

INVESTMENT ADVISORY SERVICES AGREEMENT

THIS INVESTMENT ADVISORY SERVICES AGREEMENT (the "Agreement") is entered into at Islamabad this ___ day of _____ 2019 by and between:

M/S _____, a company duly incorporated under the Companies Ordinance, 1984, having its principal office at _____ Pakistan, (hereinafter referred to as the "Investment Advisor", which expression shall, where the context so permits, include its successor-in-interest and assigns) of the one part;

AND

Federal Employees Benevolent & Group Insurance Funds (FEB & GIF) , and managed in accordance with the Federal Employees Benevolent Fund and Group Insurance Act, 1969 and having its Head office at **Benevolent Fund Building, Block A-I, Shahrah-e-Suharwady, Zero Point, Islamabad** (hereinafter referred to as the "Customer", which expression shall, where the context so permits, include its successors-in-interest and assigns) of the other part.

(The Investment Advisor and the Customer are hereinafter collectively referred to as the "Parties".)

WHEREAS

- (1) The Investment Advisor is a duly registered investment finance company and holds license under Section 282C of the Companies Ordinance, 1984 to undertake the business of investment finance services in terms of The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the "**NBFC Rules**");
- (2) The Customer agrees to appoint the Investment Advisor as their advisor for management of its investment portfolio in light of investment parameters set forth by the Client, as amended from time to time with the objective to maximize its return on its investment on the following terms and conditions, which the parties are desirous of reducing into writing.

NOW, THEREFORE, this Agreement sets forth the agreement between the Parties as follows:

1. Definitions

- (1) "**Contractual Obligations**" means the scope of work mentioned in annex-I hereto and also described in the RFP document.
- (2) "**Investment Parameters**" means the investment guidelines approved by the Board of Trustees, FEB & GIF to make investment attached as annex-II and as amended from time to time.
- (3) "**RFP document**" means the document released for invitation of offers for appointment of an Investment Advisory Company and attached as annex-III.
- (4) "**SMA**" or "**Separately Managed Account**" means the Customer's account to be advised on by the Investment Advisor under Clause 3 hereof and in accordance with the terms of this Agreement.
- (5) "**Securities**" means all securities permissible under the Federal Employees Benevolent Fund & Group Insurance Act 1969 and detailed in the Investment parameters.

2. **Appointment**

The Customer hereby appoints the Investment Advisor as their advisor to advise the Customer upon the terms and conditions of this Agreement and upon the terms and conditions of any other instructions given in writing by the Customer from time to time and accepted by the Investment Advisor keeping within the scope mentioned in the RFP document.

3. **Separately Managed Account and Portfolio**

- (1) The Investment Advisor shall advise on *the Portfolio* as set forth in the contractual obligations, attached as Annex-I hereto.
- (2) The Investment Advisor shall advise the Customer to enter into such transactions in relation to the Portfolios it may deem necessary or desirable, whether or not productive of income or gains, for the fulfillment of the objectives, policies and specific instructions (if any) set out in the contractual obligations as detailed in annex-I.

4. **Mandates, Authority and Discretion**

The Investment Advisor will advise the Customer, as to the composition of the portfolio, type of securities, amount to be invested in any securities, the period for which the Securities should be held, the sale/purchase/subscription price of Securities, and all related and incidental matters pertaining to the Portfolio.

5. **Terms of Agreement**

- (1) The Agreement shall be valid for a period of **twelve** months effective from _____. The Agreement will expire upon attaining the period of 12 months unless the Parties mutually agree to extend the Agreement in writing prior to the expiry date. This Agreement may be extended for another term.
- (2) After termination of this Agreement, the Investment Advisor will not be liable for any increase or decrease in market value of any Securities in the Portfolio and it is understood that any losses will be the sole responsibility of the Customer except for any losses arising from (1) any negligent, illegal or fraudulent acts or omissions of the Investment Advisor in advising the purchase or sale of the said Securities during the term of this Agreement or (2) the Investment Advisor's failure to comply with the terms and conditions of this Agreement.

