

**Second Supplementary Offering Document of  
NAFA Islamic Active Allocation Fund - III (NIAAF - III)**  
**(Shariah Compliant Wakalatul Istithmar Fund)**

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**Offering  
NBP Islamic Capital Preservation Plan - V (NICPP- V)**

NBP Islamic Capital Preservation Plan - V Managed by NBP Fund Management Limited, a public limited company incorporated under Companies Act 2017 and licensed under Non Banking Finance Companies (Establishment and Regulation) Rules 2003.

SECP has approved this Supplementary Offering Document vide its letter No. **SCD/AMCW/NAFA/120/2018** dated **October 03, 2018** 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

Under NAFA Islamic Active Allocation Fund- III, NBP Fund Management Limited shall provide a new allocation plan, namely **NBP Islamic Capital Preservation Plan - V (NICPP- V)**

This new allocation plan shall provide investors an opportunity to earn attractive return from an actively managed portfolio of Shari'ah Compliant Dedicated Equity Fund and Money Market Fund.

**1. Capital Preservation**

- 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 3 and not through an undertaking by the Management Company or Trustee.
- b) "Capital Preservation", "Principal 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 and beyond. The Management Company envisages the provision of Capital Preservation through the use of the Constant Proportion Portfolio Insurance (CPPI) Methodology.
- c) "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 Principal Preservation Segment till the remaining Life of the Plan. From thereon, there shall be no further exposure in the Investment Segment of the Plan
- d) Capital Preservation shall not be valid if Units of the Plan are redeemed before the completion of twenty four months and a Contingent Load may be charged on certain classes of units, as per details in Clause 4.2 (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 may be charged a Contingent Load and the Capital Preservation does not apply if such redemption is made before completion of twenty four months
- f) 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 the 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, of the Offering Document.
- h) The Plan shall be closed for new subscriptions after the close of the Initial Offering Period subject to clause 6 of this Supplemental Offering Document.

- i) The Plan may be re-opened from time to time as and when determined by the Management Company with prior approval of the Commission, Shari'ah Advisor and SSB under intimation to Trustee and after providing notice to the investors in order to protect the interests of the Unit Holders of the Plan.
- j) Investments of the proceeds from subsequent investments will be treated in the same manner as specified in Clause 1 (a) above will be eligible for Capital Preservation.

## 2. Investment Objective of - NBP Islamic Capital Preservation Plan - V (NICPP- V)

The “NBP Islamic Capital Preservation Plan-V” is a Capital Preservation Plan under “NAFA Islamic Active Allocation Fund- III with an objective to earn a potentially high return through dynamic asset allocation between Shariah Compliant Dedicated Equity and Money Market based Collective Investment Schemes and / or Shariah Compliant savings accounts / term deposits, while providing Capital Preservation of the Initial Investment Value including sales load at completion of twenty four months and beyond.

### Benchmark:

The Benchmark of NBP Islamic Capital Preservation Plan - V shall be Daily Weighted Return of KMI-30 Index and 3-months average deposit rate of three AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP, on the basis of actual investment by the Plan in Shariah Compliant equity and money market schemes and Shariah Compliant saving accounts / term deposits.

## SHARIAH INVESTMENT GUIDELINES

The Fund must at all times and all stages of its operation comply with Shariah principles.

The Fund must be raised, operated, and finally redeemed by the investor on the basis of the contracts which are acceptable in Shariah. The banking facilities and short-term money market instruments used for the Fund has to be those which comply with Shariah principles.

