

3rd Supplement to the Offering Document of Al-Ameen Islamic Financial Planning Fund - III (AIFPF-III)

**(Al-Ameen Islamic Active Principal Preservation Plan – IV)
(AIAPPP-IV)**

Pre-IPO Commencement Date: 19th Oct 2018

Duly vetted by the Shariah Advisors
Mufti Muhammad Hassan Kaleem
Mufti Muhammad Najeeb Khan

Third Supplement to the Offering Document of Al-Ameen Islamic Financial Planning Fund - III (AIFPF-III)

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.

Al-Ameen Islamic Financial Planning Fund – III (AIFPF-III) is established in Karachi, Pakistan as an Open end Scheme by a Trust Deed, dated January 3, 2018 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.

The Shariah Advisors of the Fund Mufti Muhammad Hassan Kaleem & Mufti Muhammad Najeeb Khan have reviewed this 3rd Supplemental Offering Document of the AIFPF-III and provided their consent that this Supplement to the Offering Document adheres to the principles of Shariah.

Objective of the Supplementary Offering Document

UBL Funds is introducing **Al-Ameen Islamic Active Principal Preservation Plan – IV (AIAPPP-IV)** via this Supplementary Offering Document, in compliance with the relevant regulations and as stated in the Offering Document of AIFPF-III.

1. The following sub-clauses have been added to clause 1.10:

D. Al-Ameen Islamic Active Principal Preservation Plan-IV beginning at the start of the banking hours on 19-10-2018 and shall end at the close of the Banking Hours on 14-12-2018.

During the Initial Period, the Units shall be offered at Initial Price. No Units shall be redeemable during the Initial Period of Offer.

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

(d) Al-Ameen Islamic Active Principal Preservation Plan – IV (AIAPPP-IV)

3. The following clause has been added to sub-clause 2.2.1:

(D) The “**Al-Ameen Islamic Active Principal Preservation Plan – IV (AIAPPP-IV)**” is an Islamic Principal Preservation Plan under “Al-Ameen Islamic Financial Planning Fund - III” with an objective to earn a potentially high return through dynamic asset allocation between Islamic Dedicated Equity, Islamic Sovereign Income and Islamic Money Market based Collective Investment Schemes, PLS & Term Deposit Receipts while providing principal preservation of the Initial Investment Value including Front end load at completion of twenty four months and beyond

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

D. For Al-Ameen Islamic Active Principal Preservation Plan-IV (AIAPPP-IV)

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

<u>Principal Preservation Segment of Plan**</u>	Maximum % allocation invested in each CIS Category		
	Islamic Equity Scheme(s) Category	Islamic Money Market/Sovereign Income Scheme(s) Category	Islamic Money Market Component (Saving Accounts/Term Deposits) with Banks having Rating AA- & Above
Al-Ameen Islamic Active Principal Preservation Plan-IV (AIAPPP-IV)	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

- 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 2.2.19.11 of the Offering Document.

5. The following has been added to the table under clause 2.2.3

Al-Ameen Islamic Active Principal Preservation Plan-IV (AIAPPP-IV)		
Islamic Money Market Scheme	Islamic Sovereign Income Scheme	Islamic Equity Scheme
Al-Ameen Islamic Cash Fund	Al-Ameen Islamic Sovereign Fund	Al-Ameen Islamic Dedicated Equity Fund

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

Allocation Plan	Benchmark
Al-Ameen Islamic Active Principal Preservation Plan – IV (AIAPPP-IV)	Weighted Average of “ Three (3) months average deposit rates of three (3) AA- rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP ”, “ Six (6) months PKISRV rates ” and “ KMI-30 Index ”, on the basis of actual investment by the plan in Islamic money market, Islamic sovereign income and Islamic equity schemes/money market component.

7. The following sub-clause has been added to Clause 2.2.8:

4. For “**Al-Ameen Islamic Active Principal Preservation Plan – IV (AIAPPP-IV)**”, the Management Company shall actively manage the allocations, from time to time, subject to the specified limits as per Clause 2.2.2 (D)

8. The following clauses have been added under sub-clause 2.2 and reads as follows:

2.2.19 Al-Ameen Islamic Active Principal Preservation Plan – IV (AIAPPP-IV)

Investment Policy:

- 2.2.19.1 The Plan will be dynamically allocated between the Islamic Dedicated Equity Schemes, Islamic Sovereign Income Schemes and Islamic Money Market Schemes and Money Market Component (Saving Accounts & Term Deposit Receipts) with banks having a rating AA- & Above, subject to Clause 2.2.19.7,

Clause 2.2.19.8 and Clause 2.2.2 (D), at Pre-defined Intervals by using the Constant Proportion Portfolio Insurance (CPPI) Methodology.