6. **Investment Advisory Fees and Charge**

The Customer undertakes to pay fees (the "Investment Advisory Fee") as per the structure attached as Annex-IV hereto.

7. **Scope of Responsibility of the Investment Advisor**

- (1) The Investment Advisor shall implement this Agreement through any authorised officer subject to its internal rules and guidelines. The Investment Advisor agrees that, in acting as an advisor, it will strictly act in accordance with and subject to the terms and conditions of this Agreement. The Investment Advisor will be exclusively responsible for the acts and omissions of the authorised officers through which it will implement this Agreement as per the terms and conditions of this Agreement.
- (2) The Customer expressly acknowledges having made an independent assessment as to the competence and expertise of the Investment Advisor for the purposes of advising on the Portfolio and in deciding to enter into this Agreement and after being fully aware as to the risk of loss involved in

investing in Securities as contemplated by this Agreement. The Customer has not relied on any representations, warranties or guarantees, expressed or implied, either as to the rate of return, profitability, expected value of the Portfolio or otherwise.

- (3) The Investment Advisor hereby indemnifies the Customer and undertakes to keep the Customer indemnified from and against all claims, losses, costs, damages, expenses and liabilities incurred or suffered by the Customer or its officers, servants or agents arising from such acts or omissions of the Investment Advisor or its officers, servants or agents as are negligent, not made in good faith or are inconsistent with the terms and conditions of this Agreement or illegal.
- (4) The Customer agrees to provide current and accurate information to the Advisor concerning the Customer's income, investments, income tax situation and estate plan. The Customer agrees to discuss with the Advisor the needs and goals of the Customer. The Customer agrees to inform the Advisor, in writing, of any changes in the Customer's financial situation, needs and goals.
- (5) The Customer will have no obligation to accept any recommendation made by the Advisor. The Customer shall retain sole control and authority over the assets and shall be entitled to determine, in the sole discretion, whether to accept, reject or implement any recommendation made by the Advisor.
- (6) The Investment Advisor shall not, during the term of this agreement and within two years after its expiry, disclose any proprietary or confidential information related to the services, this agreement or the Customer's business or operations without the prior consent of the Customer. The breach of this clause will enable the Customer to take legal action against the advisor and the advisor will be responsible for the loss accrued due to such disclosure, as per applicable laws of the country.
- (7) The Investment Advisor will continuously keep on monitoring investment portfolio of the Customer and intimate the customer about any material change in any security requiring immediate switchover.
- (8) The Advisor will not take possession, custody or control of any assets of the Customer.
- (9) There will be standard performance measures that are determined by mutual consent between the Customer and Investment Advisor. These measures could include mutually decided Benchmarks and/or Asset Allocation.
- (10) The Advisor undertakes to perform the services with the highest standards of professional expertise, ethical competence and integrity.
- (11) Any study, report or other material, graphic, etc or otherwise, prepared by the Advisor for the Customer under the agreement shall belong to and remain the property of the Customer. The Advisor may retain a copy of such documents. The customer shall have the right to register it under Trade \marks and Copyright \laws, if so needed, without first obtaining consent of the Advisor.
- (12) The Advisor may outsource the services regarding advice on Real Estate Investment detailed in the RFP document/any other services for which he (advisor) does not have in house expertise at his own expense and such recommendations would be considered as his advice.

8. General

- (1) The Customer confirms that the persons named in the Annex-V hereto, as amended from time to time, are authorized to give instructions to the Investment Advisor and communicate with the Investment Advisor in respect of this Agreement and agree that all instructions given by such persons shall be as effective and valid as if given by the Customer. Communication can be made through any mode; original or facsimile of the written and signed letter or electronic mail from the person(s) as authorized by the Customer in Annex-V
- (2) The Investment Advisor confirms that the persons named in the Annex-V hereto, as amended from time

to time, are authorized to advise and communicate with the Customer in respect of this Agreement.