## 3. Investment Policy

The plan will be dynamically allocated between the Shariah Compliant Dedicated equity component and Shariah Compliant money market component, subject to clause 1 at pre-defined intervals by using the Constant Proportion Portfolio Insurance (CPPI) methodology.

| Categories of Collective Investment Schemes |  |
|---|--|
| Shariah Compliant <b>Money Market</b>       | Shariah Compliant Dedicated <b>Equity</b>  |
| NAFA Islamic Money Market Fund              | NAFA Islamic Active Allocation Equity Fund |

The plan may place cash in Shariah Compliant bank deposits and invest in TDR(s) in Islamic banks / Islamic windows of banks where bank rating is AA- or above as approved by the Shari'ah Advisor and SSB.

| <u>Investment Segment of Plan*</u>               | Maximum% allocation invested in each CIS Category     |   |   |
|--|---|---|---|
|  | Shariah Compliant Dedicated Equity Scheme(s) Category | Shariah Compliant Money Market Scheme(s) Category | Shariah Compliant bank deposits/term deposits (Rated AA- & above) |
| <b>NBP Islamic Capital Preservation Plan - V</b> | 50%   | 100%  | 100%  |

| <u>Capital Preservation Segment of Plan**</u>    | Maximum % allocation invested in each CIS Category    |   |   |
|--|---|---|---|
|  | Shariah Compliant Dedicated Equity Scheme(s) Category | Shariah Compliant Money Market Scheme(s) Category | Shariah Compliant bank deposits/term deposits (Rated AA- & above) |
| <b>NBP Islamic Capital Preservation Plan - V</b> | 0%  | 100%  | 100%  |

**Note:**

- 1.\*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                  |

- 2.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 Shariah Compliant money market CIS to compute the Bond Floor daily on the following basis:
  - a)for investment through money market 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 Capital Preservation Segment will only be triggered upon occurrence of the event(s) specified in Clause 1 (c)

- 3.1 The Plan may also invest in other Shariah Compliant Dedicated Equity and Money Market Funds offered by the Management Company and/or other AMCs subject to prior approval of Shari'ah Advisor and SSB, based on the criteria specified in Clause 3.
- 3.2 The dynamic asset allocation is aimed at providing higher returns through participation in Shariah Compliant Dedicated Equity CIS while aiming to preserve *downside risk of principal* erosion through participation in Shariah Compliant Money Market CIS
- 3.3 Allocation between the Shariah Compliant Equity Component and the Shariah Compliant Money Market Component will vary depending upon changes in the Plan Value.
- 3.4 Allocation to Shariah Compliant Equity Component will generally increase in the case where equity markets are rising, while allocation to the Shariah Compliant Money Market Component will generally increase if the equity markets decline.
- 3.5 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 Equity allocation of the Plan is X% (ranging between 0% to 50%) then the Proportion of Money Market allocation will be 100%-X%.
- 3.6 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 Shariah Compliant Money Market Fund in order to meet the Plan Expenses.

**3.7** The Management Company, from time to time at its discretion may lock-in certain percentage of the profits (if any) from the Shariah Compliant Equity Component by realizing profits. The profits realized in this manner, shall be used by increasing the allocation to the Shariah Compliant Money Market Component.

**3.8** 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 and beyond.

**3.9** The Capital Preservation Segment will be invested in Shariah Compliant Money Market based CIS, 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 the duration of Plan.

**3.10** Subsequent to occurrence of the event(s) specified in Clause 3.8, there shall be no further allocation to the Investment Segment of the Plan (i.e. Equity) till the remaining Life of the Plan

#### **4. Basic Features of NICPP-V**

a) The Term/ Duration of the plan is Perpetual. However, the Initial Maturity of NICPP-V shall be two (2) years from the close of the subscription period. Management Company may open the subscription of units after initial maturity with the prior approval of the Commission, Shari'ah Advisor and SSB.

b) **Subscription Period: NICPP – V** will be open for subscription from **October 22, 2018 to December 17, 2018** both days inclusive. Subscription for the plan is for limited time period only. Units shall be issued to investors at the Initial Price, during subscription period. The units shall be subject to Front-end and a Contingent Load, except Bonus Units and units issued against Re-investment of cash Dividend, where no load will be charged.

c) **Front-end load:**

The Front end load is maximum upto 3% of the NAV per Unit, however if the transactions are done online or through website of the AMC, the load will be maximum upto 1.5% of the NAV per unit.

