of the HOLDERS or of any class of Holders. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such UNIT or UNITS if it were an individual Holder and such corporation shall for the purposes of this TRUST DEED be deemed to be present in person at any such meeting if an individual so authorised is so present.
22. The REGISTER shall be closed for not more than three (03) 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.
23. 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 MANAGING COMPANY 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.
24. Every EXTRAORDINARY RESOLUTION duly passed at a meeting shall be binding upon all HOLDERS whether present or not present at the meeting and each of the HOLDERS and the TRUSTEE and the MANAGING COMPANY shall subject to the provisions relating to indemnity in the TRUST DEED be bound to give effect thereto accordingly.
25. The words and expressions appearing in this Schedule shall have the same meanings as are assigned to them in the TRUST DEED.





IN WITNESS WHEREOF the said ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD and DEUTSCHE BANK AG have set their respective hands hereunto and to one other of the same tenor at Colombo on this fifth (5<sup>th</sup>) day of November in the year Two Thousand and Twenty Four (2024).

The Common Seal of Asia Securities Wealth Management (Pvt) Ltd was affixed hereto in the presence of Harold Aranka Herat and Arjuna Kumar Wignaraja two directors of the Company who do attest the sealing thereof on this fifth day of November 2024.

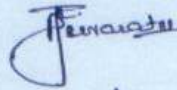
ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD

  
Director

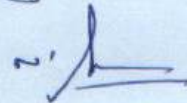
  
Director

Witnesses:

1. K. P. Jeeraratne



2. N. Gowthaman



Jenath Ilanganthilke and Prabath Samindra )  
duly authorised signatories for and on behalf of )  
Deutsche Bank AG, )  
on this fifth day of November 2024. )

For and behalf of  
DEUTSCHE BANK AG  
COLOMBO BRANCH  
  
Attorney


  
Attorney

Witnesses:

1. K. T. Krishanthan



2. A. P. Joseph





**DEED OF ASSIGNMENT**  
**(ASSIGNMENT OF ASIA SECURITIES DYNAMIC GILT FUND)**

**THIS DEED OF ASSIGNMENT** is made at Colombo on this twenty second (22<sup>nd</sup> day of July 2024 by and between:

1. **HATTON NATIONAL BANK PLC**, a banking corporation duly incorporated under the Companies Act No 7 of 2007 bearing registration No. PQ 82 and having its registered office at No. 479, T.B. Jayah Mawatha, Colombo 10 in the said Republic (hereinafter referred to as "**the Assignor**" and which expression shall, unless repugnant to the context or meaning thereof, be deemed to include the said HATTON NATIONAL BANK PLC its successors and permitted assigns)

**AND**

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 Level 21, One Galle Face Tower, 1A, Centre Road, Galle Face, Colombo 2, in the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as "**the Assignee**" which expression shall, unless repugnant to the context or meaning thereof, be deemed to include the said DEUTSCHE BANK AG, COLOMBO BRANCH its successors and permitted assigns)

**AND**

3. **ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD**, a company incorporated in the Democratic Socialist Republic of Sri Lanka bearing registration PV 130083 and having its registered office at 4<sup>th</sup> Floor, Lee Hedges Tower, No.349, Galle Road, Colombo 03 in the said Republic (hereinafter referred to as the "**Manager**" and which term or expression hereinafter used shall where the context so requires or admits mean and include the said ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD and its successors and assigns)

**WHEREAS:**

- (A) The Manager has appointed the Assignor as the Trustee of the '**Asia Securities Dynamic Gilt Fund**' in terms of a Deed of Trust dated 18<sup>th</sup> September 2023 ("**Trust Deed**") and the Assignor had agreed with the Manager to act under the provisions of the said Trust Deed for the benefit of the Holders;
- (B) The Assignor with the consent of the Manager and the Securities and Exchange Commission of Sri Lanka wishes to transfer and assign its rights, interests and obligations under the said Trust Deed to the Assignee in the manner set out hereinafter;
- (C) The Assignee is agreeable to be appointed as the Trustee of the '**Asia Securities Dynamic Gilt Fund**' in terms of Clause 25.2 of the Trust Deed.

**NOW THEREFORE THIS DEED OF ASSIGNMENT WITNESSETH** and the parties hereto agree and undertake as under.

1. **DEFINITIONS AND INTERPRETATION**

All terms not specifically defined herein shall have the meanings contained in the said Trust Deed.