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

Islamic Equity Scheme	Islamic Money Market Scheme/ Islamic Sovereign Income Scheme
Al-Ameen Islamic Dedicated Equity Fund	Al-Ameen Islamic Cash Fund Al-Ameen Islamic Sovereign Fund

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

2.2.19.4 The dynamic asset allocation is aimed at providing higher returns through participation in Islamic Dedicated Equity Scheme while aiming to preserve *downside risk of principal* erosion through participation in Islamic Money Market/Islamic Sovereign Income Schemes.

2.2.19.5 The allocation between the Islamic Dedicated Equity Scheme, Islamic Sovereign Income Scheme and Islamic Money Market Scheme will vary depending upon changes in the Plan Value.

2.2.19.6 Allocation to Islamic Dedicated Equity Scheme will generally increase in the case where equity markets are rising, while allocation to the Islamic Sovereign Income Scheme and Islamic Money Market Scheme will generally increase if the equity markets decline.

2.2.19.7 The initial asset allocation of the Plan, as per the CPPI methodology, is expected to be between (0% to 50%) in Islamic Dedicated Equity Scheme and between (50% to 100%) in Islamic Sovereign Income Scheme and Islamic Money Market Scheme & Money Market Component

2.2.19.8 Subsequent to Clause 2.2.19.7 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 Islamic Dedicated Equity allocation of the Plan is X% (ranging between 0% to 50%) then the Proportion of Islamic Money Market or Islamic Sovereign Income allocation will be (100% -X%).

2.2.19.9 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 Islamic Money Market Scheme or Islamic Sovereign Income Scheme in order to meet the Plan Expenses.

2.2.19.10 The Management Company, from time to time at its discretion may lock-in certain percentage of the profits (if any) from the Islamic Dedicated Equity Scheme by realizing profits. The profits realized in this manner, shall be used by increasing the allocation to the Islamic Sovereign Income and Islamic Money Market Schemes/Component.

2.2.19.11 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 Principal Preservation Segment, within (3) three Business Days following the date of Occurrence of the aforementioned event(s), so as to ensure Principal Preservation to those Unit Holders who have held their investments for twenty four months and beyond.

2.2.19.12 The Principal Preservation Segment will be invested in Islamic Money Market/ Islamic Sovereign income Schemes, Money Market Component, or a combination of the aforementioned asset classes that will potentially yield a

- return required to provide Principal Preservation to the Unit-Holders at completion of twenty four months and beyond.
- 2.2.19.13 Subsequent to occurrence of the event(s) specified in Clause 2.2.19.11, there shall be no further allocation to the Investment Segment of the Plan (i.e. Islamic Dedicated Equity) till the remaining Life of the Plan.
- 2.2.19.14 After completion of two (2) years from the commencement of life of plan & beyond, the Initial Investment Value including Sales Load shall not be allocated to the (Equity) segment of the Plan and should only be invested in (Money Market/Income CIS) or Money Market Component (Saving Accounts/Term Deposits).

For equity, investments shall be made in Shariah compliant dedicated equity funds only.

2.2.20 Basic features of (AIAPPP-IV)

- a) **Term/ Duration of the Allocation Plan:** The duration of the plan is **Perpetual**.
- b) **Subscription Period:** The plan will be open for subscription from 19-10-2018 to 14-12-2018, 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% (as per Annexure B)*
- d) **Contingent Load on withdrawal:** A contingent load as per Annexure ‘B’ shall be applicable in case of redemption before completion of two (2) years from the commencement of life of plan.
- 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. 0% after Two Years

**Management Company may waive the Front-end Load fully or partially at its own discretion to any investor.*

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

9. Sub-clause under 3.17.1(a) has been added and reads as follows:

5. “CDC Trustee – Al-Ameen Islamic Financial Planning Fund-III – Al-Ameen Islamic Active Principal Preservation Plan – IV”

10. Following points under sub-clause 4.2 has been added and reads as follows:

D) Al-Ameen Islamic Active Principal Preservation Plan – IV

- a) **Class “A” Units (for Al-Ameen Islamic Active Principal Preservation Plan – IV):** Class “A” Units of Principal Preservation Plan will be issued to the Unit Holders of the pertinent term-based Plan during the subscription period (in Pre-IPO and IPO stages of the plan. Class “A” units may carry Front- end load, a Contingent load, as well as certain restrictions on redemption on units as described in Annexure B.

