16th Supplement

To the

Offering Document

of

ABL ISLAMIC FINANCIAL PLANNING FUND

(An Open End Shariah Compliant Fund of Funds Scheme)

Duly vetted by Mufti Irshad on behalf of Shariah Advisory Board of Al Hilal Shariah Advisors (Pvt.) Limited

Managed by

ABL Asset Management Company Limited

1. Subscription to the Allocation Plan-(ABLCPP-II)

The Pre-IPO of the ABL IFPF Capital Preservation Plan -II shall be from **September 20, 2021** to **September 21, 2021**, both days inclusive. The Plan shall have an IPO from **September 22, 2021** to **November 19, 2021,** both days inclusive. The Plan"s life shall start after clearance of all proceeds from Pre-IPO and IPO. The units shall be subject to Front-end and a Back end/ Contingent Load as disclosed in this Supplementary Offering Document.

ABL Islamic Financial Planning Fund (ABL-IFPF) – 16th Supplementary Offering Document

Managed by ABL Asset Management Company Limited, an Asset Management Company licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

SECP has approved this Supplementary Offering Document vide its letter No: **SCD/AMCW/ABLIFPF/61/2021** dated **September 02, 2021**, under regulation 54 of NBFC Regulations 2008. It must be clearly understood, that in giving this approval, SECP does not take any responsibility of the financial soundness of the Plan nor for the accuracy of any statement made in this Supplementary Offering Document.

The Shariah Advisor of the Fund, i.e. Al Hilal Shariah Advisors (Pvt.) Limited, has reviewed this 16th Supplemental Offering Document of the ABL-IFPF, and vetted that this Supplement to the Offering Document adheres to the principles of Shariah.

2. Introduction

Under ABL Islamic Financial Planning Fund (ABLIFPF), ABL Asset Management Company Limited (ABL AMC) shall provide a new allocation plan, namely ABLIFPF-Capital Preservation Plan- II (ABLCPP-II).

This new allocation plan shall provide investors a means to earn potentially high returns while aiming to preserve their initial principal investment. This allocation plan shall utilize the dynamic asset allocation strategy of Constant Proportion Portfolio Insurance (CPPI) and allocate to Sovereign Funds or Money Market Funds and Equity Mutual Funds in the following indicative percentages:

	Indicative percentage allocation invested in Collective Investment Scheme(s)		
Name of Allocation Plan	**Sovereign Income or Money Market Schemes**	**Equity Scheme**	**Shariah Compliant Saving Accounts & Term Deposits**
ABLIFPF-Capital Preservation Plan- II (ABLCPP-II).	0-100%	0-50%	0-100%

3. Investment Objective of – ABLIFPF - Capital Preservation Plan –II (ABLCPP-II)

The objective of ABLIFPF - Capital Preservation Plan –II (ABLCPP-II) aims to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities, Shariah Compliant Sovereign Income/Money Market based Collective Investment Schemes, and deposit with Shariah Compliant financial institutions, while providing principal preservation of the Initial Investment Value (including Front-end sales load) at completion of initial/subsequent maturity of the Plan.

4. Benchmark:

Weighted average return of KMI-30 Index, 6 months average deposit rates of three (3) A rated Scheduled Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP, Six months PKISRV Rates and three (3) months average deposit rates of three (3) AA rated Islamic Banks or Islamic windows of conventional banks as selected by MUFAP based on the actual proportion of investment in Equity, Income / Money Market schemes made by the allocation Plan.

5. Investment Policy

5.1. The allocation plan will be dynamically allocated between the Equity Component and Sovereign Income or Money Market Component at pre-defined Intervals by using the Constant Proportion Portfolio Insurance (CPPI) Methodology.

5.2. For taking exposure to equities, the Allocation Plan shall primarily invest in Shariah Compliant Dedicated Equity and Islamic Index Schemes managed by ABLAMC and also other Asset Management Companies subject to the prior approval of the Shariah Advisor. Whereas for taking exposure to Sovereign Income or Money Market asset classes, the Plan shall invest in Shariah Compliant Money Market and Shariah Compliant Sovereign Income Schemes managed by ABLAMC or other Asset Management Companies, subject to the prior approval of the Shariah Advisor, as well as in Cash at Bank accounts of Islamic Banks and licensed Islamic Banking windows of conventional Banks, Shariah Compliant Term Deposits and GOP Ijara Sukuks not exceeding 90 days remaining maturity as approved by the Shariah Advisor.

