



THIS TRUST DEED is made between COMMERCIAL FUND MANAGEMENT (PRIVATE) LIMITED a Company duly incorporated in the Democratic Socialist Republic of Sri Lanka and having its registered office at 21, Bristol Street, Colombo, in the said Republic (hereinafter referred to as "the Managers") of the one part and THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED a banking corporation incorporated in Hongkong and having its registered office at No. 1, Queen Road, Central, Hongkong, Hongkong, and having a place of business in Sri Lanka at No. 24, Sir Baron Jayetillake Mawatha, Colombo 1, (hereinafter referred to as "the Trustees") of the other part

WHEREAS the Managers are desirous of establishing a Unit Trust named CONTRUST EQUITY FUND and to appoint the Trustees as the Trustees thereof, and

WHEREAS the Trustees have agreed to act as Trustees 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 and it is hereby agreed and declared that:-

DEFINITIONS

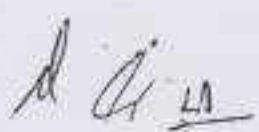
- 1.1 In this Trust Deed and in the Schedule hereto unless the context otherwise requires:-

"Act" means the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 as amended from time to time or any other subsisting statutory modification thereof.

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

"Trust" means the said 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 "Contrust Equity Fund" or such other name as the Trustees and the Managers may mutually agree upon from time to time.

"Accounting Date" means 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 in any other case, the last Subscription Day in the month of March in each year, commencing with the month of April, provided that the Managers may, with the prior written consent of the Trustees, change the Accounting Date to any other date approved by the Trustees upon giving not less than 21 days notice to the Trustees and the Holders.



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

"Approved Broker" means a stock broker holding at the given time a valid licence issued under the Act or under any other then subsisting statutory modification thereof to carry on the business of a stock broker and approved by the Managers in consultation with the Trustees.

"Auditors" mean the auditors of the Trust appointed by the Managers with the approval of the Trustees.

"Authorized Investment" means any of the following Investments:-

- (a) Shares and securities which are listed and quoted on the Stock Exchange;
- (b) Treasury bills, other Government Securities; and Deposits in Commercial Banks licenced under the Banking Act or under any other then subsisting statutory modification thereof.
- (c) Investments not covered by paragraphs (a) and (b) of this definition but selected by the Managers for the purpose of investment of the Deposited Property and in respect of which an application for quotation or for permission to deal in has been made to the Stock Exchange being an Investment in respect of which the Managers are satisfied that the subscription or other transaction will be cancelled if the application is refused;
- (d) Any other Investment, except in any other Unit Trust, which the Managers may in consultation with the Trustees and with the approval of the Commission deem suitable.

"Business Day" means a day upon which the Stock Exchange is open for dealings.

"Certificate" means a Certificate for Units.

"Deposited Property" means all the assets (including cash and earnings on cash deposits) for the time being held or deemed to be held upon the trusts of this Deed, excluding any amount for the time being standing to the credit of the Distribution Account.

"Distribution Account" means the account mentioned in Clause 23.

"Rupees" or "Rs" mean Rupees and "cents" or "cts" mean "cents" in Sri Lankan currency, unless otherwise stated.

"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 in respect of Certificates or otherwise, which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such Duties and Charges are payable, but does not mean commission (if any) payable to agents on sales and repurchases of Units or any commission, charges or costs which may have been taken into account in ascertaining Value.

"Extraordinary Resolution" means a resolution passed at a meeting of Holders duly convened by giving not less than 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 persons 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.

"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 the account referred to in Clause 21.

"Investment" means any share, stock, bond, debenture, debenture stock, participation in a mutual fund, warrant, option, securities, or any other which may be selected by the Managers for the purpose of investment of the Deposited Property or which may for the time being form part thereof, but specifically excludes any interest in any real property or commodity contract.

"Investment Advisory Committee" or "Committee" means the committee referred to in Clause 19.

"Management Participation" means any sum to which the Trustees and the Managers may become entitled pursuant to the provisions of Clause 31.

"Managers" mean Commercial Fund Management (Private) Limited or any other person for the time being duly appointed as managers of the Trust in succession to Commercial Fund Management (Private) Limited under the provisions of Clause 33.

"Minimum Holding" means One Hundred (100) Units or such number as the Managers, with the approval of the Trustees, may from time to time determine either generally or in any particular case or cases.

"Front End Fee" means a charge which may be included in the price of a Unit ascertained pursuant to Clause 13.2 which charge shall not exceed seven per cent (7%) of the price ascertained pursuant to Clause 13.2 (1) without applying sub-paragraphs (a) and (b) thereof.

"Stock Exchange" means the stock exchange operated by the Colombo Stock Exchange (CSE) Limited and/or any other stock exchange operating under a licence issued in terms of the Act, to carry on the business of operating a stock exchange.

"Register" means the register of the Holders kept pursuant to Clause 10.

"Subscription Day" means every Business Day, provided that the Managers may with the prior written consent of the Trustees decide as they deem appropriate, any particular Business Day not to be a Subscription Day upon giving not less than 7 days notice to the Trustees.

"Trustees" means The Hongkong and Shanghai Banking Corporation Limited or such other person or persons for the time being duly appointed Trustee or Trustees hereof in succession to The Hongkong and Shanghai Banking Corporation Limited under the provisions of Clause 37.

"Unit" means one undivided share in the Trust.

"Value" means with reference to:-

- (1) an Investment in quoted shares at any given time (except as herein otherwise specifically provided) the value thereof calculated by reference to the price taken by the Managers to be the last transacted price if there was a transaction on that day or alternatively the closing offer price, on the Stock Exchange for such amount of the Investment in question as the Managers may consider in the circumstances to provide a fair criterion, such value to be calculated by reference to the price on the actual day, or, if such a price is unavailable on the actual day, the price on the preceding business day and if such price is also unavailable, the price may then be certified by a duly licensed broker approved by the Trustees.

The Managers shall not be under any liability by reason of the fact that a price reasonably believed to be the closing market dealing offered price or the closing market dealing bid price, or the time being may be found not to be such. All calculations based upon value which are required for the purposes of Clauses 13, 31 and 32 shall be based upon the closing market dealing offer prices. All calculations which are required for the purposes of Clauses 14 and 15 shall be based upon closing market dealing bid prices.