Note: The offer of Class “A” Units for AIAPPP-IV Plans may be opened only for specific time periods at the discretion of the Management Company and as per the terms and conditions of the Offering Document.

- b) **Class “B” (Bonus Units for Al-Ameen Islamic Active Principal Preservation Plan – IV):** Class “B” units of Principal Preservation Plan are the Bonus Units for term- based Plans, which may be issued to the Unit Holders of AIAPPP-IV Plans in case of bonus / stock dividend from time to time, net of any applicable taxes. These units shall not be charged with any Front-end Load. Class “B units shall have Contingent load or restrictions on redemption of Units, as described in Annexure B.
- c) **Class “C” Units (Dividend re-Investment Units for Al-Ameen Islamic Active Principal Preservation Plan – IV):** Class “C” units of Principal Preservation Plan are the Units, which will be issued to the Unit Holders of term-based Allocation Plans in case of reinvestment of any Cash Dividends announced (as defined in clause 5.5) from time to time, net of any applicable taxes. These units shall not be charged with any Front-end Load. Class “C” Units will have Contingent load and restrictions on redemptions of Units as described in Annexure B.
- Please refer to Annexure B for relevant features (applicable load and restrictions) for various classes of units.**

11. Sub Clause under Clause 4.4.1 has been added and read as follows:

4.4.1.3 For Al-Ameen Islamic Active Principal Preservation Plan – IV

During the Initial Period the Units shall not be redeemed.

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 will be permitted (subject to applicable Contingent load as specified in Annexure B) Principal Preservation feature shall not be available on units redeemed before completion of twenty four months from commencement of life of Plan.

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

12. Sub-clause 4.4.4 (b) has been added and it reads as follows:

iii. **For Al-Ameen Islamic Active Principal Preservation Plan - IV:**

IPO: “CDC Trustee – Al-Ameen Islamic Financial Planning Fund-III – Al-Ameen Islamic Active Principal Preservation Plan-IV”

Pre-IPO: “CDC Trustee – Al-Ameen Islamic Financial Planning Fund-III – Al- Ameen Islamic Active Principal Preservation Plan-IV – Pre-IPO”

***For Pre-IPO & IPO “CDC Trustee – Al-Ameen Islamic Financial Planning Fund-III”
 and/or “CDC Trustee – Al-Ameen Funds”***

13. The following sub-clauses have been added/amended to Clause 10.7 of the Offering Document of the Fund:

“Initial Price” or “Initial Offer” means the price of Rs.100 per Unit offered to investors during the Initial Period.

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

Al-Ameen Islamic Active Principal Preservation Plan-IV (AIAPPP-IV)

UNITS	Front-End Load (%)	Management Fee (% p.a.)*	Contingent Load (% p.a)**
Class “A” Units (Pre-IPO/IPO Units for Al-Ameen Islamic Active Principal Preservation Plan-IV)	From 0% to 3%	1%	4% if redeemed within First Year 2% if redeemed within Second Year 0% after Two Years
Class “B” Units (Bonus Units for Al-Ameen Islamic Active Principal Preservation Plan-IV)	0%	1%	4% if redeemed within First Year 2% if redeemed within Second Year 0% after Two Years
Class “C” Units (Dividend re-investment units for Al-Ameen Islamic Active Principal Preservation Plan-IV)	0%	1%	4% if redeemed within First Year 2% if redeemed within Second Year 0% after Two Years

*No management fee shall be charged if the investment is made in the underlying Scheme of the management company, however 1% Management fee shall be charged of average annual net assets of money market component invested in saving accounts and term deposit receipts.

**Contingent load will be charged at the time of redemption of units if redeemed before 24 months 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/AIAPP-IV/137/2018

October 16, 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 Al-Ameen Islamic Financial Planning Fund-III (AIFPF-III)

Dear Sir,

Please refer to the applications dated October 12, 2018 and October 09, 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 Al-Ameen Islamic Financial Planning Fund-III (AIFPF-III) to launch Al-Ameen Islamic Active Principal Preservation Plan-IV 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)

"Say no to Corruption"

Cc:
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