5.3. A list of permissible investment avenues, along with indicative percentage allocation and rating of instruments, is as follows:

Asset Class/Scheme	Entity/ Instrument Rating	Minimum exposure	Maximum exposure
Shariah Compliant Sovereign Income or Money Market Schemes	N/A	0%	100%
Dedicated Shariah Compliant Equity / Equity Index Schemes	N/A	0%	50%
Shariah Compliant Saving Accounts & Term Deposits with Banks and licensed Islamic Banking windows of conventional Banks	AA- and above	0%	100%
Cash at Bank accounts of Islamic Banks and licensed Islamic Banking windows of conventional Banks (excluding TDRs) and GOP Ijara Sukuk not exceeding 90 days remaining maturity and money market schemes.	A and above	0%	10%

Note:

- The actual allocation percentages may vary on account of various factors including investments in Cash/ near cash instruments and allocation as permitted for CPPI based Fund of Funds Category, as per SECP directive from time to time.
- Investment may take up to a month to be deployed according to the allocation strategy. However, the Plan may invest the subscription money in money market scheme (s) managed by ABLAMC during pre-initial offering period and initial offering periods.
- Cash at Bank limit of 10% may go up in order to meet redemption requirements.
- The per party exposure limits given in regulations 55 (5) of the NBFC regulations, 2008 shall not be applicable on money market component invested in savings accounts and term deposits.

5.4. The Management Company may add or remove a Collective Investment Scheme (CIS) Category mentioned in Clauses 4.1, 4.2 and 4.3 with prior consent of Trustee, Shariah Advisor and Approval of the Commission, and may announce the same by a Supplementary Offering Document(s).

5.5. The dynamic asset allocation is aimed at providing higher returns through participation in Shariah Compliant Equity CIS while aiming to preserve the downside risk of principal erosion through participation in Shariah Compliant Sovereign Income or Money Market CISs.

5.6. The allocation between the Equity Component and the Sovereign Income or Money Market Components will vary depending upon changes in the value of the allocation plan. As per the CPPI Methodology, allocation to Equity Component will generally increase in the case where equity markets are rising to provide higher returns, while allocation to the Sovereign Income or Money Market Component will generally increase if the equity markets decline to provide downside protection.

5.7. The Management Company shall ensure that the Multiplier used to arrive at exposure in Equity Component does not exceed the following limits (or the limits as promulgated by SECP from time to time) in relation to the Cushion Value percentage:

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

5.8. Rebalancing of Plan shall be based on the CPPI methodology. Subsequent to the initial asset allocation, the dynamic allocation mechanism will reallocate the allocation plan's Net Assets on weekly basis or where portfolio value of CIS decline 5% from previous rebalancing, whichever falls earlier.

5.9. The Management Company, based on the allocation plan‟s performance and outlook of the market may at its discretion 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 Sovereign Income or Money Market Component.

5.10. The Management Company shall use the running yield of the underlying money market CIS to compute the Bond Floor daily on the following basis;

– For investment through money market mutual funds, the actual yield of the fund based on current portfolio.

5.11. 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 clause.

5.12. If on any Business Day, or in case of a non-Business Day, the next immediate Business day, the value of the allocation plan falls to a level that it triggers the Bond Event, the entire Net Assets of this allocation plan will be allocated to the Sovereign Income or Money Market, within 3 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 till completion of the Initial Maturity of the allocation plan.

5.13. Subsequent to occurrence of the event(s) specified in Clause 5.12, there shall be no further allocation to the Equity Component till the remaining Initial Maturity of this allocation plan.

6. Changes in Investment Policy

The investment policy will be governed by directives of the Shariah Advisor and Regulations and/or SECP directives. Any fundamental change in the Investment Policy will be implemented only after obtaining prior approval from Shariah Advisor, SECP and giving prior notice to the Unit Holders as specified in the Regulations.

7. Capital Preservation

7.1. **Capital Preservation is provided through the investment structure of the allocation plan and CPPI methodology and not through any undertaking or guarantee by the Management Company or the Trustee.**

7.2. Capital Preservation means that the net realizable value of investment at the maturity of the allocation plan should not fall below the principal investment paid by the Unit Holder subject to clauses 6.1 and 6.3, only if the investment is held for a minimum duration as specified in clause 8.

