

**Fourth (4<sup>TH</sup>) SUPPLEMENT  
TO THE  
OFFERING DOCUMENT OF**

**ALFALAH GHP Value FUND**

**An Open Ended Asset Allocation Scheme**

<b>Fund Category</b>	<b>Risk Profile as per Circular 2 of 2020</b>	<b>Risk of Principal Erosion</b>
Asset Allocation Scheme	High	Principal at High risk

**MANAGED BY**

**ALFALAH GHP INVESTMENT  
MANAGEMENT LIMITED**

Dated: \_\_\_\_\_



Fourth Supplement dated \_\_\_\_\_ to the  
Third Supplement Replacement Offering Document of  
Alfalaha GHP Value Fund (AGVF) issued on October 21, 2016.

[Managed by Alfalaha GHP Investment Management Limited, an Asset Management Company Licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2008]

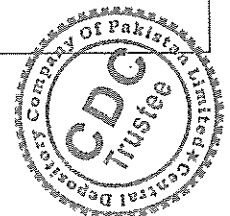
The Alfalaha GHP Value Fund (AGVF) has been established through a Trust Deed (the Deed) dated May 19, 2005, and thereon amended from time to time via supplemental Trust Deed(s) to constitute the Trust under the name and title of "Alfalaha GHP Value Fund", An Open Ended Equity Scheme between Alfalaha GHP Investment Management Limited, the Management Company, and Central Depository Company of Pakistan Limited, the Trustee.

Effective from \_\_\_\_\_, the following clauses of the Offering Document have been added and replaced to read in their entirety as follows:-

Following clause has been added in point 2.2 Investment Policy:

1. Authorized Investments

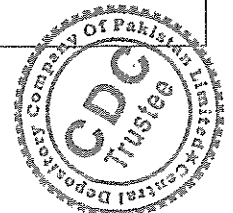
<i>Asset Class</i>	<i>Min Entity Rating</i>	<i>Min Instrument Rating</i>	<i>Max Exposure Limit</i>
<b><i>a. Equity Securities</i></b>			
<i>i. Listed Equity Securities</i>	<i>N/A</i>	<i>N/A</i>	<i>90%</i>
<i>ii. Investment in equity security not listed on stock exchange, where application for listing has been accepted by the Stock Exchange.</i>	<i>N/A</i>	<i>N/A</i>	<i>15%</i>
<b><i>b. Financing and Other Transactions</i></b>			
<i>i. MTS or its replacement in local listed securities.</i>	<i>N/A</i>	<i>N/A</i>	<i>40%</i>
<i>ii. Spread Transactions in local listed securities.</i>	<i>N/A</i>	<i>N/A</i>	<i>40%</i>
<i>iii. Reverse Repo transaction against Authorized Investments</i>	<i>N/A</i>	<i>N/A</i>	<i>40%</i>
<i>iv. Investment in equity future contracts *</i> <i>(Other than future contract specified in (v) below.)</i>	<i>N/A</i>	<i>N/A</i>	<i>40%</i>



v. Investment in Cash Settled Future Contracts  (Cash Settled Future Contracts – Uncovered up to 5% of the Net Assets.)	N/A	N/A	5%
vi. Equity Securities Lending**	N/A	N/A	10%
<b>c. Investment in units of Exchange Traded Funds</b>			
i. Investment in units of ETF***	N/A	N/A	10%
<b>d. Placement with Banks &amp; Other Financial Institutions</b>			
i. Bank deposit (Operational Account) with commercial banks****	A-	N/A	100%
ii. Term Deposit Receipt (TDR)	A-	N/A	70%
iii. Certificat of investment/deposits/ placements/musharaka	A-	N/A	70%
<b>e. Income &amp; Money Market Instrument / Securities / Placements issued by:</b>			
i. Federal / Local governments, government agencies	N/A	N/A	75%
• Secured			75%
• Unsecured			40%
ii. Government guaranteed bonds including: Pakistan Investment Bonds (PIBs), and Treasury Bills (T-Bills) *	N/A	N/A	100%
iii. Public Sector Entities (where government owns majority shares) (Secured and Unsecured)	BBB+	BBB+	50%
iv. Private Sector Entities (Secured and Unsecured)	BBB+	BBB+	50%
<b>f. Outside Pakistan Investments</b>			
i. Other investments available outside Pakistan, subject to SECP and SBP approval and on such terms and conditions as may be issued by the SECP and the State Bank including:	A- rated by a reputed International Rating Agency		30% Subject to cap of US \$ 15,000,000/-



