

**3rd Supplement to the
Offering Document of
UBL Financial Planning
Fund (UFPF)**

UBL Active Principal Preservation Plan-II (UAPPP-II)

Effective From: 02-04-2018

Third Supplement to the Offering Document of UBL Financial Planning Fund (UFPF) dated 02-04-2018

Managed by UBL Fund Managers Limited (UBL Funds) an Asset Management Company registered with the Securities & Exchange Commission of Pakistan (SECP) and regulated under the Non-Banking Finance Companies (NBFC) Rules 2003 and NBFC & NE Regulations 2008.

UBL Financial Planning Fund (UFPF) is established in Karachi, Pakistan as an Open end Scheme by a Trust Deed, dated August 01, 2017 under the Trusts Act, 1882 between UBL Fund Managers Limited, as the Management Company and Central Depository Company of Pakistan Limited (CDC), as the Trustee and authorized under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Objective of the Supplementary Offering Document

UBL Funds is introducing UBL Active Principal Preservation Plan-II (UAPPP-II) via this Supplementary Offering Document, in compliance with the relevant regulations and as stated in Clause 1.9.3 & Clause 2.2.8 of the Offering Document of UFPF.

Words and expressions used but not defined in this Supplemental shall have the same meanings as are assigned to them in Offering Document and First Supplemental thereto.

1. The following sub-clause has been added to clause 2.2:

(f) UBL Active Principal Preservation Plan-II (UAPPP-II)

2. The following clause has been added to clause 2.2.1:

(VI) The “UBL Active Principal Preservation Plan-II (UAPPP-II)” is a Principal Preservation Plan under “UBL Financial Planning Fund” with an objective to earn a potentially high return through dynamic asset allocation between Equity, Sovereign Income, Money Market based Collective Investment Schemes & Money Market Component (Saving Accounts/Term Deposits) with Banks having Rating of AA- & Above, meanwhile providing principal preservation of the Initial Investment Value including sales load at completion of twenty-four and beyond till maturity of the plan.

3. The following has been added to the table under clause 2.2.2:

<u>Investment Segment of Plan*</u>	Maximum% allocation invested in each CIS Category		
	Equity Scheme(s) Category	Money Market/Sovereign Income Scheme(s) Category	Money Market Component (Saving Accounts/Term Deposits) with Banks having Rating AA- & Above
UBL Active Principal Preservation Plan-II (UAPPP-II)	50%	100%	100%

<u>Principal Preservation Segment of Plan**</u>	Maximum % allocation invested in each CIS Category		
	Equity Scheme(s) Category	Money Market/Sovereign Income Scheme(s) Category	Money Market Component (Saving Accounts/Term Deposits) with Banks having Rating AA- & Above
UBL Active Principal Preservation Plan-I (UAPPP-II)	0%	100%	100%

Note:

- *Subject to maximum Multiplier of 4 (or as promulgated by SECP from time to time) will be used to determine exposure in risky assets in line with Circular No.18 of 2015 by Commission.

Cushion Value Percentage	Maximum Multiplier
0% - 2.5%	0
2.6% - 5%	2
5.1% and greater	4

2. The Management Company will immediately rebalance the asset composition of the Plan in accordance with its approved methodology discussed in the Offering Document of the Plan, at least on 5% decline in Portfolio Value of the Plan from the previous rebalancing or on weekly basis, whichever falls earlier.
3. The Management Company shall use the running yield of the underlying money market/sovereign income CIS to compute the Bond Floor daily on the following basis:
 - a. For investment through money market/sovereign income mutual funds, the actual yield of the fund based on current portfolio.

The Management Company may use a more conservative yield to determine a Bond Floor that is higher than the one derived after using a yield as specified in the above clauses.

** Plan's investment in the Principal Preservation Segment will only be triggered upon occurrence of the event(s) specified in Clause 2.2.24.11

4. The following table has been added for UBL Active Principal Preservation Plan-II (UAPPP-II) under clause 2.2.3:

Categories of Collective Investment Schemes		
Money Market	Sovereign Income	Equity
I. UBL Liquidity Plus Fund II. UBL Money Market Fund	III. UBL Government Securities Fund	IV. Al-Ameen Islamic Dedicated Equity Fund V. Any Other Dedicated Equity Fund

5. The following has been added to the table under clause 2.2.5:

Plan	Benchmark
UBL Active Principal Preservation Plan-II (UAPPP-II)	Weighted Average of “(70% three (3) months PKRV rates + 30% Three (3) months average deposit rates of three (3) AA rated Banks as selected by MUFAP ”, “ Six (6) months PKRV rates ” and “ KSE-100 Index ”, on the basis of actual investment by the plan in money market, sovereign income and equity schemes/component.