7.3. The Principal preservation may not be available before Initial Maturity of the allocation plan. The Principal Preservation period shall begin following the day from close of the subscription period.

7.4. Capital Preservation will not be valid if Units of the allocation plan are redeemed before the completion of the Initial Maturity of this allocation plan.

7.5. Principal Preservation is also not valid in case Plan is terminated before the completion of initial maturity period.

7.6. The allocation plan shall be closed for new subscriptions after the close of the subscription period.

7.7. The allocation plan shall be closed from time to time and may be re-opened as and when determined by the Management Company with prior approval of the Commission under intimation to the Trustee and by providing notice to investors in order to protect the interests of the Unit Holders of the allocation plan. The Management Company shall comply with the terms of approval specified by the Commission, to protect the interest of Unit Holders.

7.8. The capital of the allocation plan is protected only in terms of the base currency i.e. the Pakistani Rupee. In addition, the capital preservation is only valid in terms of the current tax and legal environment of Pakistan and is subject to force majeure factors such as bankruptcy of an investment grade or above rated institution or as specified in Clause 11 “Force Majeure” of the Offering Document of ABLIFPF.

8. Duration of the Allocation Plan-(ABLCPP-II)

The Term/ Duration of the Allocation Plan is Perpetual. However, the Initial Maturity of ABLCPP-II shall be 18 months from the close of the subscription period.

9. Fee Structure of the Allocation Plan-(ABLCPP-II)

Front-end load: 0%-3%

Note: Where transactions are done online or through a website, the load will be maximum of 1.5% or as Commission may direct from time to time. However, management has discretion to charge different level of load to different classes of investors.

Management Fee: No Management fee in case of investment is made in CIS of ABLAMC. However, the Management Company shall charge a management fee of 1% of average annual net assets in case investment is made in CIS of other AMCs and also on investment in Cash/ Near Cash instruments, savings and term deposits made with Islamic banks or Islamic banking windows of commercial banks.

Back-End Load: **Nil**

Contingent Load

Allocation Plan	% of applicable NAV
Capital Preservation Plan-II	In case of redemption of units during Initial Maturity: From investment till 6 months 1.0% More than 6 months but less than 1 year 0.75% More than 12Months and before completion of 18 months 0.50%

10. Bank Accounts

Clause 3.17 of the Offering Document of ABLIFPF pertaining to „Bank Accounts" apply to **- (ABLCPP-II)** except for following clauses:

<u>Clause 3.17 (a) which shall apply for (ABLCPP-II) as under:</u>

The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **"MCBFSL Trustee ABL Islamic Financial Planning Fund Capital Preservation Plan-II"** or any other account as deemed necessary, with abbreviated/facilitated titles for the Unit Trust at designated Bank(s) inside or outside Pakistan, subject to the relevant laws, Trust Deed, Rules and Regulations, for collection, investment, redemption or any other use of the Trust's funds.

Clause 3.17. (d) which shall apply for – (ABLCPP-II) as under:

The Trustee shall, if requested by the Management Company at its discretion also open a separate Account designated by the Management Company at designated Islamic Banks or Islamic window of Conventional Banks. These account(s) may be used for the purpose of collection of sale proceeds, where collections received on account of subscription of Units by investors of various unit trusts and the administrative plans that are managed by the Management Company shall be held prior to their being allocated and transferred to pertinent unit trust(s). Such account(s) may also be used for temporary parking for the purpose of redemption. Provided however, in relation to the other unit trusts managed by the Management Company mentioned above, there are similar provisions in the trust deeds of such Funds and have Trustee as common between them such. Such accounts shall be in the title of "MCBFSL Trustee ABLAMC Funds".

11. Purchase of Units

Clause 4.4.4 of the Offering Document of ABLIFPF pertaining to "Purchase of Units" apply to - (ABLCPP-II) except for Clause 4.6.4 (b) which shall apply as under:

Application for Purchase of Units shall be made by completing the prescribed Investment Application Form and submitting it to the authorized branches of the Distributor or to the Management Company together with the payment by cheque, bank draft, pay order or online transfer as the case may be in favor of Trustee Bank Account and crossed "Account Payee only" as specified below;

For **Capital Preservation Plan -II**:

Payment instrument for purchase of units shall be made in favor of Payment Instrument shall be in favor of **"MCBFSL Trustee – ABL Islamic Financial Planning Fund – Capital Preservation Plan-I1**.