The Management Company has discretion to charge different level of load to different classes of investors.

d) **Management Fee:**

1. Where underlying investment is a Collective Investment Scheme managed by the Management Company (NBP Funds), no additional management fee will be charged.
2. Where cash in Shariah Compliant bank accounts/term deposits is maintained, the management fee of 1.0% will be charged on average annual net assets that have been placed in cash and Shariah Compliant bank accounts/term deposits will be charged on the daily basis.

**Back-End Load: Nil**

**Contingent Load: Nil**

#### **5. Risk Control in the Investment Process**

a) In line with the Investment Objective of NICPP-V, 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 and inclusive of any Front-end Load) through careful assessment of prevailing market risk (s), credit risk, and macro-economic risk.

b) Furthermore the exposure to the Shariah Compliant Equity Component 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.

d) Furthermore any placement in CIS (s) managed by other Asset Management Companies, the Management Company shall conduct a thorough due diligence which shall include but not be limited to:

- I. In depth analysis of the portfolio of each CIS, the upside potential & the mix of securities offer

## II. The cost basis for each CIS

### 6. Transaction in Units after Initial Offering Period

Subsequent to the Initial Period, the subscription of Units of (NICPP - V) shall discontinue however Management Company with the approval of the Commission may issue fresh units of the Allocation Plan at the Offer price, which shall be calculated on the basis of Net Asset Value (NAV) of the Allocation Plan.

Subsequent to the Initial Period, the Subscription of Units of NICPP-V may remain open for fifteen days from the date of closure of Initial Period with prior intimation of Trustee and SECP.

#### **BUSINESS HOURS AND CURRENT CUT OFF TIME**

| <b>Business Hours</b>             | <b>Cut off Time</b>  |
|-----------------------------------|--|
| Monday to Friday 9:00am to 6:00pm | Monday to Thursday 9:00am to 4:30pm<br>Friday 9:00am to 5:00pm |

The Cut-Off Time may vary from time to time as may be determined by the Management Company, under intimation to the trustee and SECP and the same shall be communicated to the Unit Holders before such unit transactions shall be effectuated.

### 7. Bank Accounts

- (a) The Trustee, at the request of the Management Company, shall open Bank Account(s) in Islamic banking institutions/branches approved by Shari'ah Advisor and SSB titled **CDC Trustee NBP Islamic Capital Preservation Plan - V** 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.
- (b) The Management Company may also require the Trustee to open Bank Account(s) in Islamic banking institutions/branches approved by Shari'ah Advisor and SSB as Distribution Account(s) for dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the accounts shall vest in the Unit Holders.
- (c) All bank charges for opening and maintaining Bank Accounts in Islamic banking institutions/branches approved by Shari'ah Advisor and SSB for the Trust shall be charged to the Fund.
- (d) All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Trust Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Shariah compliant Bank Account of the Trust.
- (e) The amounts received from the Investors before the Initial Period shall be deposited in a Bank Account in Islamic banking institutions/branches approved by Shari'ah Advisor and SSB of the Fund and any income, profit etc earned and/or accrued on the investments of that amount up to and including the day before the opening of Initial Period shall not form part of the Trust Property and shall be paid by the Management Company or the Trustee to those Investors participated before the Offering Period, either in cash or in additional Units as selected by those Investors, in proportion of their investments.
- (f) The Trustee shall, if requested by the Management Company at its discretion also open a separate Current Account / Shariah complaint saving account in Islamic banking institutions/branches approved by Shari'ah Advisor and SSB designated by the Management Company. 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 Shari'ah compliant unit trusts and the Shari'ah compliant 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 accounts shall be in the title of **CDC Trustee NBP Funds**.