6. The following sub-clause has been amended under Clause 2.2.9 and read as follows:

For “UBL Conservative Allocation Plan”, “UBL Moderate Allocation Plan”, “UBL Multi Asset Allocation Plan”, “UBL Active Allocation Plan”, “UBL Active Principal Preservation Plan-I” and “UBL Active Principal Preservation Plan-II” the Management Company shall actively manage the allocations, from time to time, subject to the specified limits as per Clause 2.2.2

7. The following sub-clauses have been added to Clause 2.2:

2.2.24 UBL Active Principal Preservation Plan-II (UAPPP-II)

Investment Policy:

2.2.24.1 The Plan will be dynamically allocated between the Equity Schemes, Sovereign Income Schemes, Money Market Schemes and Money Market Component (Savings Accounts/Term Deposits) with Banks having a rating AA- & above, subject to Clause 2.2.24.7, Clause 2.2.24.8 and Clause 2.2.2(2), at Pre-defined Intervals by using the Constant Proportion Portfolio Insurance (CPPI) Methodology.

2.2.24.2 The Plan will be primarily investing in the following Collective Investment Schemes:

Money Market Schemes/Sovereign Income Schemes	Equity Schemes
<ul style="list-style-type: none"> • UBL Liquidity Plus Fund • UBL Money Market Fund • UBL Government Securities Fund 	<ul style="list-style-type: none"> • Al-Ameen Islamic Dedicated Equity Fund • UBL Dedicated Equity Fund

2.2.24.3 The Plan may also invest in other Equity, Sovereign Income and Money Market Funds offered by the Management Company and/or other AMCs, based on the criteria specified in Clause 2.2.2

- 2.2.24.4 The dynamic asset allocation is aimed at providing higher returns through participation in Equity CIS while aiming to preserve *downside risk of principal* erosion through participation in Money Market/Sovereign Income CIS.
- 2.2.24.5 The allocation between the Equity Component and the Money Market/Sovereign Income Component will vary depending upon changes in the Plan Value.
- 2.2.24.6 Allocation to Equity Component will generally increase in the case where equity markets are rising, while allocation to the Money Market/Sovereign Income Component will generally increase if the equity markets decline.
- 2.2.24.7 The initial asset allocation of the Plan, as per the CPPI methodology, is expected to be between (0% to 50%) in Equity Component and between (50% to 100%) in Money Market/Sovereign Income Component
- 2.2.24.8 Subsequent to Clause 2.2.24.7 the dynamic allocation mechanism will reallocate Plan's Net Assets, at Pre-Defined Intervals, in such a manner that if on a given business day the Proportion of Equity allocation of the Plan is X% (ranging between 0% to 50%) then the Proportion of Money Market/Sovereign Income allocation will be 100%-X%
- 2.2.24.9 The Plan may place a certain percentage of the Initial Plan Size (adjusted for redemptions, if any, during the Life of the Plan and inclusive of any Front-End Load) into its Money Market/Sovereign Income Fund in order to meet the Plan Expenses.
- 2.2.24.10 The Management Company, from time to time at its discretion may lock-in certain percentage of the profits (if any) from the Equity Component by realizing profits. The profits realized in this manner, shall be used by increasing the allocation to the Money Market/Sovereign Income Component.
- 2.2.24.11 If on any Business Day, or in case of a non-Business Day, the next immediate Business day, the Plan Value falls to a level that it triggers the Bond Floor, the entire Net Assets of the Plan will be allocated to the Capital Preservation Segment, within (3) three Business Days following the date of Occurrence of the aforementioned event(s), so as to ensure Capital Preservation to those Unit Holders who have held their investments for twenty four months and beyond till maturity of the plan
- 2.2.24.12 The Capital Preservation Segment will be invested in Money Market/Sovereign income based CIS, cash at bank, or a combination of the aforementioned asset classes that will potentially yield a return required to provide Capital Preservation to the Unit-Holders at completion of twenty four months and beyond till maturity of the plan
- 2.2.24.13 Subsequent to occurrence of the event(s) specified in Clause 2.2.24.11, there shall be no further allocation to the Investment Segment of the Plan (i.e. Equity) till the remaining Life of the Plan.

2.2.25 Basic features of (UAPPP-II)

- a) Term/ Duration of the Allocation Plan:** The duration of the plan is 30 Months.
- b) Subscription Period:** The plan will be open for subscription from 02-04-2018 to 01-06-2018, both days inclusive. Subscription for the plan is for limited time period only. Only Class "A" Units shall be issued to investors at the Offer Price, during subscription period. The units shall be subject to Front-end and a Contingent Load. Class "B" shall be issued as Bonus units. Class "C" units shall be issued as "Dividend re-Investment units".
- c) Front End Load:** 0% to 3%
- d) Contingent Load on withdrawal:** A contingent load as per Annexure 'B' shall be applicable as follows.