<p><i>Spread Transactions between Global Depository Receipts (ADR) with local securities. Receipts (GDR) and /or American Depository Receipts (ADR) with local securities.</i></p>			
<ul style="list-style-type: none"> <li>• <i>Depository receipts such as Global Depository Receipts (GDR) and/or American Depository Receipts (ADR)</i></li> </ul>			
<ul style="list-style-type: none"> <li>• <i>international equities;</i></li> </ul>			
<ul style="list-style-type: none"> <li>• <i>international Profit bearing securities;</i></li> </ul>			
<ul style="list-style-type: none"> <li>• <i>international Income/money market instruments;</i></li> </ul>			
<ul style="list-style-type: none"> <li>• <i>foreign currency bank deposits and certificates of investment;</i></li> </ul>			
<ul style="list-style-type: none"> <li>• <i>International mutual funds.</i></li> </ul>			
<ul style="list-style-type: none"> <li>• <i>Any other international securities</i></li> </ul>			
<p><b><i>g. Any other securities or instrument that may be permitted or approved by SECP from time to time.</i></b></p>			
<p>****At least 10% of the net assets shall be invested in cash and / or near cash instruments which include cash in bank account (excluding TDRs), and treasury bills not exceeding 90 days maturity.</p> <ul style="list-style-type: none"> <li>• <i>Max exposure means max exposure in relation to Net Assets of the Fund.</i></li> <li>• <i>If the instrument/security is not rated then the entity issuing the income / money market securities/instrument would have a minimum investment grade rating as defined above by a credit rating agency registered with the SECP.</i></li> <li>• <i>Maximum exposure against spread transaction both in local securities and GDR/ADR as defined in serial b(ii) and a(iv) above shall not cumulative exceed 40% of Net Assets of the Fund.</i></li> <li>• <i>The Fund is an asset allocation scheme in terms of requirement of SECP Circular No. 7 of 2009.</i></li> </ul> <p><i>All Investments shall be made within the limits prescribed in the Regulations or otherwise as may be specified by the Commission and for investments in offshore countries, Investments shall be made within the limits prescribed by the State Bank of Pakistan &amp; SECP (if any).</i></p> <p><i>The above asset classes, restrictions and limitations are as per guidelines issued by SECP through Regulations, circulars, directives or any clarification issued by SECP from time to time. However for purpose of prudent fund management the Management Company has placed certain restrictions over and above SECP requirements. In case of any revision or change in above limitations or restrictions including revision of asset classes, rating or exposure limits issued by SECP, the later will take precedence.</i></p>			



**\* Investment in Equity Futures Contracts**

**A. Introduction of Equity Futures Contracts**

Futures are a type of derivative financial contracts that obligate parties to transact an asset at a predetermined future date and price. For equities futures, it becomes a contract to buy or sell shares at a predetermined price at a specified time in future, regardless of current market price.

Types and period of maturity of Futures Contracts which are eligible for investment by Scheme are as follows:

**I. Deliverable Futures Contract (DFC)**

DFC require to buy or sell shares with actual delivery of said shares at the maturity of the contract. These contracts have a period of one (1) month with last Friday of calendar month as the maturity date for the contract, with settlement of T+2 immediately after close of the contract.

**II. Single Stock Cash Settled Futures Contract (CSFC)**

CSFC are standardized contracts to buy/sell single stock futures to be settled in cash, where the result of the trade is the cash difference between the buying and selling price without any delivery of shares. Period of contract ranges from seven (7), thirty (30) or ninety (90) days with last Friday of the calendar month/week as maturity date having settlement at T+1.

**III. Stock Index Futures Contract (SIFC)**

SIFC is an agreement to buy or sell a standardized value of a stock index (basket of shares) on a future date at a specified price. SIFC gives opportunity to investors to trade in entire stock market by buying index futures instead of buying individual securities. Contract period is of ninety (90) days with last Friday of the calendar month as the maturity day.

**B. Treatment of Equity Futures Contracts**

Futures Contracts provide a hedging window whereby quantity and price of shares can be locked for a future settlement date. In addition, it improves the liquidity dynamic for the Scheme by providing an additional futures window. The Scheme can also benefit from low margin requirement on the futures to attain marginal returns, helping the Scheme in achieving its objective of increasing Unit Holders' returns.

**C. Extent and manner of participation of the Scheme in Equity Future Contracts**

- (a) The Scheme may invest in Deliverable Equity Futures Contracts or Cash Settled Equity Futures Contracts subject to the condition that difference between the contract price and upfront margin shall be invested in cash and near cash instruments i.e. Treasury Bills of less than ninety (90) days maturity and bank balances.



- (b) The Scheme may sell Deliverable Equity Futures Contracts against its existing ready market open purchase position in the same scrip if such open position will settle prior to or on the same settlement date as the settlement of Deliverable Equity Futures Contracts or against shares held in CDC.
- (c) The Scheme may sell Deliverable Equity Futures Contracts against its existing deliverable futures purchase position in the same security till such time that such position is settled. The Scheme may sell Cash Settled Equity Futures Contract against its existing cash settled equity future purchase position in the same security till such time that such position is settled. This exposure however, shall not exceed 40% of its net assets.
- (d) The Scheme may sell in Cash Settled Futures Contracts maximum upto five percent (5%) of the total Net Assets of the Scheme without pre-existing interest in the security provided that it complies with the relevant regulations of Pakistan Stock Exchange. This position, however, shall be covered by underlying cash or near cash instruments.
- (e) The Scheme shall not blank sale in Deliverable Equity Future Contracts.
- (f) Exposure (net long or net short) in Equity Futures Contracts shall not, at any time, exceeds total Net Assets of the Scheme.
- (g) Exposure in Equity Future Contracts shall be marked to market on a daily basis as per requirement of the Pakistan Stock Exchange.