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- (ii) an investment in unquoted shares means the net asset value per share based on the last available financial statements subject to an adjustment upwards or downwards of upto ten percent (10%) by the Managers to take into account post-balance sheet market conditions; however, if the Managers desire to adjust the price by more than ten percent (10%) in view of market conditions it may be done only in consultation with the Trustee.
- (iii) an investment in fixed interest bearing securities or deposits means 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 14.7 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 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 therefrom (in the case of Units agreed to be issued for cash) the Front End Fee and the adjustment (if any) referred to in Clause 13.2 or providing thereout (in the case of Units agreed to be issued pursuant to the provisions of Clause 13.7 or 13.8 any moneys payable out of the Deposited Property;
- (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 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-dividend or ex-interest but such dividend or interest has not been received the amount of such dividend or interest shall be deemed to have been received;
- (d) there shall be deducted any amount of Management Participation accrued but remaining unpaid;
- (e) any price notified to the Managers by the Stock Exchange as representing the last transacted price or closing bid or offer price (as the case may be) of any Investment shall be conclusive;

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- (f) where notice of a reduction of the Trust by the cancellation of Units has been given by the Managers to the Trustees pursuant to Clause 14 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;
- (g) there shall be taken into account such sums as in the estimate of the Managers shall fall to be paid or recovered in respect of taxation down to the relevant date;
- (h) there shall be deducted the principal amount of any borrowings (together with any interest and other charges thereon accrued but remaining unpaid) effected by the Trust for the time being outstanding.

"Year" means calendar year and "month" means calendar month.

- 1.2 (i) References 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 Deed.
- (ii) Words importing the singular number only shall include the plural and vice versa; words importing the masculine gender only shall include the feminine gender; words importing persons shall include corporations and firms; the words "written" or "in writing" shall include printing engraving lithography 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.
- (iii) 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.

DECLARATION OF TRUST

2. The Trustees shall hold and stand possessed of the Deposited Property as a single common fund upon trust for the Holders pari passu vested with the powers conferred upon the Trustees by this Trust Deed, according and subject to the provisions of this Trust Deed and any deed supplemental hereto. The Trustees do hereby agree

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to act as Trustees of the Unit Trust hereby created vested with and subject to the powers and provisions hereinafter contained. 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 so that no Unit shall confer any interest or share in any particular part of the Deposited Property.

PROVISIONS AS TO CERTIFICATES

- 3.1 Certificates shall be in such prescribed form as may from time to time be agreed upon between the Managers and the Trustees. A Certificate (i) shall be dated (ii) shall bear the names and addresses of the Managers and the Trustees (iii) shall bear a distinctive serial number and (iv) shall specify the number of Units represented thereby and the name and address of the Holder as appearing in the Register.
- 3.2 Certificates may be issued in such denominations of Units and such fractions of a Unit as may for the time being, generally or otherwise be prescribed in writing by the Managers with the approval of the Trustees.
- 3.3 Every fraction of a Unit shall rank pari passu proportionately with a Unit, save that the provisions relating to transfer of Units contained in the proviso to 10.5 (i) 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 15.
- 4.1 Certificates shall be in writing as the Managers may from time to time with the approval of the Trustees determine, and shall be signed on behalf of the Trustees by a duly authorized officer of the Trustees and on behalf of the Managers by a duly authorized officer of the Managers approved by the Trustees. Every such signature shall be autographic unless there shall be for the time being in force an arrangement authorized by the Trustees adopting some lithographic or other mechanical method of signature, in which event all or any of such signatures may be effected by the method so adopted. No Certificate shall be of any force or effect until so signed. Certificates so signed shall be valid and binding notwithstanding that before the date of delivery thereof, the Trustees or any person whose signature appears thereon as a duly authorized signatory may have ceased to be the Trustees or as the case may be an authorized signatory.
- 4.2 The Trustees may itself issue and sign Certificates or may appoint the Managers as its agent for the purpose of issuing and signing Certificates, subject to the Managers first undertaking in writing with the Trustees:-
 - (i) to issue Certificates in a manner directed by the Trustees;

(ii) to permit no change in the manner of their issue without the written consent of the Trustees;

(iii) to supply on request any information or explanation that the Trustees might require in relation to the issue and signing of Certificates.

- 4.3 The Trustees or its agents shall (subject to the provisions of Clause 13.5) issue Certificates in such denominations (subject to the provisions of Clause 3.3) as may be required for Units agreed to be issued or sold, only against payment or transfer to the Trustees (or as it may direct) of the cash or other property receivable by the Trustees in respect of the issue of the Units concerned and upon payment to it of a fee of Rupees Twenty five (Rs. 25/-) (or such other amount as the Trustees and the Managers may from time to time agree) for each Certificate, together with a sum sufficient in the opinion of the Managers to cover Duties and Charges payable in connection with the issue of such Certificate, to be retained by the Managers. The Trustees shall also from time to time deliver Certificates required to be issued pursuant to any provision of this Trust Deed upon due compliance with the conditions applicable thereto.
- 4.4 Certificates to be issued as herein provided to purchasers of or subscribers for Units purchased or subscribed for shall be issued not more than twenty-one (21) Business Days after the allotment of such Units and may be sent to the Holder at his own risk by ordinary post.
- 4.5 In the case of Units held jointly by several persons, the Managers shall not issue more than one Certificate therefor and delivery of such Certificate to the person named first therein shall constitute sufficient delivery to all joint Holders.
- 4.6 A certificate in respect of units shall be delivered to a third party only on the Trustees being satisfied that the consideration paid for such units (less any charges that may be retained by the Managers) has been or will be, vested in the Trustees.
- 5.1 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 covenanted himself and for all such persons, to observe and be bound by all provisions thereof, and had thereby authorized the Trustees and the Managers respectively to do all such acts and things as this Trust Deed or any such supplemental deed may require the Trustees or the Managers (as the case may be) to do.
- 5.2 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.

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6. A copy of this Trust Deed and of any supplemental deed shall be made available for inspection at the offices of the Managers at all times during usual business hours and shall be supplied by the Managers to any person on application at a charge of Rupees Five Hundred (Rs. 500/-) 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.

7. The Holder shall be the only person to be recognised by the Trustees or by the Managers as having any right title or interest in or to Units registered in his name and in or to a Certificate (if any) and the Units represented thereby and the Trustees and the Managers may recognise such Holder 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 recognise any trust or equity or other interest affecting the title to any Units or the Certificates (if any) representing such Units. No person other than the Managers shall have any rights against the Trustees except during the period in which Units are registered in his name.

8.1 Nothing herein contained shall prevent the Managers from becoming a Holder.

8.2 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.

9.1 Subject to the provisions of this Trust Deed and in particular to limitations imposed pursuant to Clause 3.3 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 Certificates for one or more Certificates of such denominations as he may require representing the same aggregate number of Units. Before any such exchange as aforesaid is carried out, the Holder shall surrender to the Managers the Certificate or Certificates to be exchanged and shall pay to the Managers all moneys (if any) payable hereunder.

