

Risk Disclaimer: All Investments in mutual Fund are subject to market risks. The NAV of Units may go down or up based on the market conditions. The investors are advised in their own interest to carefully read the contents of the Offering Document, in particular the Investment Policies mentioned in clause 2, Risk Factors mentioned in clause 2.4 , Taxation Policies mentioned in Clause 7 and Warnings in Clause 11 before making any investment decision.

**13th SUPPLEMENTAL
OFFERING DOCUMENT OF
NBP BALANCED FUND**

(Formerly: NAFA Multi Asset Fund)

Category of CIS	Risk Profile	Risk of Principal Erosion
Balanced	Medium	Principal at medium risk

(An Open Ended Balanced Scheme)

MANAGED BY

NBP Fund Management Limited

Existing Clause	Revised/New Clause
<p>2.1 Investment Objectives</p> <p>The objective of NBP Balanced Fund (NBF) is to provide investors with a combination of capital growth and income. NBF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, Continuous Funding System (CFS) etc.</p>	<p>2.1 Investment Objectives</p> <p>The objective of NBP Balanced Fund (NBF) is to provide investors with a combination of capital growth and income. NBF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, MTS, commodities etc.</p>
<p>Rationale</p> <p>Changes consistent with the revised Authorized Investments.</p>	
<p>2.1.1 Investment Policy</p> <p>NBP Balanced Fund (NBF) may invest in equity, equity related instruments, bonds, money market instruments, Continuous Funding System, ready future spreads, and any other asset class as allowed by the Trust Deed. Net assets ranging 30% to 70% shall remain invested in listed equity securities at all times. The scheme may sell in the cash-settled futures market against a position held in the underlying security, however, minimum 30% non-hedged exposure in listed equity securities shall be maintained at all times. The remaining net assets shall be invested in the authorized investments as specified in the Offering Document of the scheme. The Fund Manager may shift asset allocation among various asset classes based on his/her analysis and expectations of capital markets. The Fund Manager will overweight those asset classes which he/she expects to outperform other asset classes in a given period. However, in order to achieve diversification benefits, the Fund will not at anytime invest more than 70% of its assets in any of the above asset classes.</p> <p>Allocation among various asset classes will be based on analysis of macro and micro variables such as interest rates, economic growth rates, political climate, corporate earnings, etc. Fundamental and technical models will be employed and qualitative and quantitative analysis will be conducted to decide asset class allocation and to identify undervalued securities.</p> <p>The policy weights of the Fund is 50% fixed income (including CFS + ready futures spread) and 50% equities. The Fund Manager has the flexibility to invest as high as 70% in equities if he/she is bullish on the stock market, and as low as 30% in equities if he/she is bearish on the stock market.</p> <p>The performance benchmark of the Fund for the period of return shall be the '50% KSE-30 Index & 50% 3-month KIBOR' or such other benchmark as determined by the Management Company under prior intimation to the Trustee, SECP and the Unit Holders and disclosed in the Offering Document</p>	<p>2.1.1 Investment Policy</p> <p>NBP Balanced Fund (NBF) may invest in equity, equity related instruments, bonds, money market instruments, Continuous Funding System, ready future spreads, and any other asset class as allowed by the Trust Deed. Net assets ranging 30% to 70% shall remain invested in listed equity securities at all times. The scheme may sell in the cash settled futures market against a position held in the underlying security, however, minimum 30% non hedged exposure in listed equity securities shall be maintained at all times. The remaining net assets shall be invested in the authorized investments as specified in the Offering Document of the scheme. The Fund Manager may shift asset allocation among various asset classes based on his/her analysis and expectations of capital markets. The Fund Manager will overweight those asset classes which he/she expects to outperform other asset classes in a given period. However, in order to achieve diversification benefits, the Fund will not at anytime invest more than 70% of its assets in any of the above asset classes.</p> <p>Allocation among various asset classes will be based on analysis of macro and micro variables such as interest rates, economic growth rates, political climate, corporate earnings, etc. Fundamental and technical models will be employed and qualitative and quantitative analysis will be conducted to decide asset class allocation and to identify undervalued securities.</p> <p>The policy weights of the Fund is 50% fixed income (including CFS + ready futures spread) and 50% equities. The Fund Manager has the flexibility to invest as high as 70% in equities if he/she is bullish on the stock market, and as low as 30% in equities if he/she is bearish on the stock market.</p> <p>The performance benchmark of the Fund for the period of return shall be the '50% KSE-30 Index & 50% 3-month KIBOR' or such other benchmark as determined by the Management Company under prior intimation to the Trustee, SECP and the Unit Holders and disclosed in the Offering Document.</p>

