

**1<sup>st</sup>**

**SUPPLEMENTAL**

**TO THE**

**OFFERING DOCUMENT OF**

**FAYSAL SHARIA PLANNING FUND**

**(Faysal Sharia Capital Preservation Plan-II)**

**(FSCPP-II)**

**MANAGED BY**

**FAYSAL ASSET MANAGEMENT LTD**

**Effective From: July 10, 2019**

**Duly vetted by the Shariah Advisors**  
Mufti Abdul Zahid Farooqi

**First Supplemental to the Offering Document of Faysal Sharia Planning Fund (FSPF) issued on July 10, 2019 Managed by Faysal Asset Management Limited an Asset Management Company Licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.**

The Faysal Sharia Planning Fund (the Fund/the Scheme/the Trust/the Unit Trust/FSPF) had established in Karachi as an Open-ended Shariah Compliant Fund of Fund Scheme through a Trust Deed dated December 20, 2017 entered into between the Management Company and Central Depository Company of Pakistan Limited, the Trustee and was authorized under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules).

The Shariah Advisors of the Fund Mufti Abdul Zahid Farooqi has reviewed this 1<sup>st</sup> Supplemental Offering Document of the FSCPP-II and provided his consent that this Supplement to the Offering Document adheres to the principles of Shariah.

**Objective of the Supplementary Offering Document**

Faysal Asset Management Limited is introducing **Faysal Sharia Capital Preservation Plan-II (FSCPP-II)** via this Supplementary Offering Document, in compliance with the relevant regulations and as stated in **Clause 1.10.5** of the Offering Document of **FSPF**.

**1- The following clause has been added & amended into clause 1.6 of the offering Document and read as follows:**

**1.6 Initial Offer and Initial Period**

**1.6.1 Faysal Sharia Capital Preservation Plan:** Initial Offer is made during the Initial Period which will be two Business Days and begins at the start of the banking hours on **July 08, 2019** and shall end at the close of the banking hours on **July 09, 2019**. During the initial period, the Units shall be issued at the Initial Price of **Rs 100** per Unit and subsequently at the price calculated and announced by the Management Company for every Dealing Day. No units shall be redeemable during the initial period of offer. The management company may announce subscription periods for the Allocation Plan(s) launched under the scheme.

**1.6.2 Faysal Sharia Capital Preservation Plan–II:** Initial Offer is made during the Initial Period which will be two Business Days and begins at the start of the banking hours on **September 26, 2019** and shall end at the close of the Banking Hours on **September 27, 2019**. During the Initial Period, the Units shall be offered at Initial Price of **Rs.100** per Unit and subsequently at the price calculated and announced by the Management Company for every Dealing Day. No Units shall be redeemable during the Initial Period of Offer.

**2- The Following clause has been replaced into 2.1.1 of the offering document and read as follows:**

**(a) Faysal Sharia Capital Preservation Plan**

The “Faysal Sharia Capital Preservation Plan” is an Islamic Plan under “Faysal Sharia Planning Fund” with an objective to earn a potentially competitive return through dynamic asset allocation between Islamic income/Money market, Islamic equity Collective Investment Scheme and Islamic Banks deposit by using CPPI methodology, while aiming to providing Capital Preservation of the Initial Investment Value at maturity of the plan based on the Fund Manager’s outlook on the assets classes.

**(b) Faysal Sharia Capital Preservation Plan-II**

The “Faysal Sharia Capital Preservation Plan-II” is an Islamic Plan under “Faysal Sharia Planning Fund” with an objective to earn a potentially competitive return through dynamic asset allocation between Islamic income/Money market, Islamic equity Collective Investment Scheme and Islamic Banks deposit by using CPPI methodology, while aiming to providing Capital Preservation of the Initial Investment Value at maturity of the plan based on the Fund Manager’s outlook on the assets classes.

**The above Capital preservation plans are based on following details.**

- (a) Capital Preservation/ Principal 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.
- (b) Capital Preservation means that the Net Realizable Value of investment shall not fall below the Initial Investment Value subject to above point Clause 2.1.1(a), 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 Capital Preservation period shall begin from the commencement of the Life of the Plan.
- (c) The investments in the Capital Preservation Segment of the Plan, as specified in Clause 2.1.3 of this Offering Document shall only be triggered, on an occurrence of the Bond Event.
- (d) Capital Preservation will 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 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 Capital Preservation does not apply to such Units if such redemption is made before completion of twenty four months.
- (f) The capital of the fund is protected only in terms of the base currency i.e. the Pakistani rupee. In addition, Capital 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 11 “Force Majeure” of this Offering Document.
- (g) Capital Preservation is also not valid in case Plan is terminated before the twenty four months as defined in Clause 10.4.
- (h) The Plan shall be closed for new subscriptions after the close of the Initial Offering Period; after that no further issuance of units shall be allowed afterwards.