9.2 In case any Certificate becomes mutilated or defaced, the Managers in their discretion may issue to the person entitled in exchange for and upon surrender to the Managers of the mutilated or defaced Certificate, a new Certificate representing the same aggregate number

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of Units. In case any Certificate shall be lost, stolen or destroyed, the Managers may in their discretion issue to the person entitled, a new Certificate in lieu thereof. No such new Certificate shall be issued unless the applicant shall previously have (i) furnished to the Managers evidence satisfactory to them and to the Trustees of the mutilation, defacement, loss, theft or destruction of the original Certificate; (ii) paid all expenses incurred in connection with the investigation of the facts; (iii) (in the case of defacement or mutilation) produced and surrendered to the Managers the defaced or mutilated Certificate; and (iv) (if so required by the Managers and/or the Trustees so to do) furnished to the Managers and/or the Trustees such indemnity as the Managers and/or the Trustees may require. 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.

- 9.3 Before issuing any Certificate under the provisions of this Clause, the Managers may require from the applicant for the Certificate, the payment to it of a fee of Rupees Twenty five (Rs. 25/=) (or such other amount as the Trustees and the Managers may from time to time agree) for each Certificate together with a sum sufficient in the opinion of the Managers to cover any Duties and Charges payable in connection with the issue of such Certificate, to be retained by the Managers.

- 9.4 In the event of the Managers or the Trustees, after the issue of any Certificate (whether original or balance or duplicate), being required to pay any stamp duty or any additional stamp duty thereon the Managers shall be entitled to deduct the amount of such stamp duty or additional stamp duty from any subsequent distribution to the Holder of such Certificate or from any other moneys whatsoever, which may subsequently become payable to such Holder.

REGISTRATION OF HOLDERS

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

- 10.1 A Register of the Holders shall be kept in the Republic of Sri Lanka by the Managers. The Register may be kept either in written form or (without prejudice to the provisions of sub-clause 10.3 of this Clause) by such other means (including electronic recording) as the Trustees shall from time to time approve. There shall be entered in the Register:-

- 10.1 (1) the full name and address of each Holder, PROVIDED that the Managers shall not be obliged to register more than two persons as joint Holders;

(ii) the number of Units held by every such Holder and the distinctive serial number of the Certificate or Certificates (if any) issued in respect thereof;

(iii) the date at which the name of every such Holder was entered in respect of the Units standing in his name; and

(iv) the date on which any transfer is registered.

10.2 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 (including in the case of a change of name the surrender of any Certificate previously issued to such Holder and the payment of the fee and sum provided for by Clause 9.3) as the Managers 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 Certificate to such Holder.

10.3 The Managers shall at all reasonable times during business hours give the Trustees and its representatives access to the Register and to all subsidiary documents and records and to inspect the same with or without notice and without charge, but neither the Trustees nor any subsidiary or associate company of the Trustees shall be entitled to remove the same or to make any entries therein or alterations thereto; and except when the Register is closed in accordance with the provisions in that behalf hereinafter contained, the Register shall during business hours (subject to such reasonable restrictions as to the provision of prior notice or otherwise as the Managers may impose but so that not less than two hours in each Business Day shall be allowed for inspection) be open in legible form to the inspection of any Holder without charge.

10.4 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) days in any one year.

10.5 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 in the Register in respect of any Unit.

10.6 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 Trustees may from time to time approve.

Provided that:-

- (a) unless the transfer comprises the whole of the holding of Units of a Holder, Units shall be transferable only in blocks of Ten (10) Units;
- (b) no transfer shall be registered if the registration thereof would result in the transferor or transferee being a Holder of less than the Minimum Holding; and
- (c) in the event of such sub-division or consolidation as is mentioned in Clause 13.8 taking place the number of Units prescribed pursuant to Clause 10.6 (i)(a) shall be proportionately increased or diminished (as the case may be).

10.6 (ii) Every instrument of transfer must be signed (or in the case of a body corporate signed on behalf of or sealed) by the transferor who shall subject to the provisions of Clause 8 and of paragraph 10.13 of this Clause be deemed to remain the Holder of and to be entitled to the Units transferred until such time as the name of the transferee is entered in the Register in respect thereof. The instrument of transfer need not be a deed.

10.6 (iii) Every instrument of transfer must be duly stamped and left with the Managers for registration accompanied by any necessary declarations or other documents that may be required in consequence of any legislation for the time being in force, and by the Certificate or Certification (if any) relating to the Units to be transferred and such other evidence as the Managers or Trustees 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. The Managers may dispense with the production of any Certificate which shall have become lost, stolen or destroyed upon compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof.

10.6 (iv) A fee of Rupees Fifty (Rs. 50/-) (or such other amount as the Trustees and the Managers may from time to time agree) may be charged by the Managers for the registration of each transfer and the issue of a new Certificate in the name of the transferee, to be retained by the Managers. Such fee must if required by the Managers, be paid before the registration of the transfer.

- 10.6 (v) In case only some of the Units represented by any Certificate are transferred, the transferors shall be entitled free of charge to a new Certificate in respect of the balance.
- 10.7 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 27) be a good discharge to the Managers and the Trustees 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.
- 10.8 A body corporate may be registered as a Holder or as one of joint Holders.
- 10.9 In case of the death of any one of joint Holders, the survivor or survivors shall be the only persons recognised by the Managers and the Trustees as having any title to or interest in the Units held by such joint Holders.
- 10.10 The executors or administrators of a deceased Holder (not being one of two or more joint Holders) shall be the only persons recognised by the Managers and the Trustees as having title to the Units held by him.
- 10.11 (i) Any person becoming entitled to a Unit in consequence of the death or bankruptcy of any sole Holder or of the survivor of joint Holders may, subject as hereinafter provided, upon producing such evidence as to his title as the Managers and the Trustees shall think sufficient, either be registered himself as Holder of such Unit upon giving to the Managers notice in writing of such desire, or transfer such Unit to some other person. All the provisions of this Trust Deed relating to transfer of Units shall be applicable to any such notice or transfer as if the death or bankruptcy 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 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.

(iii) The Managers may at their 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.