								The Fund, in line with its Investment Objectives, will invest in Authorized Investments:							
Sr. No.	Description	Minimum Entity Rating	Minimum Instrument Rating	Maximum exposure limit	Minimum exposure limit	Maximum Maturity	Maximum Duration	Sr. No.	Description	Minimum Entity/Instrument Rating	(removed)	Maximum exposure limit	Minimum exposure limit	Maximum Maturity	(removed)
1	Listed Equity Securities and Unlisted Equity Securities, only if an application for listing has been accepted by the Stock Exchange	N/A	N/A	30%	70%	N/A	N/A	1	Listed Equity Securities and Unlisted Equity Securities, only if an application for listing has been accepted by the Stock Exchange*	N/A		50%	30%	N/A	
2	Government of Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities	AAA	AAA	70%	0%	5 years	3 years	2	Government/government backed Securities	AAA		60%	0%	10 years	
3	Securities Debentures and Certificates of Musharika (COMs)	AA-	N/A	15%	0%	6 months	6 months	3	Cash and near cash instruments which include cash in bank account (excluding TDRs), government securities not exceeding 90 days maturity	AA-		70%	10%	90 days	
4	Bank Deposits	AA-	N/A	70%	0%	6 months	6 months	4	<ul style="list-style-type: none"> Term Deposits Receipts (with banks) COMs / COIs / LOPs / COIs / & other Money Market Instruments 	AA- for banks/DFIs AA for others		60%	0%	1 Year	
5	Secured and Unsecured, listed or privately placed debt securities issued by local governments, government agencies, statutory bodies, private and or public sector entities and/or financial institutions.	A-	A-	70%	0%	5 years	3 years	5	Secured and Unsecured, listed or privately placed debt securities issued by local governments, government agencies, statutory bodies, private and or public sector entities and/or financial institutions.	A-		60%	0%	10 years	
6	Convertible debt securities issued by corporate / financial institutions.	A-	A-	20%	0%	5 years	3 years	6	Convertible debt securities issued by corporate / financial institutions.	A-		20%	0%	5 years	
7	Convertible and Non-Convertible preferred shares.	AA-	N/A	20%	0%	5 years	6 months	7	Convertible and Non-Convertible preferred shares.	A-		20%	0%	5 years	
8	Certificates of Investment / Deposits, issued by financial institutions.	AA for NBFC and Mudaraba AA- for Bank and DFI	N/A	30%	0%	6 months	6 months	8	Equity securities lending	N/A		10%	0%	6 months	
9	Asset Backed and Mortgage Backed Debt Securities	A-	A-	20%	0%	5 years	3 years	9	Exchange traded commodity future contracts*	N/A		50%	0%	N/A	
10	Reverse REPOs against securities;	AA-	N/A	30%	0%	6 months	6 months	10	Reverse REPOs against securities;	A-		30%	0%	6 months	
11	Commercial Papers and any other money market security that may or may not be listed on the Stock Exchange	AA-	N/A	30%	0%	1 year	1 year	11	Commercial Papers and any other money market security that may or may not be listed on the Stock Exchange	A-		60%	0%	1 year	
12	Continuous Funding System (CFS), Spread Transactions Margin Trading System (MTS) and such similar products.	N/A	N/A	25%	0%	6 months	6 months	12	Continuous Funding System (CFS), Spread Transactions Margin Trading System (MTS) and such similar products.	N/A		25%	0%	6 months	
13	Subject to SECP or other regulatory approvals, the Scheme may in foreign securities issued, listed or otherwise and traded outside Pakistan.	AA- or equivalent Where applicable	AA- or equivalent Where Applicable	30% (subject to a cap of US\$15 million)	0%	5 years	6 months	13	Subject to SECP or other regulatory approvals, the Scheme may in foreign securities issued, listed or otherwise and traded outside Pakistan.	AA- or equivalent Where applicable		30% (subject to a cap of US\$15 million)	0%	5 years	

14	Sell in the Cash-settled Futures market against a position held in the underlying security, however, the minimum 30% non-hedge exposure in equity listed securities shall be maintained at all times.	N/A	N/A	40%	0%	6 months	6 months	14	Sell in the Cash-settled Futures market against a position held in the underlying security, however, the minimum 30% non-hedge exposure in equity listed securities shall be maintained at all times.	N/A		40%	0%	6 months	
15	Any investment, which has been authorized by the commission.	AA Where Applicable	AA Where Applicable	30%	0%	5 years	6 months	15	Any investment, which has been authorized by the commission.	AA Where Applicable		30%	0%	5 years	
16	Weighted Average non-equity portfolio of the Fund			N/A	N/A	2 years	1 year	16	Weighted Average non-equity portfolio of the Fund			N/A	N/A	2 years	

* Maximum combined exposure in listed equity securities and commodity contracts shall not exceed 50%.

