

9th Supplement to the
Offering Document of
HBL Islamic Asset Allocation
Fund (HBL IAAF)
Wakalatul Istithmar Based Fund
(Shariah Compliant Asset Allocation Scheme)

Category of CIS/Plans	Risk Profile	Risk of Principal Erosion
HBL Islamic Asset Allocation Fund	Medium	Medium
HBL Islamic Asset Allocation Fund Plan-I	High	High

Effective Date: 22.06.2020

MANAGED BY

HBL ASSET MANAGEMENT LIMITED

HBL ISLAMIC ASSET ALLOCATION FUND – NINTH SUPPLEMENTAL OFFERING DOCUMENT

Ninth Supplement Dated May 21, 2020 to the Offering Document of HBL Islamic Asset Allocation Fund (HBL IAAF) Issued on December 31, 2015

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.

The HBL Islamic Asset Allocation Fund (the Fund/the Scheme/the Trust/the Unit Trust/HBL IAAF) has been established through a Trust Deed (the Deed) dated September 07, 2015 under the Trust Act, 1882 entered into and between HBL Asset Management Limited, the Management Company, and Central Depository Company of Pakistan Limited, the Trustee.

Effective from June 22nd, 2020 – following changes have been made the offering document of HBL Islamic Asset Allocation Fund which is now amended and read as follows:

- 1. Risk Profile and Risk of Principal Erosion of HBL Islamic Asset Allocation Fund Plan I (HBL IAAF - Plan I) has been added on the first page of the offering document**

Category of CIS/Plans	Risk Profile	Risk of Principal Erosion
HBL Islamic Asset Allocation Fund	Medium	Medium
HBL Islamic Asset Allocation Fund Plan-I	High	High

- 2. Existing Clause 1.5 “Trust Property” is amended and now read as follows:**

- 1.5 For HBL Islamic Asset Allocation Fund (HBL IAAF) and HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I)**

The aggregate proceeds of all Units issued from time to time by each of the Allocation Plans after deducting Duties and Charges, Transactions Costs and any applicable Sales Load, shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to the Deed but does not include any amount payable to the Unit Holders as distribution. However any profit earned on the amount payable to the Unit Holders as distribution shall become part of the Trust Property of the pertinent Allocation Plan. For the avoidance of any doubt the trust property comprises of assets of HBL Islamic Asset Allocation Fund (HBL IAAF) and HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I) and any other plans launched from time to time through supplemental Offering document.

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3. The following sub-clause has been added/amended under clause 1.6 “Initial Offer and Initial Period” of the Offering Document and read as follows:

1.6.1 HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I)

The plan will be perpetual. Initial Offer is made during the Initial Period which will be of **1 Business Day** and begins at the start of the banking hours on **13th July, 2020** and shall end at the close of the banking hours on **13th July, 2020**. On the first day, the Units shall be issued at the Initial Price of **Rs.100** per Unit and subsequently at the price calculated and announced by the Management Company for every Dealing Day. The Units shall be offered at Prevailing NAV of the respective allocation Plan and redemption will be allowed without any charge of Back-end and Contingent load.

4. The following sub-clause has been added under 1.7 - “Transaction in Units after Initial Offering Period” and reads as follows:

1.7.1 HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I)

- a) Since, the plan is Perpetual, the offer of Units of the Allocation Plan(s) at the prevailing NAV shall continue. The Units of the Allocation Plan(s) can then be redeemed at the Redemption Price, which shall be calculated on the basis of Net Asset Value (NAV) of each Allocation Plan. The Units will be available for redemption on each Dealing Day. NAV will be published on the Management Company’s and MUFAP’s website.
- b) The Management Company may at some future time register the Units of Allocation Plans with a Depository organization, such as the Central Depository Company of Pakistan Limited. Any transactions for de-materialized Units registered with Depository will take place according to the rules and regulations of the depository organization and the constitutive documents of the Fund.
- c) The Issue and Redemption of Units of one or more than one Allocation Plans may be suspended or deferred by the Management Company under certain circumstances as detailed in Clause 4.11 of the main OD of the Fund.

5. The following Clause 1.11 – “Allocation Plan” has been added in the of the Offering Document and read as follows:

1.11 Allocation Plan

- a) “HBL Islamic Asset Allocation Fund” has been constituted in the form of a Trust Scheme that shall invest in Shariah compliant authorized investable avenues as specified in the Investment Policy contained herein and SECP Circular 7 of 2009, as may be amended or substituted from time to time.

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- b) The Fund shall also offer multiple Allocation Plans, hereafter, investing in authorized investable avenues. However, HBL Islamic Asset Allocation Plan-I (HBL IAAF-I) shall be offered through this Supplemental Offering Document. Subsequently additional Allocation plans may be launched via Supplemental to this Offering Document with the consent of the Trustee and approval of the SECP.
- c) Each Allocation Plan will announce separate NAVs which will rank pari-passu inter se according to the number of Units of the respective Allocation Plans. For the purpose of clarity since HBL Islamic Asset Allocation Fund is also a separate plan, The Trust Property of HBL Islamic Asset Allocation Fund shall also be kept as a separate property
- d) Investors of the Fund may hold different types of Allocation Plans and may invest in any one or more of the available Allocation Plans.
- e) Each Investor shall only be liable to pay the Offer Price of the Unit under the Allocation Plan(s) subscribed by him and no further liability shall be imposed on him in respect of Unit(s) held by him except a Contingent Load or Back End Load (Deferred Sales Load) which may be applicable on redemption on certain classes of Units of respective Allocation Plan(s) as described in “Annexure A” of the Offering Document.
- f) The minimum size of the Scheme shall be of such amount as specified in the Regulations.