- 10.12 In respect of the registration of any Probate, Letters of Administration, Power of Attorney, Marriage or Death Certificate, Judgement or Order of Court, Deed Poll or other document relating to or affecting the title to any Unit, there shall be paid to the Managers a fee of Rupees One hundred (Rs. 100/- (or such other amount as the Trustees and the Managers may from time to time agree).
- 10.13 In the case of a transfer in favour of the Managers, the Managers shall upon registration thereof, cancel the Certificate or Certificates (if any) in respect of the Units transferred and remove the name of the Holder from the Register in respect of such Units, but need not enter the name of the Managers in the Register as the Holder of such Units. Such removal shall not be treated for any purposes of this Trust Deed as a cancellation of the Units and such Units may after the registration of such transfer be sold by the Managers (subject to the provisions of Clause 32) or be registered in their name so long as such Units have not been cancelled pursuant to Clause 14.
- 10.14 No transfer or purported transfer of a Unit other than a transfer made in accordance with this Clause shall entitle the transferee to be registered in respect thereof. Neither shall any notice of such transfer or purported transfer (other than as aforesaid) be entered upon the Register.

CONSTITUTION OF THE TRUST

11. The Deposited Property shall initially be constituted out of the proceeds of an offer of Units at a price per Unit (inclusive of the Front End Fee) of an amount to be determined by the Managers and on such terms and conditions as the Managers may determine. Such offer shall remain open for not more than Ninety (90) days. The proceeds of the offer, subject to the deduction of the Front End Fee (which shall be retained by the Managers), shall be paid to the Trustees and shall thereupon constitute the Deposited Property.

12. In respect of issues of further Units the Managers shall pay to the Trustees to be held as part of the Deposited Property, such proceeds after deducting therefrom, (in the case of Units issued for cash) the Front End Fee and any adjustment authorized by this Trust Deed (if any) and (in the case of Units agreed to be issued for consideration other than cash) any moneys payable out of the Deposited Property pursuant to the provisions of Clause 13.7 or Clause 13.8.

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ISSUE OF UNITS

13.1 The Managers shall have the exclusive right to effect for account of the Trust, the creation and issue of Units PROVIDED THAT the Managers shall not be bound to accept any initial application for Units having a value of less than Rupees Five thousand (Rs. 5,000/-) or such other sum as may be determined by the Managers and any subsequent application for Units having a value of less than Rupees One thousand (Rs. 1,000/-) or such other sum as may be determined by the Managers. 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 Subscription Day.

13.2 (A) The price at which any subsequent issue of Units for cash shall be effected shall be ascertained by dividing the Value of the Deposited Property as at the close of business on the date of issue thereof by the number of Units in issue and deemed to be in issue on that date, after adding thereto:-

(i) such sum as the Managers may consider represents the appropriate provision for Duties and Charges; and

(ii) any Front End Fee if the Managers so require;

and adjusting the resulting quotient upwards to the nearest ten cents (Rs. 0.10) per Unit, which may be retained by the Managers with the approval of the Trustees. Any commission, remuneration or other sum payable in respect of the issue or sale of any Units shall not be added to the price of such Units but shall be paid by the Managers out of the Front End Fee.

13.2 (B) In the event that the Trustees determine at any time (after consultation with the Managers) 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 Trustees 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 Trustees 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.

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13.3 The Managers may at the time of any issue of Units differentiate between applicants as to the amount of the Front End Fee to be included (within the permitted limit) in the issue price of Units issued to them respectively and likewise the Managers may on any day of issue of Units (including issues at a fixed price) allow to persons applying for larger numbers of Units than others a discount or discounts on the issue price of their Units, on such basis or on such scale as the Managers may think fit (PROVIDED THAT no such discount shall exceed the Front End Fee to be deducted from the proceeds of issue of such Units) and in any case the amount of such Front End Fee to be deducted from the proceeds of issue of such Units shall be reduced by the amount of the discount and such discount shall accordingly be borne by the Managers.

13.4 Notwithstanding the preceding provisions of this Clause the Managers 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 13.2 of this Clause as at the third Business Day immediately preceding the date of publication of such offer) and for a period not exceeding twenty one (21) Business Days from the date of such publication Units may be issued or sold at the fixed price whether pursuant to the public offer or not PROVIDED that except in the case of the initial offer of Units:-

13.4 (1) the Managers shall forthwith close or procure to be closed such offer if by reason of fluctuations in Value of the Deposited Property, the fixed price would exceed by more than Two and a half percent ($2\frac{1}{2}\%$) the current price per Unit calculated as aforesaid PROVIDED that if the fixed price shall exceed by not more than Two and a half percent ($2\frac{1}{2}\%$) the current price per Unit calculated as aforesaid, the Managers shall pay to the Trustees as an addition to the Deposited Property in respect of each Unit sold (but not in respect of each Unit issued) by the Managers at the fixed price, the excess of the price over the current price calculated as aforesaid; and

13.4 (2) the Managers may at their option close or suspend or procure to be closed or suspended, such offer if and whenever by reason of fluctuations in Value of the Deposited Property such fixed price would be lower by more than Two and a half percent ($2\frac{1}{2}\%$) than the current price per

Unit calculated as aforesaid PROVIDED that if and so long as the said option shall be exercisable but shall not have been exercised, the Managers shall pay to the Trustees as an addition to the Deposited Property in respect of each Unit issued or sold at such fixed price, a sum calculated in accordance with the following formula:-

$$\begin{array}{rcl} \text{(Current price)} &) & \text{(Fixed price x 100)} \\ \text{(thereof calculated)} &) & \text{minus (} \frac{\quad}{97.5} \text{)} \\ \text{(as aforesaid)} &) & \end{array}$$

- 13.5 The Managers shall furnish to the Trustees from time to time on demand a statement of all issues of Units and of the terms on which the same have been issued and of any investments which 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. The Trustees shall be entitled to refuse to deliver a Certificate to the Managers if at any time the Trustees are of the opinion that the provisions of this Clause in regard to the issue of Units are being infringed; but nothing in this paragraph or elsewhere in this Trust Deed contained shall impose upon the Trustees, any responsibility for satisfying itself before delivering Certificates that the Managers have complied with the provisions of this Clause.

- 13.6 The Managers may, with the approval of the Trustees, suspend the issue of Units during (a) any period when the stock exchange on which any investments forming part of the Deposited Property for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended; (b) the existence of any state of affairs which, in the opinion of the Managers, 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; (c) any breakdown in the means of communication normally employed in determining the price of any of such Investments or the current price on the stock exchange or when for any reason the prices of any of such Investments cannot be promptly and accurately ascertained; (d) any period when remittance of money which will or may be involved in the realisation 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.

- 13.7 The Managers may, provided that the Trustees are satisfied that the price at which the Investments concerned are taken into the Trust and that the other terms are not such as are likely to result in any prejudice to the existing Holders, in their absolute discretion either on the occasion of the offer referred to in Clause 11 or subsequently from time to time make such arrangements for the issue of Units to the holders of Authorized Investments by way of exchange for such Investments, upon such terms (including provision for the payment of costs fees and expenses of and consequent upon such exchange and for the payment to the Managers of a Front End Fee and adjustments in each case not exceeding that permissible in the case of Units issued for cash) as the Managers may think fit.