## 8. Purchase of Units

- (a) After opening an account an account holder may purchase Units of the Fund using the Investment Application Form attached to this Offering Document. Payment for the Units must accompany the form.
- (b) 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;
  - Demand draft or Pay order in favor of **CDC Trustee – NBP Islamic Capital Preservation Plan - V**
  - Online transfer to Bank Account(s) of **CDC Trustee – NBP Islamic Capital Preservation Plan - V**
  - Cheque account payee only marked in favor of **CDC Trustee – NBP Islamic Capital Preservation Plan - V**

## 9. TAXATION AND ZAKAT FOR UNIT HOLDER:

In order to understand the taxation policy and Zakat, the unit holder should refer to clause 7 of the Offering Document of NAFA Islamic Active Allocation Fund -III.

## 10. 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 Fund is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that include, but are not limited to:

- (1) **Equity Risk** - Companies issue equities, or stocks, to help finance their operations and future growth. The Company’s performance outlook, market activity and the larger economic picture influence the price of a stock. Usually when the economy is expanding, the outlook for many companies is good and the stock prices may rise and vice versa.
- (2) **Government Regulation Risk** - Government policies or regulations are more prevalent in some securities and financial instruments than in others. Funds that invest in such securities may be affected due to change in these regulations or policies, which directly or indirectly affect the structure of the security and/or in extreme cases a governmental or court order could restrain payment of capital, principal or income.
- (3) **Credit Risk** - Credit Risk comprises Default Risk and Credit Downgrade Risk. Each can have negative impact on the value of securities:
  - **Default Risk** - The risk that the issuer of the security will not be able to pay the obligation, either on time or at all;
  - **Credit Downgrade Risk** – *The risk that credit rating of a security may be downgraded.*
- (4) **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in securities rises and falls as a result of change in market prices of those securities.
- (5) **Liquidity Risk** – Liquidity risk is the possibility of deterioration in the price of a security in the Fund when it is offered for sale in the secondary market.
- (6) **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.

**(7) 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.

**(8) Events Risk** - There may be adjustments to the performance of the Fund due to events including but not limited to, natural calamities, market disruptions, mergers, nationalization, insolvency and changes in tax law.

**(9) 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.

**(10) Shari'ah non-compliance Risk** - The risk associated with non-adherence of Shari'ah guidelines and directives as advised by Shariah Advisor, SSB and SECP Shariah Board etc.

**(11) Sovereign Risk** - There may be special circumstances where there is a probability that a country may not pay its financial obligations on time.

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

**(12) CPPI Plan Specific Risks**

I. **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.

II. **Gap Risk** – 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

III. Performance of the Plan may be affected by changes in risk associated with trading volumes, liquidity and settlement systems in equity and debt/money markets.

IV. Unit-holders are not being offered any guaranteed returns

V. The CPPI Methodology shall be used for Preservation of the principal. 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 Plan to provide Capital Preservation on the Maturity Date.

VI. The Plan, in its endeavor to seek Capital Preservation, may allocate the entire portfolio to underlying investments in the Capital Preservation Segment under the Authorized investments in clause 3 and Units of the Plan may remain invested in such underlying investments for the entire tenure of the Plan without any participation in the equity component of the Investment Segment.

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 Plan's ability to seek Capital Preservation.

VIII. As the allocation of portfolio changes from Shariah Compliant equity to full Shariah Compliant money market component consequent to steep fall in equity markets, there may be no participation in subsequent upward movement in the Shariah Compliant equity component while the Plan remains invested entirely in the Shariah Compliant money market component

IX. **Early termination risk** - If the Plan for any reasons as determined by the Management Company, is terminated, the NAV of the Plan will be subject to fluctuations in the value of the Plan's assets. 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 Plan based on the NAV per unit without any redemption fee but less bank and administrative charges (if any)

## **11. WARNING AND DISCLAIMER**

**a. Warning**

1. If you have any doubt or apprehension about the contents of this Offering Document, you should consult your bank manager, Legal advisor, Shariah Advisor or other financial advisor. The price of the Units of

this Plan and the income of this Plan (from which distributions to Unit Holders is made) may increase or decrease.