12. Risk Control in the Investment Process

(a) The Management Company shall ensure that effective risk control measures are in place for the protection of the Unit Holders' interests.

(b) The objective of the risk control process is to endeavor to monitor and manage the various types of risks, including market risks, credit risks and operational risks, with a view to achieving the investment objective of the allocation plan.

(c) Exposure to the Equity Component shall be determined by a Multiplier subject to clause 4.7, which shall be selected based on the Management Company's outlook on the economy, the equity market and any other factor considered important by the Management Company towards effective discharge of its duties under the Regulations and this Supplementary Offering Document.

(d) Based on a change in factors mentioned above and in compliance with clause 5.12, the Management Company may, at its discretion, change the Multiplier at a later date.

13. TAXATION AND ZAKAT FOR UNIT HOLDER:

Unitholders may be liable to pay tax even though they may not have earned any gain on their investment as return of capital through distribution to investors is also taxable as per Income Tax Ordinance, 2001.

Units held by resident Pakistani Unit Holders shall be subject to Zakat at 2.5% of the value of the Units under Zakat and Ushr Ordinance, 1980, (XVII of 1980), except those exempted under the said Ordinance. Zakat will be deducted at source from the redemption proceeds. Above deduction will not be made if Unit Holder provides declaration in due course of time to the Management Company.

14. Risk Disclosure

Investors must realize that all investments in mutual funds and securities are subject to market risks. Our target return / dividend range cannot be guaranteed and it should be clearly understood that the portfolio of the allocation plan is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that as mentioned in include, but are not limited to:

(1) **Price Risk -** The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change interest rates and market dynamics.

(2) **Liquidity Risk –**The risk where the entity may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the entity.

(3) **Settlement Risk –** At times, the Fund may encounter settlement risk in purchasing / investing and maturing / selling its investments which may affect the Fund's performance etc.

(4) **Reinvestment Rate Risk –**In a declining profit / markup rate economic environment, there is a risk that maturing securities or coupon payments will be reinvested at lower rates, which shall reduce the return of the Fund compared to return earned in the preceding quarters.

(5) **Redemption Risk -** There may be special circumstances in which the redemption of Units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor.

(6) **Distribution Risk** – Dividend distribution may also be liable to tax because the distributions are made out of the profits earned by Fund and not out of the profits earned by each unitholder. Unitholders who invest in a fund before distribution of dividends may be liable to pay tax even though they may not have earned any gain on their investment as return of capital to investors upon distribution is also taxable.

(7) **Shariah Non-Compliance Risk-** The risk associated with employing funds in investments that are not consistent with the Maqasid e Shari"ah.

(8) **Plan Specific Risks**

i. Capital preservation will not be valid if Units of the allocation plan are redeemed before its Initial Maturity

ii. There exists the risk that in case of a Bond Event there is no risk free CIS available for the allocation plan to invest in that offers the same yield as required for capital preservation at maturity.

iii. The performance of the allocation plan may be affected by changes in risk associated with trading volumes, liquidity and settlement systems in equity and debt markets.

iv. Unit Holders are not being offered any guaranteed returns.

v. The CPPI Methodology shall be used for capital preservation. 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 allocation plan to provide capital preservation upon its Initial Maturity.

vi. The allocation plan, in its endeavor to seek capital preservation, may allocate the entire portfolio to underlying investments in the sovereign Income or Money Market Components and Units of the allocation plan may remain invested in such investments for the entire/remaining tenure of the allocation plan without any participation in the equity component.

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 allocation plan"s ability to seek capital preservation.

viii. 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.

ix. As the allocation of portfolio changes from Equity to full sovereign Income or Money Market Components consequent to steep fall in equity markets, there may be no participation in subsequent upward movement in the equity component while the allocation plan remains invested entirely in the sovereign Income/Money Market component.

x. If the allocation plan for any reasons as determined by the Management Company is terminated, the NAV of the allocation plan will be subject to fluctuations in its asset value. 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 allocation plan based on the NAV per Unit after deducting bank and administrative charges (if any). Capital preservation in this case might not be valid.

xi. There may be times when a portion of the investment portfolio of the allocation plan is not compliant either with the investment policy or the minimum investment criteria of the assigned „category". This non-compliance may be due to various reasons including, adverse market conditions, liquidity constraints or investment – specific issues. Investors are advised to study the latest Fund Manager Report specially portfolio composition and financial statements of the Scheme to determine what percentage of the assets of the Scheme, if any, is not in compliance with the minimum investment criteria of the assigned category. The latest monthly Fund Manager Report as per the format prescribed by Mutual Funds Association of Pakistan (MUFAP) and financial statements of the Scheme are available on the website of the Management Company and can be obtained by calling / writing to the Management Company.

