

Sixth Supplement Dated June 29, 2022
to the Offering Document of HBL Islamic Stock Fund
(HBL ISF)
Issued on May 02, 2011

Managed by HBL Asset Management Limited, a company incorporated under Companies Ordinance 1984 and licensed under Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.

HBL Islamic Stock Fund (HBL ISF or Fund) was established in Pakistan by a Trust Deed dated November 23, 2010 registered under the Trust Act 1882 between HBL Asset Management Limited as Management Company and Central Depository Company of Pakistan Limited as the Trustee and registered as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Effective from October 11, 2022, following changes have been made the offering document of HBL Islamic Stock Fund which is now amended and read as follows:

1. Existing Clause 3.6 “Investment Restrictions” is amended and now read as follows:

3.6 Investment Restrictions

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly mentioned under the heading “Exceptions to Investment Restriction” in this offering document. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.
- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.
- (c) The Management Company on behalf of the Scheme shall not:
 - i. Make Investments in Non-Shariah Compliant Instruments and against the guidelines of Shariah Advisor of the Fund.
 - ii. Purchase or sell -
 - a. Bearer securities;
 - b. Securities on margin;
 - c. Real estate, commodities or commodity contracts;
 - d. Securities which result in assumption of unlimited liability (actual or contingent);
 - e. Anything other than Authorized Investments as defined herein;
 - iii. Participate in a joint account with others in any transaction;
 - iv. Affect a short sale in a security whether listed or unlisted;

- v. Purchase any security in a forward contract
- vi. Take Exposure in any other Collective Investment Scheme.
- vii. Take exposure to Margin Trading System (MTS)
- viii. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;
- ix. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- x. Invest in securities of the Management Company.
- xi. Issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission
- xii. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission.
- xiii. Sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme.
- xiv. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over.
- xv. Invest the subscription money until the closure of initial offering period.
- xvi. Enter on behalf of the Scheme, into underwriting or sub-underwriting contracts.
- xvii. Subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company.
- xviii. Pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations.
- xix. Accept deposits.
- xx. Make a loan or advance money to any person from the assets of the Scheme.
- xxii. Make any fresh investment or rollover of any investment in case of redemptions requests are pending due to constraint of liquidity in the Fund for more than the period as stipulated in the Regulations.
- xxiii. Take exposure of more than Thirty-Five percent (35%) of Net Assets of the scheme in any single group.
- xxiv. Take exposure of more than ten (10%) of Net Asset of scheme in listed group companies of the asset management company and such exposure will only be made through secondary market.
- xxv. Invest more than 35% or index weight whichever is higher, subject to maximum of forty (40%) of its net asset value of the scheme of securities in any one sector as per classification of the stock exchange.
- xxvi. Invest in Shariah Compliant equity securities of a company ~~shall not~~, at any time, which exceeds an amount equal to fifteen per cent (15%) of total Net Assets of the Scheme or fifteen per cent (15%) of the issued capital of that company, whichever is lower.

Fund shall comply with exposure limits elicited in the Regulations and SECP circulars. Where the Exposure of the Scheme exceeds the limits specified in (xxv) or (xxvi) of this Clause because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in net assets due to redemption the excess Exposure shall be regularized within four (4) months of the breach of limits.

At least seventy per cent (70%) of the total Net Assets of the Scheme shall remain invested in Shariah compliant listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining Net Assets shall be invested in cash and/ or near cash instruments which include cash in Shariah Compliant bank accounts / Islamic windows of conventional banks (excluding TDRs) & GOP Ijarah Sukuk not exceeding 90 days maturity.

Rating of any Shariah Compliant bank / Islamic window of conventional bank with which Funds are placed shall not be lower than A- (A minus).

In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.

Further, where redemption requests exceed 10% of total number of units in issue of fund on any one dealing day, the redemption request of AMCs and its sponsors, if any shall have least priority for redemption on that day.

3.6.1 Exceptions to Investment Restrictions:

In order to protect the right of the Unit Holders, the Management Company may take an Exposure in any unauthorized investment due to recovery of any default proceeding of any counter party of any Authorized Investment with the approval of the Commission.