

**Fourth (4th) SUPPLEMENT TO THE
OFFERING DOCUMENT OF**

**Alfalah GHP Islamic Prosperity Planning Fund
(Shariah Compliant Fund of Funds Scheme)**

**Under Shariah Advisory of
Bank Islami Pakistan Limited
Shariah Advisors**

MANAGED BY

Alfalah GHP Investment Management Limited

Dated: MAY 22, 2018

FOURTH (4th) SUPPLEMENT TO THE OFFERING DOCUMENT OF

**Alfalah GHP Islamic Prosperity Planning Fund
(AGIPPF)**

MANAGED BY

Alfalah GHP Investment Management Limited

[An Asset Management Company Registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003]

Date of Publication of 4th Supplement Offering Document Dated May 22, 2018

The **Alfalah GHP Islamic Prosperity Planning Fund** (the Fund/the Scheme/the Trust/the Unit Trust) has been established through a Trust Deed (the Deed), entered into and between **Alfalah GHP Investment Management Limited**, the Management Company, and **Central Depository Company of Pakistan Limited**, the Trustee, and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "Rules") and Non-Banking Finance Companies and Notified Entities Regulation, 2008 ("Regulations").

REGULATORY APPROVAL AND CONSENT

Approval of the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of Allocation Plans under **Alfalah GHP Islamic Prosperity Planning Fund (AGIPPF)** and registered as a notified entity under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008 ("Regulations") vide letter no. SCD/AMCW/AGIML/437/2016 dated April 25, 2016. SECP approved the Offering Document, under Regulation 54 of the NBFC & NE Regulations 2008 vide letter no. SCD/AMCW/AGIPPF/449/2016 dated May 2, 2016 of Alfalah GHP Islamic Prosperity Planning Fund. SECP has approved the 1st Supplement to the Offering Document, under Regulation 54 of the NBFC & NE Regulations 2008 vide letter no. SCD/AMCW/AGIPPF/117/2016 dated August 22, 2016. SECP has approved the 2nd Supplement to the Offering Document, under Regulation 54 of the NBFC & NE Regulations 2008 vide letter no. SCD/AMCW/AGIPPF/249/2016 dated October 21, 2016. SECP has approved the 3rd Supplement to the Offering Document, under Regulation 54 of the NBFC & NE Regulations 2008 vide letter no. SCD/AMCW/AGIML/2017/576 dated May 12, 2017.

SECP has approved the 4th Supplement to the Offering Document, under Regulation 54 of the NBFC & NE Regulations 2008 vide letter no. SCD/AMCW/AIML/379/2018 dated May 22, 2018.

It must be clearly understood that in giving this approval, SECP does not take any responsibility for the financial soundness of the Fund nor for the accuracy of any statement made or any opinion expressed in this Supplement Offering Document.

Objective of the Supplementary Offering Document

Alfalah GHP Investment Management Limited is introducing **Alfalah Islamic Capital Preservation Plan - 4** via this Supplementary Offering Document, in compliance with the relevant regulations and as stated in Clause 2.2.8 & Clause 4.1 of the Offering Document of AGIPPF.

1. The following sub-clause has been added to clause 1.8 sub clause 1.8.2: “Structure of Scheme”

- e) Alfalah Islamic Capital Preservation Plan – 4, the Initial Maturity of Plan shall be of twenty four months from the close of the initial period. Initial Offer is made during the Initial Period which will be of **2 Business Day** and begins at the start of the banking hours on **July 11, 2018** and shall end at the close of the Banking Hours on **July 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. Subsequent to the Public Offering, the offer of Units of the Active Allocation Plan - 4 shall be discontinued.

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

- e. Alfalah Islamic Capital Preservation Plan – 4

3. The following clause has been added to clause 2.2.1: Investment Objectives of Allocation Plans

e. Alfalah Islamic Capital Preservation Plan – 4

The “Alfalah Islamic Capital Preservation Plan – 4” is an Islamic Plan under “Alfalah GHP Islamic Prosperity Planning Fund” with an objective to earn a potentially high return through dynamic asset allocation between Islamic Equity Scheme and Islamic Income Scheme based Collective Investment Schemes (CIS) using CPPI methodology, while 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 plan is based on following details.

- a) Capital Preservation is envisaged to be provided through the use of CPPI methodology and the Investment structure of the Plan as detailed in Clause 2.2.2 and not through an undertaking by the Management Company or 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 2.2.1(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 2.2.2 of this Offering Document shall only be triggered, on an occurrence of the Bond Event.

Alfalah GHP Islamic Prosperity Planning Fund 4th Supplement to the Offering Document

- d) Capital Preservation shall not be valid if Units of the Plan are redeemed before completion of twenty four months and a Back end 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 Back end 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.

4. The following has been added to the table under clause 2.2.2: "Allocation Plans" and underlying allocations to Mutual Funds:

Allocation Plan	% Allocation range in each CIS Category		
	Islamic Equity Scheme	Islamic Income Scheme	Shari'ah compliant bank deposits (excluding TDRs) in Islamic Banks / Islamic Windows of Conventional Banks
Investment Segment of Plan*			
Alfalah Islamic Capital Preservation Plan – 4	0% - 50%	0% - 100%	0% - 50%

Allocation Plan	% Allocation range in each CIS Category		
	Islamic Equity Scheme	Islamic Income Scheme	Shari'ah compliant bank deposits (excluding TDRs) in Islamic Banks / Islamic Windows of Conventional Banks
Capital Preservation Segment of Plan**			
Alfalah Islamic Capital Preservation Plan – 4	0%	0% - 100%	0% - 50%

Investment Features of Alfalah Islamic Capital Preservation Plan – 4:

- 1) The Plan will be dynamically allocated between the Islamic Equity Scheme and Islamic 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 Income Scheme.
- 3) *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

- 4) The Management Company will immediately rebalance the asset composition of the Plan, in accordance with its 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 Income Scheme to compute the Bond Floor daily on the following basis:
 - a. For investment through Islamic Income 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 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 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 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 allocation 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 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 Income Scheme.
- 14) 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.
- 15) The Capital Preservation Segment will be invested in Islamic Income 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 remaining Life of the Plan.