15. Warning and Disclaimer

(a) Warning

i. If you are in any doubt about the contents of this Supplementary Offering Document, you should consult your bank manager, legal advisor, or other financial advisor. The price of the Units of this allocation plan and the income of this allocation plan (from which distributions to Unit Holders is made) may increase or decrease.

ii. Investment in this allocation plan is suitable for investors who have the ability to take the risks associated with financial market investments. Capital invested in the financial markets could in extreme circumstances lose its entire value. The historical performance of this allocation plan, other Funds managed by the Management Company, the financial markets, or that of any one security or transaction included in the allocation plan"s portfolio will not necessarily indicate future performance.

(b) Disclaimer

i. The units of the allocation are not bank deposits and are neither issued by, insured by, obligation of, nor otherwise supported by SECP, any Government Agency, Trustee (except to the extent specifically stated in this Supplementary Offering Document) or any of the shareholders of the Management Company or any other bank or financial institution. The portfolio of the allocation plan is subject to market risks and risks inherent in all such investments.

ii. The allocation plan"s target return/ dividend range cannot be guaranteed. The allocation plan"s unit price is neither guaranteed nor administered/managed; it is based on the NAV that may go up or down depending upon the factors and forces affecting the capital markets and interest rates.

16. Definitions:

"Bond Event" means a trigger point, whereby allocation plan's Net Assets is about to hit or actually hits the Bond Floor, which if reached will cause the allocation plan's Net Assets to be invested hundred percent (100%) in Sovereign Income or Money Market Components till the remaining Initial Maturity of the allocation plan. From thereon, there shall be no further exposure in the Equity Component of the allocation plan.

"Bond Floor" means the present value of the Initial allocation plan size (adjusted for redemptions, if any, during the term of the allocation plan and inclusive of any Front-end Load). It can be defined as the minimum value the allocation plan should have on a given day, to be able to provide capital preservation of the Initial Investment Value, if investments are held till completion of the duration of allocation plan. The Bond Floor value shall be calculated using yield of any authorized investment(s) from the Sovereign Income or Money Market Components of the allocation plan, that potentially yields a return higher than or at least equal to the yield required to provide capital preservation to the Unit Holders, subject to clause 6.1 at completion of the Initial Maturity of allocation plan.

"CPPI Methodology" is an internationally recognized, dynamic asset allocation methodology comprising of a versatile and flexible framework that allocates the allocation plan's Net Assets between Equity and Debt instruments in a way that the exposure to equity is increased as allocation plan's Net Assets increases and reduced as allocation plan's Net Assets declines, while simultaneously aiming to provide capital preservation at completion of the duration of the allocation plan.

"Contingent Load" means a Load payable by the Unit Holder of this Allocation Plan, which will be applicable only in case of redemption of units before the completion of the Initial Maturity of this Allocation Plan. Any Contingent Load received will form part of the Fund Property.

"Cushion Value Percentage" is defined as the excess of Bond floor as a percentage of Portfolio value as calculated from following method;

(Portfolio Value – Bond Floor) / Portfolio Value

"Equity Component" means the portion invested in Shariah Compliant Equity Schemes.

“Initial Maturity” means eighteen months, starting from the day following the close of initial subscription period. After the end of the Initial Maturity the Management Company may announce a subsequent Initial Maturity for certain duration, to commence from the day following the close of a subsequent Initial Period. Existing Unit Holders however, shall have the option to either remain invested in the allocation plan or exit the allocation plan through Redemption of Units, without any applicable Back End Load/ Contingent Load, only after end of Initial Maturity and prior to commencement of the subsequent subscription period.

"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 Sovereign Income or Money market Components. The Management Company may, at its discretion, change the Multiplier from time to time, based on the market conditions.

“Net realizable value” means the proceeds paid to the unit holder at the completion of initial maturity period.

“Sovereign Income and Money Market Components” means the portion invested in Shariah Compliant Sovereign Income Funds, Shariah Compliant Money market Funds, Shariah Compliant Saving Accounts, and Term Deposits.