2. SUBJECT MATTER

- 2.1 The Manager hereby appoints the Assignee as the 'Trustee' of the '**Asia Securities Dynamic Gilt Fund**' for the Holders with effect from the ~~date of the execution of this Deed~~ ("Effective Date"). 5th August 2024
- 2.2 The Assignor does hereby unconditionally and irrevocably transfer and assign its rights, interest and obligations under the said Trust Deed absolutely and forever to the Assignee, to the end and intent that the Assignee shall hereafter be legally entitled to act as the 'Trustee' in terms of the said Trust Deed, with effect from the Effective Date.
- 2.3 The Assignor has given full and sufficient notice of its intention to resign as the Trustee under the said Trust Deed to the Manager under and in terms of Clause 25.2 thereof and the Manager acknowledges the receipt of such notice.
- 2.4 The Assignee does hereby accept its appointment as a Trustee of the '**Asia Securities Dynamic Gilt Fund**' and the transfer and assignment referred to in Clause 2.2 above.
- 2.5 The Assignor shall notwithstanding this transfer and assignment be fully liable for all its obligations under the Trust Deed and applicable laws prior to the Effective Date.
- 2.6 The Assignor shall provide all information, materials, documents and the bank statements pertaining to the Trust to the Assignee.

3. TRUST ACCOUNT

Immediately upon the execution of this Deed, all sums of money held in trust by the Assignor in the bank account Nos. **0030 1055 1256 & 0030 2091 5789**, titled "**Asia Securities Dynamic Gilt Fund – current account & Asia Securities Dynamic Gilt Fund – Savings account**" maintained at Hatton National Bank, Head Office Branch shall be transferred to bank account Nos. **0046680-005 & 0046680-304** titled "**Asia Securities Dynamic Gilt Fund -Operating Account & Asia Securities Dynamic Gilt Fund - Savings Account**" and maintained at Deutsche Bank AG Colombo Branch ("**Trust Account**").

4. INSUFFICIENCY OF DOCUMENTATION

The Assignor undertakes and agrees with the Assignee that in the event of this Deed of Assignment being found by the Assignee to be insufficient, imperfect or inadequate in respect of the resignation of the Assignor as the 'Trustee' and the appointment of the Assignee as the new 'Trustee' under the said Trust Deed and the performance of the rights, interest and obligations of the 'Trustee' thereunder by the Assignee, the Assignor shall execute and register (if required) further or other documentation to give effect thereto.

5. FURTHER AUTHORIZATION AND ASSISTANCE

The Assignor hereby unconditionally and irrevocably grants the Assignee further authorization to execute and deliver all such other deeds and documents and writings as may be required by the Assignee in order to act as the Trustee under the said Trust Deed.

6. SUCCESSION

The rights and obligations herein shall be binding upon the respective successors of the parties hereto.

2



7. **NOTICES**

9.1 Any notice, document or communication to be given by either party to the other may be given by post, facsimile, email or by personal delivery at the address of that party mentioned herein below:

- (i) If notice is to be given to the Assignor the same shall be given at the following address:

**HATTON NATIONAL BANK PLC**

Address : No. 479, T.B. Jayah Mawatha, Colombo 10  
Fax No. : 112682659  
Attention : Mr. Tytone Hannan  
Email : Tyrone.Hannan@hnb.lk

- (ii) If a notice is to be given to the Assignee the same shall be given at the following address:

**DEUTSCHE BANK AG, COLOMBO BRANCH**

Address : Level 21, One Galle Face Tower, 1A, Centre Road,  
Galle Face, Colombo 02  
Fax No. : 112343336  
Attention : Mr. Anton Joseph  
Email : anton.joseph.@db.com

- (ii) If a notice is to be given to the Manager the same shall be given at the following address:

**ASIA SECURITIES WEALTH MANAGEMENT (PVT) LTD**

Address : 4<sup>th</sup> Floor, Lee Hedges Tower, No.349, Galle Road,  
Colombo 03  
Fax No. : 112576390  
Attention : Mr. Avancka Herat  
Email : avancka@asiasecurities.lk

9.2 A notice, communication or document if sent by a party to the other party shall be deemed to have been received by the other party, when given by registered post, upon expiration of three (3) days after the same shall have been delivered to the post office, when provided via email upon receipt thereof and if personally delivered, when so delivered.

9.3 In calculating any period of days specified in this Deed, the date of receipt of any document by the Assignee and the date of dispatch of any notice to the Assignee shall be excluded.

11. **GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed by the laws of Sri Lanka and any dispute there under shall be resolved by the Courts of Sri Lanka.

*[Execution Page to Follow]*



4