**3- The Following has been added to the table clause 2.1.2 of the Offering Document and read as follows**

<b>Allocation Plan</b>	<b>Benchmark</b>
Faysal Sharia Capital Preservation Plan-II	Weighted average return of KMI 30 index and 6-months average deposit rate of Three (3) A rated Scheduled Islamic Banks or Islamic window of conventional banks as selected by MUFAP based on the actual proportion of investment in Islamic Equity, Islamic Income/Money market Scheme and bank deposit made by the allocation plan.

**4- The Following has been replaced to 2.1.3 of the offering Document and read as follows:**

**Allocation Plan” and underlying allocation to Collective Investment Schemes:**

The Allocation Plans under this Scheme shall invest only in permissible Shariah Compliant CIS (clause 2.1.4) or in cash and/ or near cash instruments, as per the percentages defined in table in this clause and approved by the Commission and Shariah Advisor.

Initially the Scheme shall offer for Allocation Plan as described above. The allocation of the Plan to the underlying CIS shall be as stated below:

<b>Allocation Plan</b>	<b>Islamic Equity Scheme(s)</b>	<b>Islamic Money Market and Sovereign Income Scheme(s)</b>	<b>Cash &amp; Near Cash</b>
Faysal Sharia Capital Preservation Plan	0% - 50%	0% - 100%	* 0% to 100% With Min AA- Rating
Faysal Sharia Capital Preservation Plan-II	0% - 50%	0% - 100%	* 0% to 100% With Min AA- Rating

\*Cash at Bank accounts of Islamic Banks and licensed Islamic Banking windows of conventional Banks and Term Deposit (TDRs) with Islamic Banks and licensed Islamic Banking windows of conventional Banks.

**Investment Features of above mentioned Capital Preservation Plans:**

- 1) The Plan will be dynamically allocated between the Islamic Equity Scheme and Islamic Money Market Scheme and Islamic Sovereign Income Scheme, subject to below point 10 and 11, at Pre-defined Intervals by using the Constant Proportion Portfolio Insurance (CPPI) Methodology.
- 2) The dynamic asset allocation is aimed at providing higher returns through participation in Islamic Equity Scheme while aiming to preserve downside risk of principal erosion through participation in Islamic Money Market Scheme and Islamic Sovereign Income Scheme.
- 3) Subject to maximum Multiplier of up to 5 times (or as promulgated by SECP from time to time) will be determined exposure in risky assets in line with Circular No. 08 of 2019.
- 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.

- 5) The Management Company shall use the running yield of the underlying Islamic fixed income CIS, to compute the bond floor daily on the following basis:
  - a) For direct investment in Islamic money market instruments, it shall be the present relevant yield of the government security with a similar maturity.
  - b) For investment through Islamic money market mutual funds, the actual yield of the fund based on current portfolio.
- 6) 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.
- 7) Plan's investment in the Capital Preservation Segment will only be triggered upon occurrence of the event(s) specified in Point 14 below.
- 8) The allocation between the Islamic Equity Scheme and Islamic Money Market Scheme and Islamic Sovereign Income Scheme will vary depending upon changes in the Plan Value.
- 9) Allocation to Islamic Equity Scheme will generally increase in the case where equity markets are rising, while allocation to the Islamic Money Market Scheme and Islamic Sovereign Income Scheme will generally increase if the equity markets decline.
- 10) The initial asset allocation of the Plan, as per the CPPI methodology, is expected to be between (0% to 50%) in Islamic Equity Scheme and between (50% to 100%) in Islamic money market Scheme and Islamic Sovereign Income Scheme.
- 11) Subject to above point 10, 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 Equity allocation of the Plan is X% (ranging between 0% to 50%) then the Proportion of Islamic Income/Money market allocation/Islamic money market scheme/cash and near cash will be (100% -X%).
- 12) The Plan may place a certain percentage of the Initial Plan Size (adjusted for redemptions, if any, during the Life of the Plan) into its Islamic Money Market Scheme and Islamic Sovereign Income Scheme in order to meet the Plan Expenses.
- 13) The Management Company, from time to time at its discretion may lock-in certain percentage of the profits (if any) from the Islamic Equity Scheme by realizing profits. The profits realized in this manner, shall be used by increasing the allocation to the Islamic Money Market Scheme and Islamic Sovereign Income Scheme.
- 14) 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 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.
- 15) The Capital Preservation Segment will be invested in Islamic Sovereign Income Scheme/Islamic money market scheme, 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.