- 13.8 The Managers may at any time with the approval of the Trustees on giving not less than twenty one (21) days previous notice in writing to each Holder determine that Units shall be subdivided or consolidated and the Holders shall be bound accordingly. The Managers may in such notice require each Holder (who shall be bound accordingly) to deliver up his Certificate (if any) for endorsement or encasement with the number of Units to be represented thereby as a result of such subdivision or consolidation or may send or cause to be sent to each Holder at his risk a Certificate representing the number of additional Units to which he has become entitled by reason of such sub-division.

CANCELLATION OF UNITS

- 14.1 Subject to the provisions of Clause 15.4 hereof, the Managers shall have the exclusive right at any time by notice in writing delivered to the Trustees to effect reductions of the Trust by the surrender of Certificates (if any) to the Trustees for cancellation of some or all of the Units represented thereby or by requiring the Trustees to cancel Units in existence but in respect of which no person is entered in the Register as the Holder thereof. Such notice shall state the number of Units to be cancelled and the amount payable to the Managers in respect thereof. Before giving notice to exercise such right it shall be the duty of the Managers to ensure that the Deposited Property includes (or will upon the completion of the sale of Investments agreed to be sold include) cash sufficient to pay the amount payable to the Managers upon such reduction and the Managers shall if necessary

realize any Investments forming part of the Deposited Property to raise sufficient cash to meet heavy demands for redemption.

- 14.2 In respect of any such cancellation of Units the Managers shall be entitled to receive out of the Deposited Property an amount per Unit ascertained by dividing the Value of the Deposited Property as at the close of business on the date of issue of such notice by the number of Units then in issue and deemed to be in issue, after deducting therefrom such sum (calculated on the same basis as for the purposes of Clause 15) as the Managers may consider represents the appropriate allowance for Duties and Charges in relation to the realisation of the Deposited Property.
- 14.3 The said amount shall be payable to the Managers on or as soon as practicable against surrender to the Trustees of the Certificates (if any) representing the Units to be cancelled and delivery to the Trustees of particulars of the Units to be cancelled in respect of which no person is entered in the Register as the Holder thereof. Upon such payment and surrender the Units in question shall be deemed to have been cancelled and withdrawn from issue.
- 14.4 The Trustees shall be under no obligation to check the calculation of the amount payable to the Managers but shall be entitled if it so desires to require the Managers to justify the same. The Trustees shall not be liable for any incorrect calculation of the amount payable to the Managers.
- 14.5 The Trustees shall not be liable for the wrongful cancellation of any Units save in the case of negligence on its part.
- 14.6 The right of the Managers to require cancellation of any Unit shall be suspended during any period when the right of Holders to require realisation of Units is suspended pursuant to Clause 15.
- 14.7 If any purchaser of Units from the Managers or subscriber for Units (whether as principal or agent) shall make default in paying the purchase price or subscription moneys or any part thereof the Trustees may on such evidence being furnished to it by the Managers as it shall in its entire discretion deem sufficient and on delivery up to it of any relative Certificate which may then have been issued in respect of the Units contracted to be purchased or subscribed thereupon cancel such Certificate and approve the alteration by the Managers of the Register and thereafter in the case of Units contracted to be purchased the Managers shall be entitled to the Units represented by such Certificate until the same be sold by them to a purchaser and in the case of Units contracted to be subscribed the same shall be deemed

never to have been in issue and such part of the subscription moneys as shall have been paid to the Trustees in respect thereof shall be repaid to the Managers.

REALISATION OF UNITS

- 15.1 (i) Subject to Clauses 15.3 and 15.4, the Managers shall on receipt by them or by their duly authorised agent of a request in writing by a Holder (other than the Managers) purchase from such Holder before such time as may be agreed between the Managers and the Trustees on a Subscription Day, all or any part of the Units (including any fraction of a Unit) comprised in his holding at a price per Unit (and proportionately in respect of any fraction of a Unit) ascertained by dividing the Value of the Deposited Property as at the close of business on the date of receipt of the request by the number of Units then in issue and deemed to be in issue, after deducting therefrom such sum as the Managers may consider represents the appropriate allowance for Duties and Charges in relation to the realisation of the Deposited Property and by adjusting the resulting quotient downwards to the nearest ten cents (Rs 0.10) which may be retained by the Managers with the approval of the Trustees. The Trustees shall be under no obligation to check the calculation of the amount payable in connection with any purchase of Units pursuant of this Clause, but shall be entitled at any time to require the Manager to justify the same.
- 15.1 (ii) In the event that the Trustees shall at any time determine (after consultation with the Managers) that it would be detrimental to remaining Holders to realise or continue to realise Units at a price ascertained on the basis of the Value of the Deposited Property as described in this Clause then the Trustees shall instruct the Managers either to substitute such Value with the latest available Value or to adjust the realisation price within the limits permitted by this Deed. The Trustees may instruct the Managers to temporarily suspend the realisation of Units during any period of consultation or adjustment arising from the provisions of this sub-clause and Clause 13.6.
- 15.2 In relation to the provisions of Clause 15.1 the following provisions shall apply:-
- (i) No such request to purchase shall be valid unless the Holder shall have delivered to the Managers or their authorised agent the Certificate or

Certificates (if any) representing the Units to be purchased with the endorsement or endorsements thereon duly completed by the Holder or in the case of joint Holders by both or all of them and any such duly completed endorsement shall for all purposes of this Trust Deed be deemed to be a transfer in favour of the Managers;