2. Investment in this 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 Plan, other Funds and Plans managed by the Management Company, the financial markets, or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.

**b. Disclaimer**

1. The Units of (NICPP- V) 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 document and the Trust Deed) or any of the shareholders of the Management Company or any of the Pre-IPO Investors or any other bank or financial institution. The portfolio of (NICPP- V) is subject to market risks and risks inherent in all such investments.

2. Plan's investment / target return/ dividend range cannot be guaranteed. 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.

**12. Definitions**

Following definitions are added

**“Capital Preservation”, “Principal 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 and beyond. The Management Company envisages the provision of Capital Preservation through the use of the Constant Proportion Portfolio Insurance (CPPI) Methodology..

**“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 Principal 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 and inclusive of any Front-end Load). It can be defined as the minimum value the Plan should have on a given day, to be able to provide Principal Preservation of the Initial Investment Value, if investments are held four twenty four months and beyond. The Management Company shall use the actual yield of the fund based on current portfolio to compute the Bond Floor daily.

**“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 Shariah Compliant Equity and Shariah Compliant Debt/Money Market/Sovereign income instruments in a way that the exposure to 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 and beyond.

**“Gap Event”** means an event, whereby, Plan's Net Assets falls below the Bond Floor.

**“Gap Risk”** means the probability of occurrence of a Gap Event. 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 the end of twenty four months and beyond.

**“Force Majeure” definition to be replaced in the Offering Document and read as follows:**



It means any occurrence or circumstance or element which delays or prevents performance of any of the terms and conditions of this Deed or any obligations of the Management Company or the Trustee and shall include but not limited to any circumstance or element that cannot be reasonably controlled, predicted, avoided or overcome by any party hereto and which occurs after the execution of this Deed and makes the performance of the Deed in whole or in part impossible or impracticable or delays the performance, including but not limited to any situation where performance is impossible without unreasonable expenditure. Such circumstances include but are not limited to floods, fires, droughts, typhoons, earthquakes and other acts of God and other unavoidable or unpredictable elements beyond reasonable control, such as war (declared or undeclared), insurrection, civil war, acts of terrorism, accidents, strikes, riots, turmoil, civil commotion, any act or omission of a governmental authority, failure of communication system, hacking of computer system and transmissions by unscrupulous persons, closure of stock exchanges, banks or financial institutions, freezing of economic activities and other macro-economic factors, etc..

**“Initial Investment Value”** means the amount determined by multiplying price per unit paid by the Unit Holder with the number of capital Preservation Units purchased and held by such Unit Holder for twenty four months and beyond..

**“Investment Segment”** means the portion of investment generally made in Authorized Investments as mentioned under Clause 3.2 under ‘Authorized Investments’ with an objective of providing Unit Holders a higher return.

The Investment Segment of the Plan is further divided into:

**I. “Shariah Compliant Money Market Component”**

- a. Shariah Compliant Money Market Scheme(s) offered by the Management Company and other AMCs
- b. Shariah Compliant bank deposits and TDRs (excluding Certificate of Investments, & Certificate of Deposits)

**II. “Shariah Compliant Equity Component”**

- a. Shariah Compliant Equity based schemes offered by the Management Company and other AMCs

**“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 Money Market/Sovereign Income Component. 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 duration of the Plan.

**“Capital Preservation Segment”** means

- a. Shariah Compliant Money Market Scheme(s) offered by the Management Company and other AMCs
- b. Shariah Compliant bank accounts and TDRs (excluding , Certificate of Investments, & Certificate of Deposits)

**“Life of the Plan”** means duration of the Plan. It starts from the day following realization of all investment proceeds raised till the close of the Initial Period. The Life of the Plan shall start no later than seven (7) seven business days from the close of Initial Offering Period.

**“Initial Plan Size”** means the proceeds of Units issued to Class “A” Units till the close of Initial Offering Period