- 16) Subsequent to occurrence of the event(s) specified in above point 14, there shall be no further allocation to the Investment Segment of the Plan (i.e. Islamic Equity) till the maturity of the Plan.

**Note:**

- i. 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.
- ii. The above mentioned Allocations shall be rebalanced as provided in Clause 2.1.10.
- iii. The Management Company may add or remove a CIS Category mentioned in Clauses 2.1.8 with prior consent of Trustee, Shariah Advisor and Approval of the Commission, and may announce the same by a Supplementary Offering Document(s).

- 5- **The Following has been replaced to the table clause 2.1.4 of the offering document and read as follows:**

Name of Allocation Plan(s)	Categories of Collective Investment Schemes		Bank deposits and TDR
	Islamic Equity Scheme(s)	Islamic Money Market and Islamic Sovereign Income Scheme(s)	
Faysal Sharia Capital Preservation Plan	Faysal Islamic Dedicated Equity Fund	Islamic Money Market and Islamic Sovereign Income Scheme(s) managed by the Management Company and Other AMC's.	Islamic Bank deposit and TDR With Min AA- Rating
Faysal Sharia Capital Preservation Plan -II	Faysal Islamic Dedicated Equity Fund	Islamic Money Market and Islamic Sovereign Income Scheme(s) managed by the Management Company and Other AMC's.	Islamic Bank deposit and TDR With Min AA- Rating

- 6- **The Following sub clause has been replaced to clause 2.1.6 of the offering document and read as follows:**

**2.1.6 Basic features of Plans**

**2.1.6.1 Basic features Faysal Sharia Capital Preservation Plan (FSCPP)**

Term/ Duration of the allocation plan: The Maturity of the allocation plan shall be two (2) years from the close of the subscription period of Faysal Sharia Capital Preservation Plan. The Management Company may re-open the subscription of units after initial maturity of the plan with the prior approval of the commission.

**(a) Subscription Period:**

FSCPP will be initially open for subscription from **July 08, 2019** to **July 09, 2019** both days inclusive. Subscription for the allocation plan is for limited time period only. Units shall be issued to investors at the prevailing NAV, during subscription period. The units shall be subject to Front-end and a Back end/ Contingent Load as disclosed as disclosed in **Annexure "B"**.

**2.1.6.2 Basic features Faysal Sharia Capital Preservation Plan-II (FSCPP-II)**

Term/ Duration of the allocation plan: The Maturity of the allocation plan shall be two (2) years from the close of the subscription period of Faysal Sharia Capital Preservation Plan II. The Management Company may re-open the subscription of units after initial maturity of the plan with the prior approval of the commission.

**(a) Subscription Period:**

FSCPP-II will be initially open for subscription from **September 26, 2019** to **September 27, 2019** both days inclusive. Subscription for the allocation plan is for limited time period only. Units shall be issued to investors at the prevailing NAV, during subscription period. The units shall be subject to Front-end and a Back end/ Contingent Load as disclosed as disclosed in **Annexure "B"**.

**7- In addition to Sub clause under 3.13.1 (a) has been added and read as follows**

**CDC- Trustee Faysal Sharia Planning Fund- Faysal Sharia Capital Preservation Plan-II'**

The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **CDC- Trustee Faysal Sharia Planning Fund- Faysal Sharia Capital Preservation Plan-II'** for the Unit Trust at designated Islamic Bank(s)/ Islamic window of Conventional Banks 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.