- 15.2 (ii) A Holder shall not be entitled to require the Managers to purchase his Units otherwise than in multiples of Ten (10) Units or to purchase part only of his Units if as a result of such purchase he would remain a Holder of less than the Minimum Holding but so that in the event of such sub-division or consolidation as is mentioned in Clause 13.8 having taken place any such prescribed number shall be proportionately increased or diminished (as the case may be);
- 15.2 (iii) The Managers may at their option dispense with the delivery as aforesaid of any Certificate which shall have become lost stolen or destroyed upon compliance by the Holder with the like requirements to those arising in the case of an application by him for the replacement thereof;
- 15.2 (iv) The price shall be payable to the Holder within 21 Business Days after the Subscription Day on which the relevant Units are realised.
- 15.3 The Managers may at any time with the approval of the Trustees suspend the right of all Holders to require realisation of any Units and/or may delay the payment of moneys in respect of such realisation during any period when the issue of Units is suspended pursuant to Clause 13.6.
- 15.4 With a view to protecting the interests of all Holders the Managers shall be entitled with the approval of the Trustees to limit the total number of Units which Holders are entitled to realise, and the Managers are entitled to have cancelled pursuant to Clause 14 hereof, on any Subscription Day to three percent (3%), of the total number of Units in issue (disregarding any Units which have been agreed to be issued), such limitation to be applied pro rata to the Managers and all Holders who have validly requested realisations on such Subscription Day so that the proportion realised of each holding so requested to be realised (or, in the case of the Managers, to be cancelled under Clause 14 hereof) is the same for the Managers and for all such Holders. Any Units which, by virtue of the powers conferred on the Managers by this paragraph, are not realised or, as

the case may be, cancelled shall be realised or cancelled (subject to any further application of the provisions of this sub-clause 15.4) on the next succeeding Subscription Day; Provided that if on such next succeeding Subscription Day the total number of Units to be cancelled or realised (as the case may be), including those carried forward from any earlier Subscription Day, shall exceed the aforesaid limit the Managers shall be entitled to further carry forward the requests for realisation (or cancellation, in the case of the Managers) until such time as the total number of Units to be cancelled or realised (as the case may be) on a Subscription Day fall within the aforesaid limit. If realisation requests are carried forward as aforesaid, the Managers will give notice to the Holders of Units affected thereby within seven days that such Units have not been realised or cancelled and that (subject as aforesaid) they shall be realised or cancelled on the next succeeding Subscription Day.

- 15.5 Any moratorium which may at any time be applied to payments in respect of stock exchange transactions or banking transactions shall apply equally to payments due from the Managers pursuant to this Clause or due to the Managers pursuant to Clause 14.

INVESTMENT OF DEPOSITED PROPERTY

16.1 (A) The Trust may not:-

- (i) purchase any security other than those issued by the government of Sri Lanka and Bank deposits if as a result more than ten percent (10%) of the total value of the Deposited Property would then be invested in securities of any single issuer;
- (ii) purchase any security if as a result the Trust would own more than ten percent (10%) of the outstanding voting securities of any single issuer;
- (iii) make investments for the purpose of exercising control or management;
- (iv) make investments in unquoted securities if as a result the value of the total holding by the Trust of unquoted investments would exceed ten percent (10%) of the total value of the Deposited Property;
- (v) invest in investment companies (excluding holding companies), trusts or venture capital funds;
- (vi) make any investment which would involve the Trust in a situation of unlimited liability;

- (vii) buy or sell commodities, commodity contracts, real estate or interests in real estate, except that the Trust may invest in securities secured by real estate or interests therein or securities issued by companies that invest in real estate or interests therein;
 - (viii) purchase any securities on margin (except that the Trust may obtain such short term credit as may be necessary for the clearance of purchases and sales of portfolio securities) or make short sales of securities or maintain a short position;
 - (ix) make loans to other persons without the consent of the Trustees PROVIDED THAT for purposes of this restriction the acquisition of bonds, debentures, or other corporate debt securities and investment in Government bonds, short-term commercial paper, certificates of deposit and bankers' acceptances shall not be deemed to be the making of a loan;
 - (x) underwrite securities of other issuers except with the approval of the Commission and the Trustees.
- 16.1 If the percentage limitation on investment or use of assets set forth above is complied with at the time a transaction is effected, any later changes in the percentage resulting from changed values will not be considered a violation but the Trust shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its unitholders.
- 16.2 (A) Subject to Clause 17, all cash and other property which ought in accordance with the provisions of this Trust Deed to form part of the Deposited Property shall be paid or transferred to the Trustees forthwith on receipt by the Managers. Any investment in registered form shall as soon as reasonably practicable after receipt of the necessary documents by the Trustees be registered in the name of the Trustees or its nominee and all cash shall be applied at the discretion of the Managers (but subject always to the provisions of this Deed and any limitations placed by the Commission or any other authority) in the acquisition of Authorized 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 on short-term deposit with the Trustees (if a banker) or any banker or other reliable person or body corporate approved by the Trustees and on such terms as the Managers may think fit.
- 16.2. (B) Investments comprised in the Deposited Property on ceasing to be Authorized Investments as hereinafter provided shall be realized by the

Managers and the net proceeds of realisation shall be applied in accordance with the provisions of this Trust Deed but the Managers may postpone the realisation of any such Investments for such period as they may determine to be in the interest of the Holders unless the Trustees shall require the same to be realised.

- 16.2 (C) 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 realised at the discretion of the Managers either in order to invest the proceeds of sale in other Authorised Investments or to provide cash required for the purpose of any provision of this Trust Deed or in order to retain the proceeds of sale in cash or on deposit as aforesaid or partly for one of such purposes and partly for another.

- 17.1 Any acquisition of an Investment for account of the Trust may be made by subscription or by application and subject thereto any purchase or sale shall be made on the Stock Exchange or under the provisions of Clause 16.1 unless the Managers and the Trustees are satisfied that it is possible to make such purchase or sale more advantageously in some other manner.

- 17.2 No investment shall be made which would result in either:-

- (i) the Value or the aggregate of the Values of any Investments in any one company or body exceeding ten per cent (10%) of the total Value of the Deposited Property immediately after such Investment has been made; or
- (ii) the nominal value of any Investment in any shares or stock in any company or body exceeding ten per cent (10%) of the total nominal value of all issued shares or stock immediately after such Investment has been made.

- 17.3 It shall not be necessary for the Managers to effect changes of 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 a result of:-

- (i) the receipt by the Trustees or its nominee of any rights bonuses or benefits in the nature of capital;
- (ii) any scheme or arrangement for amalgamation reconstruction conversion or exchange; or
- (iii) any redemption.

- 18.1 Subject to the provisions of this Clause the selection of all investments (whether partly paid or not) shall in all respects be the responsibility of the Managers solely and not of the Trustees and investments may be made abroad with the permission of the Commission and subject to law.
- 18.2 The Managers shall not be entitled, without the prior consent of the Trustees, to apply any part of the Deposited Property in the acquisition of any Investments which are in the opinion of the Trustees likely to involve the Trustees in any liability (contingent or otherwise). When the Managers acquire any Investments which are for the time being partly paid only, the Managers shall notify the Trustees of such acquisition as soon as practicable. In any such case the Trustees shall be entitled but not bound to appropriate and set aside cash or other property approved by the Managers and acceptable to the Trustees sufficient to provide for paying up such Investment in full or (as the case may be) for meeting such 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 Trustees in any way otherwise than as may be required for paying up the Investment or meeting the liability in respect of which the appropriation was made so long 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.
- 18.3 The Trustees shall be entitled at any time at its entire discretion and without assigning any reason to give notice to the Managers that it is not prepared to accept the transfer of any property which in the opinion of the Trustees infringes the terms of this Trust Deed and the Trustees shall be entitled to require the Managers to deposit in place of any such property other property acceptable to the Trustees.
- 19.1 The Managers may establish an Investment Advisory Committee to advise the Managers as to the investment of the Deposited Property. The Members of the Committee shall be appointed and removed by the Managers. The Committee shall make its recommendations to the Managers.
- 19.2 The Managers may make such regulations for the conduct of the meetings of the Committee for fixing a quorum and for the appointment of alternate Members of the Committee as the Managers think fit and except as provided in such regulations the Members of the Committee may conduct their business in such manner as they may from time to time determine.