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

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

The Benchmarks of the Allocation Plans are as follows:

Allocation Plan	Benchmark
Alfalah Islamic Capital Preservation Plan – 4	Weighted average return of KMI 30 index and 6-months average deposit rate of 3 (Three) A or above rated Islamic Banks/Islamic Banking Window of scheduled commercial banks as selected by MUFAP, based on actual proportion of investment in Islamic equity and/ or Islamic income Scheme.

6. The following has been added to the table under clause 2.10:

Risk Disclosure

15. CPPI Plan Specific Risks

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 Capital Preservation at maturity.

16. Gap Risk –

- I. 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.
- II. 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 Islamic equity component of the Investment Segment
- III. 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.
- IV. As the allocation of portfolio changes from Islamic equity to Islamic income market component consequent to steep fall in equity markets, there may be no participation in subsequent upward movement in the Islamic equity component while the Plan remains invested entirely in the Islamic income component.

17. Risk Control in the Investment Process

- a) In line with the Investment Objective of Plans, 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) through careful assessment of prevailing market risk (s), credit risk, and macro-economic risk.
- b) Furthermore the exposure to the Islamic Equity Scheme 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.

7. Clause 3.13.1 (a) has been amended and replaced by the following:

Bank Accounts

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **“CDC-Trustee Alfalah GHP Islamic Prosperity Planning Fund”, “CDC-Trustee Alfalah GHP Islamic Prosperity Planning Fund – Alfalah GHP Islamic Balanced Allocation Plan”, “CDC-Trustee Alfalah GHP Islamic Prosperity Planning Fund – Alfalah GHP Islamic Active Allocation Plan”, “CDC-Trustee Alfalah GHP Islamic Prosperity Planning Fund – Alfalah GHP Islamic Active Allocation Plan - 2” , “CDC-Trustee Alfalah GHP Islamic Prosperity Planning Fund – Alfalah GHP Islamic Active Allocation Plan - 3” and “CDC-Trustee Alfalah GHP Islamic Prosperity Planning Fund – Alfalah Islamic Capital Preservation Plan - 4”** 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 clause has been added to The Clause 4.4.4 (b)

Purchase of Units

- For Alfalah Islamic Capital Preservation Plan - 4:

IPO and Post-IPO: **“CDC Trustee – Alfalah GHP Islamic Prosperity Planning Fund – Alfalah Islamic Capital Preservation Plan- 4”**

Pre-IPO: **“CDC Trustee – Alfalah GHP Islamic Prosperity Planning Fund – Alfalah Islamic Capital Preservation Plan- 4 – Pre – IPO”**

9. The following has been added to the Clause 11

“GLOSSARY:

“Capital 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 in the plan. The Management Company envisages the provision of Capital Preservation through the use of the Constant Proportion Portfolio Insurance (CPPI) Methodology.

“Initial Maturity” means twenty four (24) months from the commencement of the life Alfalah GHP Islamic Active Allocation Plan, Alfalah GHP Islamic Active Allocation Plan -2, Alfalah GHP Islamic Active Allocation Plan -3 and Alfalah Islamic Capital Preservation Plan -4.

“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 Capital 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). It can be defined as the minimum value the Plan should have on a given day, to be able to provide Capital Preservation of the Initial Investment Value, if investments are held for twenty four months in the plan. The Bond Floor value shall be calculated using yield of authorized investment(s) from the Capital Preservation Segment of 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 1.12 and Clause 2.2.2 at completion of twenty four months 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 Islamic Equity and/ or Islamic Income Scheme in a way that the exposure to Islamic 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 of the plan.

Alfalah GHP Islamic Prosperity Planning Fund 4th Supplement to the Offering Document

“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.

“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 Islamic Equity Component. A higher Multiplier means greater allocation to Islamic Equity Scheme; whereas a lower Multiplier means greater allocation to the Islamic Income Scheme. 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.

“Sales Load” mean Front End Load deducted at the time of Investment. Sales Load does not exceed three percent 3% of the NAV. However, if transactions are done online or through website of the AMC the Front End Load shall be charged maximum to 1.5 %.

10. The following has been added to the table under Annexure B:

Current Fee Structure:

Allocation Plan	Class of Units	Front End Load (%)	Back End Load	**Management Fee* (%)
Alfalah Islamic Capital Preservation Plan - 4	Class “A”	2.5%	*For First Year 0% For Second Year 0%	1.25%

* From 1 to 365 days is First year and 366 days to 729 days is Second Year.

Day 1 is the subscription day and Day 730 is Maturity day of the Alfalah GHP Islamic Active Allocation Plan, Alfalah GHP Islamic Active Allocation Plan -2, Alfalah GHP Islamic Active Allocation Plan -3 and Alfalah Capital Preservation Plan -4.

**No Management Fee will be charged if the Fund invests in CIS managed by the Management Company