**8- The Following points 4.2 replaced of the offering document and reads as follows**

**4.2. Classes of Units**

The Management Company may issue any of the following classes of Units for each of the Allocation Plans being offered by the Management Company:

**4.2.1 Faysal Sharia Capital Preservation Plan**

- (a) Class "A" Units** shall be offered and issued in Allocation Plan during the Pre-IPO and Initial Period of Offer (IPO) and may be charged a Front-end Load at the discretion of the Management Company. These Units are also subject to a Back end Load and or Contingent Load, where applicable, as specified for each Allocation Plan in **Annexure "B"** of this Offering Document, in case of redemption before the completion of the Initial Maturity of the Fund.
- (b) Class "B" Units:** shall be issued to investors in Allocation Plan during the Subscription Periods for each allocation plan, and may also subject to a Front End Load, Back-end Load or Contingent Load, as specified for each Allocation Plan. Class "B" Units may also be offered after the Initial Offering Period, at the discretion of the Management Company and as per the terms and conditions of this Offering Document.

- (c) **Class "C" (Bonus Units):** Units of an Allocation Plan are the Bonus Units, which may be issued to the Unit Holders of certain Allocation Plans in case of stock dividend.

**Class A & B units** will be charged Back end load and or Contingent Load, where applicable, if redeemed/ converted before the maturity of the pertinent plan and such Contingent load shall become part of trust property of Faysal Sharia Capital Preservation Plan that pertinent plan, as disclosed in the Annexure "B" of this offering document.

#### 4.2.2 Faysal Sharia Capital Preservation Plan-II

- (a) **Class "A" Units** shall be offered and issued in Allocation Plan during the Pre-IPO and Initial Period of Offer (IPO) and may be charged a Front-end Load at the discretion of the Management Company. These Units are also subject to a Back end Load and or Contingent Load, where applicable, as specified for each Allocation Plan in **Annexure "B"** of this Offering Document, in case of redemption before the completion of the Initial Maturity of the Fund.
- (b) **Class "B" Units:** shall be issued to investors in Allocation Plan during the Subscription Periods for each allocation plan, and may also subject to a Front End Load, Back-end Load or Contingent Load, as specified for each Allocation Plan. Class "B" Units may also be offered after the Initial Offering Period, at the discretion of the Management Company and as per the terms and conditions of this Offering Document.
- (c) **Class "C" (Bonus Units):** Units of an Allocation Plan are the Bonus Units, which may be issued to the Unit Holders of certain Allocation Plans in case of stock dividend.

**Class A & B units** will be charged Back end load and or Contingent Load, where applicable, if redeemed/ converted before the maturity of the pertinent plan and such Contingent load shall become part of trust property of **Faysal Sharia Capital Preservation Plan-II** that pertinent plan, as disclosed in the **Annexure "B"** of this offering document.

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

**For Faysal Sharia Capital Preservation Plan -II:**

**PRE –IPO, IPO and Post-IPO: "CDC- Trustee –Faysal Sharia Planning Fund – Faysal Sharia Capital Preservation Plan-II"**

- 10- **The Following has been added to the table under Annexure "B";**

#### ANNEXURE 'B'

##### **Current Level of Management Fee, Front End Load and Contingent Load**

<b>Allocation Plan</b>	<b>Class of units</b>	<b>Front End Load (%)</b>	<b>Contingent Load (%) **</b>	<b>Management Fee*(%)</b>
Faysal Sharia Capital Preservation Plan-II	A & B	Up to 3%	For first year 2% For second year 1%	1.5%
Faysal Sharia Capital Preservation Plan-II	C	NIL	NIL	1.5%





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

No. SCD/AMCW/FAML/FSPF/06/2019

July 06, 2019

Mr. Khaldoon Bin Latif,  
Chief Executive Officer,  
Faysal Asset Management Limited,  
7th Floor, Faysal House, ST-02,  
Main Shahrah-e-Faisal, Karachi.

Subject: Approval of the 1<sup>st</sup> Supplemental to the Offering Document of Faysal Sharia Planning Fund (FSPF) – Faysal Sharia Capital Preservation Plan – II (FSCPP-II)

Dear Sir,

Please refer to the email dated July 3, 2019 on the captioned subject received from your office.

In this regard, I am directed to inform you that the amendments proposed by Faysal Asset Management Limited in the first supplement to the offering document of FSPF to launch FSCPP-II has been acceded to by the Securities and Exchange Commission of Pakistan.

Faysal Asset Management Limited may therefore proceed in accordance with the constitutive documents of the Fund and prevalent regulatory framework.

Yours truly,

Raja Ateeq Ahmed  
Assistant Director

Cc: Chief Executive officer  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block "B", S.M.C.H.S, Main Shakra-e- Faisal,  
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