- (3) Each party to this Agreement hereby represents and warrants that it is lawfully entitled to enter into this Agreement and all corporate and other actions required to be taken have been taken and that no further consents or approvals, either statutory or otherwise, are required or applicable for the purposes of giving effect to this Agreement. Each party undertakes to execute and deliver such documents and complete such formalities as the Investment Advisor or the Customer, as the case may be, may require for giving proper effect to this Agreement, including an appropriate power of attorney and/or resolution of the Investment Advisor and the Customer.
- (4) For the purposes of jurisdiction, the Portfolio shall be deemed to be based at Islamabad.
- (5) Annexes attached to this agreement shall form an integral part of this Agreement.
- (6) Each party to this Agreement warrants and undertakes with the other party that it shall not divulge or communicate to any person which is not a party to this Agreement or use or exploit for any purpose whatsoever (other than that contemplated in this Agreement) any information which comes to its knowledge about the other party or the business and affairs of the other party or of the customers of the other party,
- (7) All obligations and liabilities of the Customer/ **Investment Advisor** under this Agreement shall be limited to the aggregate amount of the advisory fees validly payable under the term (s) of the Agreement to the Investment Advisor.
- (8) This agreement may be terminated by either party upon 30 days written notice. In the event that the Customer terminates the agreement, the customer will be responsible for all fees earned as of the date of notice of termination.
- (9) Any information provided by the Advisor in its technical proposals or in evaluation reports found incorrect/misleading at any stage the agreement shall stand terminated forth with and the fee due shall be forfeited.

The Investment Advisor represents and warrants to the Customer that it has full power, authority and legal right to execute, deliver, perform and observe the terms and conditions of this Agreement and that it will perform its functions under this Agreement in accordance with highest professional and fiduciary standards and in compliance with all applicable law.

- (10) **Penalty:** If the Investment Advisor fails to provide the deliverables within the specified period, a penalty of not more than 10% of the monthly fee may be imposed by the Customer. In this regard decision of the Managing Director, FEB & GIF would be final and binding.

10. **Notices**

All notices required or contemplated under this Agreement and any correspondence shall be given in writing and by hand delivery, registered mail, courier, fax or email and shall be addressed:

If to the Investment Advisor:

Attention:	
Address:	
Fax:	
Email:	

If to the Customers:

Attention:	The Managing Director
Address:	Block A-I, Benevolent Fund Building, Shahra-e-Suhrwardy, Zero point, Islamabad
Fax:	
Email:	

Any notice required or permitted herein may be hand delivered, cabled, mailed, couriered, faxed or emailed properly addressed to the party to be notified at the address set forth above or at the last known address given by such party to the party, and shall be deemed delivered when so transmitted.

11. Arbitration

(1) In case of any dispute, the matter shall be referred to the Establishment Secretary as the Chairman Board of Trustees, whose decision shall be final and binding upon both the parties.

12. Governing Law and Jurisdiction

(1) The validity, construction and performance of this Agreement shall be governed by the Laws of Pakistan.

(2) The Courts of Islamabad shall have the jurisdiction to entertain all suits/ cases and other matters arising out under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

The Customers:

Signature _____ Signature _____
Name: _____ Name: _____

WITNESSES:

Signature _____ Signature _____
Name: _____ Name: _____
NIC No.: _____
Address: _____

For and on behalf of _____

Signature _____ Signature _____
Name: _____ Name: _____
Designation: _____ Designation: _____

WITNESSES:

Signature: _____ Signature: _____
Name: _____ Name: _____
NIC No.: _____ NIC No.: _____
Address: _____ Address: _____

Separately Managed Account

INVESTMENT GUIDELINES AND CONTRACTUAL OBLIGATIONS

[See, Clause 3(1) of the Agreement]

The Customer understands that the Investment Advisor will adhere to the following investment guidelines and obligations during the term (s) of this Agreement.