19.3 The Managers 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 Trustees shall not be liable to the Members of the Committee for any remuneration or otherwise.

19.4 The Managers may in the management of the Fund take into consideration any advice given by the Committee provided always that the Trustees, the Managers and the Members of the Committee shall not incur any liability to the Holders by reason of the Trustees or the Managers having acted or having not acted upon the advice of the Committee.

DISTRIBUTIONS

20. As and when the Managers shall decide, the Managers may by notice in writing direct the Trustees 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 Trustees and the Managers may agree having regard to the provisions of this Deed.

21. All income shall as and when received by the Trustees be paid into a special account (the "Income Account") and shall be held therein pending capitalisation or distribution in accordance with the provisions of this Deed.

22. The proceeds of sales of rights and all 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 but shall be retained as part of the Deposited Property.

23. In the event of a distribution being made an appropriate amount shall be transferred out of the Income Account and paid into a special account (the "Distribution Account") and the amount standing to the credit of the Distribution Account shall not for any of the purposes of this Trust Deed be treated as part of the Deposited Property but shall be held by the Trustees upon trust to distribute the same as herein provided.

24.1 In the event of a distribution being made the amount of income qualifying for distribution in respect of the relevant period shall be ascertained by deducting:-

- (1) the Management Participation for the relevant period (if the Managers decide to deduct the Management Participation out of income); and

- (ii) all interest paid during the relevant period (together with any amount of interest accrued but remaining unpaid at the end of the relevant period) on any borrowings effected by the Trust for the time being outstanding;

from the total net amount receivable by the Trustees in respect of such period of all interest dividends and all such other 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 ex or cum dividend;
- (ii) addition of a sum representing any interest or dividends accrued but not received by the Trustees at the end of the 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 or dividends accrued at the end of the previous such period. Income from an investment quoted on the Stock Exchange shall be deemed to have accrued on the first date on which that income is declared payable. Income from any other 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 double or 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.

- 24.2 Forthwith after the amount of income qualifying for distribution in respect of the relevant period has been computed the Managers shall 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.
- 24.3 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 Trustees and shall be conclusive and binding and copies thereof shall be open for inspection during usual business hours by any Holder at the offices of the Managers. The Trustees 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.
- 24.4 Neither the Trustees 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 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.
- 24.5 The Managers may at any time with the approval of the Trustees and upon the Managers giving to each Holder not less than twenty one (21) days previous notice in writing determine that the Distribution Date shall be altered and/or that the number of distributions in each year shall be increased or subsequently decreased and also consequently that the Accounting Date and the number of distributions in any period of twelve (12) months shall not be less than one PROVIDED THAT the period between the date by reference to which distributions are calculated and the date upon which distributions are made shall be not more than four (4) months.

25. Within Ten (10) Business Days after the amount to be distributed has been declared, the Managers shall apply such amount in the acquisition of further Units (full and fractional) at the Issue Price per Unit on the day of such reinvestment PROVIDED THAT where a request has been made by the Holder to the Trustees or its agents that such amount be paid to the Holder in cash instead, the Trustees shall within ten (10) Business Days of such declaration distribute to the Holder rateably in accordance with the number of Units held or deemed to be held by him as at the last preceding Accounting Date, the income available for distribution in respect of the Accounting Period ending on that Accounting Date, such distribution to be made by cheque or by bank transfer to such Holder.

26. The Managers may from time to time, after consulting the Auditors and with the approval of the Trustees, distribute among the Holders in accordance with Clause 25 an amount which represents part of the capital of the Deposited Property PROVIDED THAT the Trustees is satisfied that any such distribution shall not result in any prejudice to the interests of Holders.

PAYMENTS AND AUDIT OF ACCOUNTS

27.1 Any moneys payable by the Managers or Trustees to a Holder in respect of any Unit under the provisions of this Trust Deed may be paid by crossed cheque or warrant made payable to the order of and sent through the post to the registered address of such Holder or in the case of joint Holders made payable to the order of and sent to the registered address of that one of the joint Holders who is first named on the Register. The payment of any cheque or warrant to the first named of joint Holders shall be an effective discharge to the Managers and the Trustees as if such first-named 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 a satisfaction of the moneys payable and shall be a good discharge to the Managers and the Trustees. Where an authority in writing in that behalf shall have been received by the Managers or the Trustees from the Holder or in the case of joint Holders from all of them in such form as the Managers or the Trustees shall consider sufficient the Managers or the Trustees (as the case may be) shall pay the amount distributable 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.

27.2 Before making any payment in respect of any Unit, the Trustees or the Managers may make such deductions as 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.

- 27.3 The Managers shall at the request of the Trustees or shall otherwise be at liberty to deposit with a bank in the name of or pay to the Trustees any monies due to the Holder and not claimed within six months after payment as provided in this Clause. Upon such deposit or payment being made such monies shall be deemed to have been paid off or satisfied in accordance with the provisions hereof. The Trustees shall not be responsible for the safe custody of such monies or for interest thereon except such interest (if any) as the said monies may earn whilst on deposit less any costs, charges or expenses incurred or levied by the Trustees in relation thereto.
- 27.4 If any amount payable to a Holder is not claimed within a period of Thirty Six (36) months after the date for payment of the same, such amount shall be transferred to and become part of the Deposited Property and thereafter neither the Holder nor any person claiming through him shall have any right thereto or therein except as part of the Deposited Property.
- 27.5 In respect of each Accounting Period the Trustees 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 Managers in a form to be approved by the Trustees and by or on behalf of the taxation authorities. On liquidation of the Trust each tax certificate shall show what proportion of the distribution represents capital and what proportion represents income. The Managers shall prepare and pay for all cheques, warrants, statements, accounts, certificates and notices which the Trustees has to issue, send or serve as is required in this Deed, and shall stamp and (where authorized by the Trustees) sign the same on behalf of the Trustees and despatch the same on the proper day or deposit the same (together with the necessary stamped addressed envelopes) with the Trustees so as to afford the Trustees reasonable time to examine and check the same and to sign such cheques, warrants, statements, accounts, certificates and notices and despatch them on the day on which they ought to be despatched.
- 28.1 The Trustees shall procure accounts of the Trust to be forwarded to Holders once a year and not later than six (6) months after the end of the Accounting Period to which they relate. Such accounts shall relate to the period (in the case of the first accounts) from the date of this Trust Deed and (in the case of subsequent accounts) from the end of the period to which the previous accounts related.