Rationale

To conform with the 'Medium risk profile as per Circular 2 of 2020 as below and in line with the Regulations.

CPPI Strategy Based Funds, Income Funds (where investment is made in fixed rate instruments or below A rated banks or corporate sukuks or bonds, spread transactions, Asset Allocation and Balanced Funds (with equity exposure up to 50% mandate).	Medium	Principal at medium risk
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Addition of cash requirement and commodities as per Circular 9 of 2013:

- ii. At least 10% of the net assets of an Asset Allocation Scheme and Balanced Scheme shall be invested at all times in cash and near cash instruments which include cash in bank accounts(excluding TDRs), treasury bills not exceeding 90 days maturity.
- iii. A Balanced Scheme may invest upto 60% of its net assets in exchange traded commodity future contracts.

Addition of securities lending as per Circular 18 of 2019:

- I. An Asset Management Company on behalf of Collective Investment Schemes namely equity, asset allocation, balanced and index schemes may lend equity securities maximum upto 10% of net assets of such Collective Investment Scheme out of its equity portfolio.

FOR CDC APPROVAL AMD SECP INTIMATION AS THIS IS NOT A CHANGE IN FUNDAMENTAL ATTRIBUTE

No Existing Clause

4.6.5 Systematic Conversion

The Management Company may offer Systematic Conversion Plan facility to Unit Holders, wherein, Unit-Holders can opt to convert certain amount from the Fund to any other Fund(s) offered by the Management Company, at predefined intervals (i.e. monthly, quarterly, semiannually, or annually). The conversion amount, frequency of conversion, and the systematic conversion option shall be specified by the Unit Holder in the Application Form for Purchase of Units. The Management Company may offer both or any of the following Systematic conversion options to Unit Holders:

(i) **Fixed Amount Conversion Option:** Under the fixed conversion option, the Unit Holder can opt to convert fixed amount from the Fund into another Fund offered by the Management Company and having same Trustee at predefined intervals (i.e. monthly, quarterly, semi-annually, or annually).

(ii) **Regular Profit Conversion Option:** Under the regular conversion option, the Unit Holder can opt to convert the profit amount of their investment in the Fund to another Fund offered by the Management Company and having same Trustee, at predefined intervals (i.e. monthly, quarterly, semi-annually, or annually).

4.6.6 Any Unit Holder can avail this facility subject to the terms and conditions as specified below:

(a) The minimum conversion amount for systematic conversion plan shall meet minimum investment requirement for another Fund to which Units are being converted.

In case the value of investments of the Unit Holder falls below Rs.100,000 further systematic conversions shall not be allowed.

(b) The Conversion for systematic conversions shall take place at the redemption price calculated on the day of the conversion and such conversion dates are decided by the Unit Holder at the time of registration.

(c) Systematic conversions shall not be allowed on pledge Units, however, if part of the Units of the Unit Holder is pledged, conversions on the remaining unpledged Units shall be allowed.

(d) Conversions shall be subject to Front-end load and Back-end

	<p>Load/charges/fees specified in the respective Offering Document for the Units being converted and the Units of other scheme.</p> <p>(e) Units under systematic conversion option shall not be issued in physical form.</p> <p>(f) Unit Holders can modify their systematic conversion plan by filling out an Standard Instruction Form and submitting the same to the Distribution Company and their requests shall be facilitated accordingly.</p> <p>(g) In the event a Unit Holder decides not to continue with the Systematic Conversion Plan facility, the Unit Holder should inform the Management Company of his intention in writing.</p> <p>The Management Company may introduce changes in systematic conversion plan from time to time, through amendment to this Offering Document, subject to prior approval by the Trustee and the Commission and intimation to the Unit-holders. However, any changes introduced in systematic conversion plan, would not be binding on existing Unit Holders.</p>
<p>Rationale</p> <p>To Align with the latest Standard Offering Document which has been duly approved by CDC and SECP</p>	