1. The purpose of the Portfolio will be to maximise returns on investment with minimum risk for the Customer.
2. Provide evaluation on investments along with recommendation on how to improve yield in line with investment goal, benchmark indexes or other performance measurements for investments. In this regard the Investment Advisor will provide the following within the specified time period by FEB & GIF
 - (i) Initial evaluation of the investment portfolio with current investment policies and strategies with setting of a benchmark.
 - (ii) Periodic review, updates, and recommendations concerning the investment policy and strategy, as per requirements.
 - (iii) Specific recommendations and policy guidance concerning the total investment goal, sector wise as well as overall benchmark indexes or other performance measurements for investments.
 - (iv) Quarterly evaluation/analysis of investment held including comparison of the results with reference to benchmarks index(es).
 - (v) Specific case analysis/valuation referred by the Customer.
 - (vi) Routine generated monthly/Quarterly analysis/reviews on banks' performance and other sectors.
 - (vii) The advisor will also provide a copy of working done in connection with evaluation of any instruments
3. Periodic review/Individual analysis report of each sector like banks, stock market, mutual funds, money market, government securities, Monetary Policy and real estate etc. on quarterly basis or as per announcements.
4. Annual evaluation/analysis report with a comparison of return with benchmark indexes and reasons for major deviation – if any
5. Specific case analysis/valuation referred by the customer for investment securities
6. Investment advisory recommendations to be in line with Ministry of Finance directives and other regulations either specified by FEBF & GI Act 1969, the Rules 1972 and investment parameters approved by the Board and other statutes. The relevant directives, regulations and parameters are to be shared with the Investment Advisor.
7. Responsible to report any change/development in any entity or sector especially in the entity/instruments wherein the Customer has a stake. In this regard the Advisor will keep the FEB& GIF updated.
8. Based on investment analysis advising the FEB & GIF on investment opportunities (both the side i.e., Buy or Sell) investment constraints and risk factor keeping within the Ministry of Finance directives and other applicable regulations either specified by the FEBF & GI Act, 1969, the Rules 1972 and investment parameters approved by the Board/Federal Government as the case may be and other statutes.

9. Advise the FEB & GIF to hire the services of a corporate lawyer as and when required.
10. Attending meetings of the Investment Committee/Board of Trustees or any other forum on request of the FEB & GIF through designated senior officers like Chief Investment Officer etc. (The FEB & GIF shall borne the cost of attending these meetings upto two representatives inclusive of boarding & lodging as per actual over & above the advisory fee).
11. One to two week Training/informative sessions for atleast two representatives of FEB & GIF to know & understand the research processes of the Advisory Company in any sector during the year.
12. The Investment Advisor would also attend meetings at different forums on behalf of FEB& GIF on specific request.

Separately Managed Account

FEE STRUCTURE

[See, Clause 6(1) of the Agreement]

Fee Calculation

1. Fees are denominated in Pakistani Rupees ("Rs.").

Fee Structure	
ADVISORY FEE	(Rupees six hundred thousand only) PKR xxxxxxx0,000/- (Annual fee) inclusive of all permissible taxes Payable@ Rs. xxx,000/- monthly

The FEB & GIF shall bear the cost of attending these meetings upto two representatives inclusive of travel, lodging & board expenses (if applicable) of appropriate level (Not exceeding the entitlement of officer BPS-20 in Federal Govt.) over & above the advisory fee.

Separately Managed Account

LIST OF AUTHORIZED SIGNATORIES

[see, Clause 8(1) of the Agreement]

Authorized Persons of the Customer :**[Any TWO of the following, acting JOINTLY:]**

Name: Specimen Signature _____

Name: Specimen Signature _____

Name: Specimen Signature _____

Authorized Persons of the Investment Advisor:**Any two of the following, acting JOINTLY, with at least one of them from Category "A":**

CATEGORY "A"		CATEGORY "B"	
Name	Specimen Signature	Name	Specimen Signature