#### **D. Purpose of Equity Future Contracts**

The Scheme will use Equity Futures Contracts to achieve both hedging (Ready/Futures Spread) and capital growth (Futures Buy/Sell).

#### **E. Compliance Measures**

In addition to compliance monitoring mentioned in Paragraph (c) and (d) above, compliance of exposure limits prescribed under Regulation No. 55 of the NBFC Regulations shall also be observed.

#### **F. Risk Management Measures**

The Management Company shall ensure that necessary risk management measures are in place to enable the Management Company to monitor, measure and manage the risks of the Scheme's position in Equity Futures Contracts and their contribution to the overall risk profile of the Scheme.

Following are the risks associated with trading futures contracts in a CIS:

##### **1. Liquidity Risk**



Liquidity Risk is an important factor in trading, If a trade is executed, there is always a risk that it can become difficult or costly to exit from positions in illiquid contracts. For e.g. if fund buys Deliverable Futures Contract on a share which has low liquidity and some negative development occurs in the company then fund manager might decide to reverse his position by selling Futures Contracts but he may not be able to take counter position as there will be no buyer and fund might have to take maximum loss as position will be settled at month end. Liquidity risk will be reduced by taking positions in stocks that are substantially liquid with reference to the size of the trade. Fund Manager with the help of average traded value and market conditions will set criteria and size of trade.

**Control For Deliverable Future Contract:** Minimum value traded in the last 20 trading sessions will be determined in the futures contracts of the share in which trade has to be done. Fund manager will not take more than 25% of that minimum traded value. Position cannot be increased in subsequent days before the settlement/ closure of the trade.

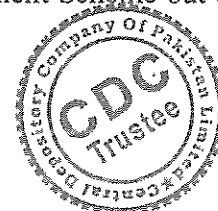
**Example:** If fund manager decides to buy shares in future contract on first day of the opening of futures contract, he will find out minimum value traded in last 20 sessions in futures contracts of shares. If this minimum value comes out to be Rs 40m then he will not make a trade of above Rs 10m in that contract (which may be completed in several days). Now if he completely reverses his position on 10th day of contract he may take fresh position by determining minimum value again. However if he decides to carry over his position until final settlement he would not be able to increase his position above Rs 10m limit.

## **2. Operational Risk**

Operational risk summarizes the uncertainties and hazards a company faces when it attempts to do its day-to-day business activities within a given field or industry. A type of business risk, it can result from breakdowns in internal procedures, people and systems—as opposed to problems incurred from external forces, such as political or economic events, or inherent to the entire market or market segment, known as systematic risk.

Errors due to manual mistakes by staff are a major area of risk. Measures like adequate staff training, supervision, internal controls, and documentation of standard operating procedures and segregation of tasks are essential for running smooth, error free operations which as a result lead to reduction in instances and impact of operational risks. However, for Fund's point of view, such risk is covered through applicable NBFC Regulation and Constitutive Documents and shall be borne by AMC, if happened.

\*\* Alfalah Investments on behalf of the aforementioned Collective Investment Schemes may lend equity securities maximum up to 10% of net assets of such Collective Investment Scheme out of its equity portfolio.



\*\*\* Asset Allocation schemes may take exposure in units of Exchange Traded Funds maximum up to 10% of net assets of such CIS. An AMC shall charge single management fee in case of investment in the units of ETF if both the equity oriented CIS and ETF are being managed by the same AMC;

**2. The following sub clause 6.2.1 has been amended:**

**Remuneration of the Management Company**

The remuneration shall begin to accrue from the close of the Initial Offering Period. In respect of any period other than an Annual Accounting Period, such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued in proportion to the total number of days in the Annual Accounting Period concerned.

Current level Management Fee is disclosed in Annexure "A". Any increase in the current level of Management Fee, provided it is within the maximum limit prescribed in the Regulations shall be subject to giving a thirty (30) days prior notice to the unit holders and the unit holders shall be given an option to exit at the applicable NAV without charge of any exit load.

**3. Following been replaced ANNEXURE "A".**

**ANNEXURE "A"**

**DETAILS OF CURRENT LEVEL OF LOADS, MANAGEMENT FEE,  
SUBSCRIPTION DAYS AND CUT OFF TIME**

Front End Load	3.00%
Back End Load	0%
Management Fee	The Current level of fee is 2% p.a. of the average daily NAV of AGVF.
Subscription Days	Monday through Friday
Cut off time	9:00 AM to 4:00PM

**Note:**

1. Any change in the load structure and/or management fee shall be notified after prior approval of the Commission through an addendum to this annexure and by publication in a widely circulated newspaper and/or as and how the SECP may direct.
2. Any change in the Cut-off Timing including for the month of Ramadan shall be notified to Investors/ Unit holders via Company's Website.

