1st Supplement to the

Offering Document of

UBL Financial Planning Fund (UFPF)

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

Effective From: 12-12-2017

First Supplement to the Offering Document of UBL Financial Planning Fund (UFPF) dated 12-12-2017

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-I (UAPPP-I) 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.

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

(1.12) Principal Preservation (Principal Preservation/Capital Preservation may be used interchangeably)

(a) Principal Preservation is envisaged to be provided through the use of CPPI methodology and the Investment structure of the Plan as detailed in Clause 2 and not through an undertaking by the Management Company or Trustee.

(b) Principal Preservation means that the Net Realizable Value of investment shall not fall below the Initial Investment Value subject to Clause 1.12 (a) above, provided the investment is held for at least twenty four months from the commencement of life of plan as per the terms specified in this Offering Document. The Principal Preservation period shall begin from the commencement of the Life of the Plan.

(c) The investments in the Principal Preservation Segment of the Plan, as specified in Clause 2.2.23 under the "Investment Policy" section shall only be triggered, on an occurrence of the Bond Event.

(d) Principal Preservation shall not be valid if Units of the Plan are redeemed before completion of twenty four months and a Contingent Load shall be charged on certain classes of units, as per details in Clause 16 (Annexure B) of this Offering Document.

(e) Any redemption of units during the Life of the Plan on a specified date would be based on the NAV of the Plan on the day it is received within the cut-off time, as specified in Annexure B and will be charged a Contingent Load and the Principal Preservation does not apply if such redemption is made before completion of twenty four months.

(f) Principal Preservation is only valid in terms of the current tax and legal environment of Pakistan and is subject to force majeure factors as specified in Clause 10.7 "Force Majeure" of this Offering Document.

(g) Principal Preservation is also not valid in case Plan is terminated before the twenty four months as defined in Clause 4.10.5, of the Offering Document.

(h) The Plan shall be closed for new subscriptions after the close of the Initial Offering Period subject to clause 1.10 and 1.12 (i) of the Offering Document.

(i) The Plan may be re-opened from time to time as and when determined by the Management Company with prior approval of the Commission under intimation to Trustee and after providing notice to the investors in order to protect the interests of the Unit Holders of the Plan.

(j) Investments of the proceeds from subsequent investments will be treated in the same manner as specified in Clause 1.12 (a) above will be eligible for Principal Preservation.

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

(e) UBL Active Principal Preservation Plan-I (UAPPP-I)

3. **The following clause has been added to clause 2.2.1:**

(V) The "UBL Active Principal Preservation Plan-I (UAPPP-I)" 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 and Money Market based Collective Investment Schemes, while providing principal preservation of the Initial Investment Value including sales load at completion of twenty four months and beyond till maturity of the plan.

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

Investment Segment of Plan*	**Maximum% allocation invested in each CIS Category**		
	Equity Scheme(s) Category	**Money Market/Sovereign Income Scheme(s) Category**	**Cash in bank account**
UBL Active Principal Preservation Plan-I (UAPPP-I)	50%	100%	10%

Principal Preservation Segment of Plan**	**Maximum % allocation invested in each CIS Category**		
	Equity Scheme(s) Category	**Money Market/Sovereign Income Scheme(s) Category**	**Cash in bank account**
UBL Active Principal Preservation Plan-I (UAPPP-I)	0%	100%	10%

Note:

1. *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 2.2.22.11

5. The following table has been added for UBL Active Principal Preservation Plan-I (UAPPP-I) 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

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

Plan	Benchmark
UBL Active Principal Preservation Plan-I (UAPPP-I)	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.

7. **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” and “UBL Active Principal Preservation Plan-I” the Management Company shall actively manage the allocations, from time to time, subject to the specified limits as per Clause 2.2.2

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

2.2.22UBL Active Principal Preservation Plan-I (UAPPP-I)

Investment Policy:

2.2.22.1 The Plan will be dynamically allocated between the Equity Component, Sovereign Income Component and Money Market Component, subject to Clause 2.2.22.7, Clause 2.2.22.8 and Clause 4.5.1, at Pre-defined Intervals by using the Constant Proportion Portfolio Insurance (CPPI) Methodology.

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

Money Market Schemes/Sovereign Income Schemes	Equity Schemes
• UBL Liquidity Plus Fund • UBL Money Market Fund • UBL Government Securities Fund	• Al-Ameen Islamic Dedicated Equity Fund

2.2.22.3 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

2.2.22.4 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.

2.2.22.5 The allocation between the Equity Component and the Money Market/Sovereign Income Component will vary depending upon changes in the Plan Value.