- 28.2 Such accounts shall be audited by the Auditors and shall be accompanied by a certificate of the Auditors to the effect that the accounts and statements attached thereto have been examined with the books and records of the Trust and of the Managers in relation thereto and that the Auditors have obtained all the explanations and information they have 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 Trustees in accordance with the requirements of the Commission have been made.
- 28.3 The Auditors shall be appointed by the Trustees with the approval of the Commission subject to the provisions of Clause 28.4 and Clause 43. The Auditors shall hold office until such time as they may voluntarily retire by notice in writing to the Trustees.
- 28.4 The Commission shall have the power to withdraw its approval and the right to require the retirement of the Auditors.
- 28.5 The fees and expenses of the Auditors in connection with the audit of the accounts shall be paid by the Trustees out of the Deposited Property. Save as aforesaid and except as provided by Clause 31.4 (ii), the other fees and expenses of the Auditors shall be paid by the Managers.
- 28.6 The Auditors shall have the qualifications specified by the rules of the Commission and if they cease to possess such qualifications, they shall retire from the office of auditors when the Commission requires them to do so.

COVENANTS BY THE MANAGERS AND TRUSTEE

- 29.1 The Managers hereby covenant as follows:-
- (i) that they will use their best endeavours to carry on and conduct their business in a proper and efficient manner and will ensure that the Unit Trust is carried on and conducted in a proper and efficient manner;
 - (ii) that they will pay to the Trustees (or as it may direct), within 30 days after their receipt by the Managers, any moneys which are payable hereunder by the Managers to the Trustees;
 - (iii) that they will not sell any Units otherwise than on the terms and at a price calculated in accordance with the provisions hereof;
 - (iv) that they will, at the request of a Holder, purchase any Units held by him on the terms and at a price calculated in accordance with the provisions hereof;

- (v) that they will to the same extent as if the Trustees were a Director of the Managers (a) make available to the Trustees, 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 Trustees or any such auditor such oral or written information as it or he requires with respect to all matters relating to the Managers;
- (vi) that they will make available or ensure that there is made available to the Trustees such details as the Trustees require with respect to all matters relating to the Trust;
- (vii) that they will within twenty one (21) days after an application is delivered to the Managers at their registered office, being an application by Holders of not less than fifty in number and registered as holding not less than twenty five percent (25%) of the Units:-
 - (a) by sending notice by post of the proposed meeting at least seven days before the proposed meeting to each of those Holders in accordance with Clause 44; or
 - (b) by publishing at least fourteen (14) days before the proposed meeting an advertisement giving notice of the meeting in a newspaper circulating generally in Sri Lanka

summon a meeting of Holders for the purpose of laying before the meeting the accounts and balance sheet which were laid before the last preceding Annual General Meeting of the Managers or the last audited statement of accounts of the Trust and for the purpose of giving to the Trustees such directions as the meeting thinks proper.

29.2 The Trustees hereby covenant that it will:-

- (i) exercise all due diligence and vigilance in carrying out its functions and duties and in watching the rights and interests of Holders;
- (ii) keep or cause to be kept proper books of account in relation to those interests;
- (iii) cause those accounts to be audited at the end of each Accounting Period by the Auditors; and

(iv) send or cause to be sent by post a statement of the accounts with the Report of the Auditors thereon to each Holder, in accordance with Clause 28.

29.3 The Managers and the Trustees hereby covenant that no moneys available for investment hereunder will be invested in or lent to the Managers or to the Trustees.

29.4 The Managers and the Trustees covenant with each other and with each of the Holders that, as from such day as may be fixed under any written law for the time being in force so requiring, neither the Managers nor the Trustees will exercise the right to vote in respect of any shares relating to Units held by the Managers or the Trustees at any election for directors of a company whose shares are so held without the consent of the majority of Holders present in person and voting at a meeting of Holders summoned in the manner herein provided.

29.5 The Trustees, 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.

30.1 Except as otherwise expressly provided all rights of voting conferred by any of the Deposited Property shall be exercised in such manner as the Managers may in writing direct and the Managers may refrain at their own discretion from the exercise of any voting rights and no Holder shall have any right to interfere or complain. The Trustees shall as soon as practicable forward to the Managers all notices of meetings reports and circulars received by it or its nominee as holder of any investment and shall (so far as it is permitted by law or by rules and regulations of the companies any part of the shares of which constitute investments so to do) upon the written request of and at the expense of the Managers from time to time execute and deliver or cause to be executed or delivered to the Managers or their nominees such powers of attorneys or proxies as may reasonably be required in such name or names as the Managers may reasonably request authorising such attorneys and proxies to vote consent or otherwise act in respect of all or any part of the Deposited Property. The Managers shall be entitled to exercise the said rights in what they may consider to be the best interests of the Holders but neither the Managers nor the Trustees shall be under any liability or

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responsibility in respect of the management of the investments in question or in respect of any vote action or consent given or taken or not given or taken by the Managers whether in person or by their respective duly authorised representatives or by proxy and neither the Trustees nor the Managers 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 or approval voted or given or withheld by the Trustees or Managers or by any such representative or by the holder of such proxy or power of attorney; and the Trustees shall be under no obligation to anyone with respect to any action taken or caused to be taken or omitted by the Managers or by such representative proxy or attorney.

- 30.2 The phrase "rights of voting" and the word "vote" used in this Clause shall be deemed to include not only a vote at a meeting but any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any part of the Deposited Property and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.

REMUNERATION OF MANAGERS AND TRUSTEE

- 31.1 (i) The Management Participation shall be a sum not exceeding such percentage as is hereinafter mentioned of the Value of the Deposited Property. The management participation shall begin to accrue from the date of the constitution of the deposited property.
- (ii) The amount of Management Participation shall be calculated daily and shall be payable to the Managers in arrears at the end of each calendar quarter. In respect of any period other than a full calendar quarter, 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 calendar quarter concerned.
- (iii) The percentage hereinbefore referred to shall be two percent (2%) per annum of the Value of the Deposited Property or such other percentage as may be fixed by agreement.