- a. 4% of NAV if withdrawn during First Year of the Plan
- b. 2% of NAV if withdrawn during Second Year of the Plan.
- c. NIL after Two Years

8. The following sub-clause has been amended under Clause 2.5 (c) (xiii):

The restriction contained in sub-clause 2.5(c)(xiii) has been amended and read as follows:

Xiii. however the Management Company on behalf of open-ended fund of funds scheme may invest the subscription money in money market schemes managed by the management company during the Pre-Initial Offering and Initial Offering Period.

9. The following sub-clause has been added to Clause 2.8:

2.11 Risk Control in the Investment Process

- a. In line with the Investment Objective of **(UAPPP-II)**, the Investment Committee shall seek to maximize returns and preserve the Initial Plan Size (adjusted for redemptions, if any, during the Life of the Plan and inclusive of any Front-end Load) through careful assessment of prevailing market risk (s), credit risk, and macro-economic risk.
- b. Furthermore the exposure to the Equity Component under the Authorized Investments shall be determined by a Multiplier.
- c. The selected Multiplier shall be selected based on the Investment Committee view on the macro economic scenario, equity market performance, and prevailing market risks thereof. The Management Company may, at its discretion, change the Multiplier from time to time based on the prevailing market conditions based on the limits defined in Circular No. 18 of 2015.
- d. Furthermore any placement in CIS (s) managed by other Asset Management Companies, the Management Company shall conduct a thorough due diligence which shall include but not be limited to:
 - I. In depth analysis of the portfolio of each CIS, the upside potential & the mix of securities offer
 - II. The cost basis for each CIS

10. The following sub-clause has been added to Clause 3.16:

- 7. “CDC Trustee–UBL Financial Planning Fund – UBL Active Principal Preservation Plan-II”**

11. The following sub-clause has been added to Clause 4.4.4 (b):

VIII. For UBL Active Principal Preservation Plan-II:

Pre-IPO & IPO and Post IPO: “CDC Trustee – UBL Funds “ or “CDC Trustee – UBL Financial Planning Fund “ or “CDC Trustee – UBL Financial Planning Fund – UBL Active Principal Preservation Plan-II”

12. The following sub-clause has been amended to Clause 10.7:

“**Investment Segment**” means the portion of investment generally made as mentioned under Clause 2.2.2 with an objective of providing Unit Holders a higher return

The Investment Segment of the Plan is further divided into:

I. “Money Market/ Sovereign Income”

- a. Money Market/ Sovereign Income Scheme(s) offered by the Management Company and other AMCs
- b. Money Market Component (Saving Accounts/Term Deposits) with Banks having Rating AA- & Above

II. “Equity Component”

Dedicated Equity based schemes offered by the Management Company and other AMCs

13. The following has been added to the table under Annexure ‘B’:

UBL Active Principal Preservation Plan-II

UNITS	Front-End Load (%)	Management Fee (% p.a.)*	Contingent Load (% p.a)**
Class “A” Units (Pre-IPO/IPO Units for UBL Active Principal Preservation Plan-II)	From 0% to 3%	1%	4% if redeemed within First Year 2% if redeemed within Second Year NIL after Two Years
Class “B” Units (Bonus Units for UBL Active Principal Preservation Plan-II)	0%	1%	4% if redeemed within First Year 2% if redeemed within Second

			Year NIL after Two Years
Class “C” Units (Dividend re- investment units for UBL Active Principal Preservation Plan-II)	0%	1%	4% if redeemed within First Year 2% if redeemed within Second Year NIL after Two Years

*No management fee shall be charged if the investment is made in the underlying Scheme of the management company

1% management fee shall be charged if the investment is made in saving accounts & term deposits.

**Contingent load will be charged at the time of redemption of units if redeemed before 24Months from the commencement of Life of Plan.

Note: 0%-1.5% Front-End load may be charged if transactions are done online or through website of the AMC as per SECP Circular No. 27 of 2017.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/AMCW/UFPF/325/2018

March 30, 2018

Mr. Yasir Qadri
Chief Executive Officer
UBL Fund Managers Limited
4th floor, STSM Building, Beaumont Road,
Civil Lines, Karachi.

Subject: Approval of the Third Supplement to the Offering Document of UBL Financial Planning Fund

Dear Sir,

Please refer to the application dated March 28, 2018 received from your office on the captioned subject.

In this regard, I am directed to inform you that the amendments proposed by UBL Fund Managers Limited in the third supplement to the offering document of UBL Financial Planning Fund to launch UBL Active Principal Preservation Plan-II have been acceded to by the Securities and Exchange Commission of Pakistan.

UBL Fund Managers Limited may therefore proceed in accordance with the constitutive documents of the Fund and prevalent regulatory framework.

Yours truly,

Zonish Inayat
(Deputy Director)

Cc:

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"Say no to Corruption"