2.2.22.6 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.

2.2.22.7 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

2.2.22.8 Subsequent to Clause 2.2.22.7 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%

2.2.22.9 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.

2.2.22.10 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.

2.2.22.11 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

2.2.22.12 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

2.2.22.13 Subsequent to occurrence of the event(s) specified in Clause 2.2.22.11, there shall be no further allocation to the Investment Segment of the Plan (i.e. Equity) till the remaining Life of the Plan.

2.2.23 Basic features of (UAPPP-I)

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 12-12-2017 to 09-02-2018, 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

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

The Management Company on behalf of the Plan shall not:

Xiii. invest the subscription money until the closure of initial offering period.

10. **The following clauses have been added under Clause 2.8 of the Offering Document and read as follows:**

CPPI Plan Specific Risks

I. **Mismatch Risk** – This risk pertains to the event where in case of a Bond Event there is no risk free CIS available for the Plan to invest in that offers the same yield as required for Principal Preservation at maturity.

II. **Gap Risk** – This risk pertains to the Gap event where the Portfolio Value falls below the Present Value (bond floor) of the capital preservation amount required at maturity.

III. The performance of the Plan may be affected by changes in risk associated with trading volumes, liquidity and settlement systems in equity and debt/money markets.

IV. Unit-holders are not being offered any guaranteed returns

V. The CPPI Methodology shall be used for Preservation of the principal. In the event the methodology does not accurately evaluate and determine a suitable asset allocation pattern or the structure of portfolio, this may impact the ability of the Plan to provide Principal Preservation on the Maturity Date.

VI. The Plan, in its endeavor to seek Principal Preservation, may allocate the entire portfolio to underlying investments in the Principal Preservation Segment under the Authorized investments in clause 2.2.2 and Units of the Plan may remain invested in such underlying investments for the entire tenure of the Plan without any participation in the equity component of the Investment Segment

VII. At times of high volatility in the equity markets or any other circumstances, it may not be possible to carry out the portfolio rebalancing. In such a case, the reallocation may take place on the next business day or on a business day as deemed appropriate by the Management Company. Such circumstances may affect the Plan’s ability to seek Principal Preservation.

VIII. As the allocation of portfolio changes from equity to full sovereign income/money market component consequent to steep fall in equity markets, there may be no participation in subsequent upward movement in the equity component while the Plan remains invested entirely in the money market/sovereign income component.

Early termination risk - If the Plan for any reasons as determined by the Management Company, is terminated, the NAV of the Plan will be subject to fluctuations in the value of the Plan's assets. The Net Asset Value, in this case, may be lower or higher than the Initial Investment Value. The Management Company will refund investors their investment in the Plan based on the NAV per unit without any redemption fee but less bank and administrative charges (if any).

11. The following sub-clause has been added to Clause 2.10:

2.10 Risk Control in the Investment Process

a. In line with the Investment Objective of **(UAPPP-I)**, 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

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

6. "CDC Trustee – UBL Financial Planning Fund – UBL Active Principal Preservation Plan-I"

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

VII. For UBL Active Principal Preservation Plan-I:

Pre-IPO, IPO and Post IPO: "CDC Trustee – UBL Financial Planning Fund – UBL Active Principal Preservation Plan-I"

14. The following sub-clause has been amended under Clause 4.5 and read as follows :

4.5.1 Who Can Apply?

During the Initial Period the Units shall not be redeemed.

a) After the Initial Period all Unit Holders are eligible to redeem the said Units (subject to applicable Contingent Load as specified in Annexure B).

b) Partial redemption during the life of the Plan or prior to the maturity of the Plan will be permitted (subject to applicable Contingent load as specified in Annexure B) Principal Preservation feature shall not be available on units redeemed before maturity of the Plan.

c) Furthermore, the units shall not be (i) redeemable and/or reallocated (as per the CPPI methodology) during the book closure of (i) the Plan and/or (ii) the underlying CIS. (ii) and/or due to suspension of redemption under any of the underlying CIS

15. The following sub-clause has been added to Clause 10.7:

"Capital Preservation", "Principal Preservation" means that the investment strategy of the Plan is such that the Net Realizable Value of investment should not fall below the Initial Investment Value, subject to the Offering Document, and if the Units are held till twenty four months and beyond till maturity of the plan. The Management Company envisages the provision of Capital Preservation through the use of the Constant Proportion Portfolio Insurance (CPPI) Methodology.

"Bond Event" means a trigger point, whereby Plan's Net Assets is about to hit or actually hits the Bond Floor, which if reached will cause the Plan's Net Assets to be invested hundred percent (100%) in the Principal Preservation Segment till the remaining Life of the Plan. From thereon, there shall be no further exposure in the Investment Segment of the Plan.

"Bond Floor" means the present value of the Initial Plan Size (adjusted for redemptions, if any, during the Life of the Plan and inclusive of any Front-end Load). It can be defined as the minimum value the Plan should have on a given day, to be able to provide Principal Preservation of the Initial Investment Value, if investments are held four twenty four months and beyond till maturity of the plan. The Bond Floor value shall be calculated using yield of authorized investment(s) from the Principal Preservation Segment of Plan, that potentially yields a return higher than or at least equal to the yield required to provide Principal Preservation to the Unit Holders, subject to Clause 1.12 and Clause 2.2.22 at completion of twenty four months and beyond till maturity of the plan

"CPPI" means Constant Proportion Portfolio Insurance.

"CPPI Methodology" is an internationally recognized, dynamic asset allocation methodology comprising of a versatile and flexible framework that allocates plan's Net Assets between Equity and Debt/Money Market/Sovereign income instruments in a way that the exposure to equity is increased as Plan's Net Assets increases and reduced as Plan's Net Assets declines, while simultaneously aiming to provide capital Preservation at completion of twenty four months and beyond till maturity of the plan.

"Gap Event" means an event, whereby, Plan's Net Assets falls below the Bond Floor.

"Gap Risk" means the probability of occurrence of a Gap Event. This risk pertains to the Gap event where the Portfolio Value falls below the Present Value (bond floor) of the capital preservation amount required at the end of twenty four months and beyond till maturity of the plan

"Force Majeure" definition to be replaced in the Offering Document and read as follows:
It means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of this Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc.

"Initial Investment Value" means the amount determined by multiplying price paid by the Unit Holder with the number of capital Preservation Units purchased and held by such Unit Holder for twenty four months and beyond.

"Investment Segment" means the portion of investment generally made in Authorized Investments as mentioned under Clause 3.2 under 'Authorized Investments' 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 Component"**
> **a.** Money Market/Sovereign Income Scheme(s) offered by the Management Company and other AMCs
> **b.** Bank accounts (excluding TDRs, Certificate of Investments, & Certificate of Deposits)
> **II. "Equity Component"**
> **a.** Equity based schemes offered by the Management Company and other AMCs

"Multiplier" is a measure of risk applied to the Plan's Net Assets, to determine the amount of Net Assets to be allocated to the Equity Component. A higher Multiplier means greater allocation to Equity Component; whereas a lower Multiplier means greater allocation to the Money Market/Sovereign Income Component. The Management Company may, at its discretion, change the Multiplier from time to time, based on the market conditions and as per the limits defined in Circular No. 18 of 2015.

“Net Realizable Value” means the proceeds paid to the Unit Holder at completion of twenty four months and beyond till maturity of the plan.

“Principal Preservation Segment” means

a. Money Market/Sovereign Income Scheme(s) offered by the Management Company and other AMCs

b. bank accounts (excluding TDRs, Certificate of Investments, & Certificate of Deposits)

“Life of the Plan” means duration of the Plan. It starts from the day following realization of all investment proceeds raised till the close of the Initial Period. The Life of the Plan shall start no later than seven (7) seven business days from the close of Initial Offering Period.

“Initial Plan Size” means the proceeds of Units issued to Class “A" Units till the close of Initial Offering Period.

“Contingent Load” means Load payable by the Unit Holder at actual basis to the extent of loss incurred by Plan due to disinvestments if Units are redeemed by any major Unit Holder in such period of time that the Management Company believes may adversely affect the interest of other Unit Holder(s). Any Contingent Load received will form part of the Trust Property.

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

UBL Active Principal Preservation Plan-I

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-I)	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-I)	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-I)	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

**Contingent load will be charged at the time of redemption of units if redeemed before maturity.

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/183/2017

December 12, 2017

Mr. Yasir Qadri
Chief Executive Officer
UBL Fund Managers Limited
8th Floor, Executive Tower
Dolmen City Building
Block-4, Clifton
Karachi

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

Dear Sir,

Please refer to the application dated December 08, 2017 received from your office and earlier correspondence on the captioned subject.

In this regard, I am directed to inform you that the amendments proposed by UBL Fund Managers Limited in the first supplement to the offering document of UBL Financial Planning Fund 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

Zonish Inayat
(Deputy Director)

Cc:

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"Say no to Corruption"