6. Existing Clause 2.1 – “Investment Objective” has been replaced with the following clause in the Offering Document which now read as follows:

2.1 Allocation Plans

The following Allocation Plans are being offered under this Supplemental Offering Document:

1. HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF Plan I)

The Management Company may provide additional and/or amend existing Allocation Plan(s) with the prior approval of the Commission and may announce the same by Supplementary Offering Documents as covered in clause 1.11.

2.1.1 Investment Objective of Allocation Plans

HBL Islamic Asset Allocation Fund’s aims to provide competitive returns through investments in Shariah Complaint Equity Securities and Shariah Compliant Income / Money Market Instruments.

HBL Islamic Asset Allocation Fund – Plan 1 is to provide competitive returns through investments in Shariah Complaint Equity Securities and Shariah Compliant Income / Money Market Instruments.

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2.1.2 Addition, Removal or Change to existing Allocation Plan(s)

The Management Company may remove or amend Allocation Plans with prior consent of the Trustee and approval of the Commission, and may announce the same by a Supplementary Offering Document(s), giving 30 days prior notice or any such notice period to the Unit Holders as specified in the regulation. Management Company may add new plans with prior consent of the Trustee and the commission

2.1.3 Asset Allocation in Allocation Plans

For HBL Islamic Asset Allocation Fund, the management company shall actively manage the allocations, from time to time, subject to the specified limits as per clause 2.1.8.

For HBL Islamic Asset Allocation Fund – Plan I, the Management Company shall actively manage the allocations, from time to time, subject to the specified limits as per Clause 2.1.9.

2.1.4 Accounts for “Trust Property of the Scheme” and “Trust Property under Allocation Plan(s)”

The Trustee shall hold the Trust Property under each Allocation Plan, as well as Trust Property of the Scheme on deposit in a separate account with an Islamic bank or Islamic banking windows of scheduled bank, All Trust Property, except in so far as such cash may, in the opinion of the Management Company, be required for transfer to the Distribution Account or to be kept for meeting the redemption requirements etc., shall be applied by the Trustee from time to time in such Authorized Investments as may be directed by the Management Company, subject to the provisions of the Deed, the Offering Document and the Regulations. Management Company may also open collection accounts or accounts in the name of the Fund to be used for various plans

2.1.5 Disinvestments of Investments

Any Investment may at any time be divested at the discretion of the Management Company either in order to invest the proceeds of the sale in other authorized investments or to provide funds required for the purpose of any provision of the Deed or in order to retain the proceeds of sale in cash deposit as aforesaid or any combination of the aforesaid. Any Investment, which ceases to be an Authorized Investment, would be divested within such period as the Management Company determine to be in the best interest of the Unit Holders after acquiring approval of the Commission under intimation to the Trustee.

2.1.6 Exposure limits for “Trust Property of Scheme” and “Trust Property under Allocation Plan(s)”

The Trust Property of the Scheme and the Trust Property under Allocation Plans shall be subject to such exposure limits as are provided in the Regulations or the Commission’s relevant

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circulars, directives and notifications, and in the event of breach should be regularized accordingly.

2.1.7 Fund category and applicable exposure limits

The Fund is categorized as a Shariah Compliant Asset Allocation Scheme and would be subject to the relevant exposure limits as specified in the Commission Circular No. 7 of 2009 (as amended or substituted from time to time) dated March 6, 2009, the Rules, the Regulations or any such direction or circular issued by the Commission from time to time.

7. **The existing clause 2.1.1 “Investment Policy” would be renumbered as clause 2.1.8 and amendment has been made in the Authorized Investment Table of Clause 2.1.8 – “Investment Policy of HBL Islamic Asset Allocation Fund (HBLIAAF)” which now reads as follows:**

2.1.8 Investment Policy of HBL Islamic Asset Allocation Fund (HBLIAAF)

Benchmark

The benchmark of HBL-IAAF is based on Weighted average daily return of KMI 30 Index and 6 month deposit rate of three(3) A rated (and above) Islamic Banks or Islamic Banking windows of scheduled commercial banks as selected by MUFAP, based on the actual proportion held by the scheme.

Authorized Investments

S. No.	Asset Class	Min Entity Rating	Min Instrument Rating*	Exposure Limit (% of Net Asset Value)
1	Shariah Compliant Listed Equity Securities	N/A	N/A	0% to 30%
2	Cash and near Cash instruments including, Cash in Bank Accounts (excluding term deposits) with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks	A(-)	N/A	10% - 100%
3	Shariah Compliant Government Securities	N/A	N/A	0% - 90%
4	Shariah Compliant profit bearing accounts including TDR	A(-)	N/A	0% - 100%
5	Secured and Unsecured (listed and/or privately placed) Sukuk	A	A	0% - 70%
6	Placement of funds under various arrangements including but not limited to TDR, PLS Saving Account, COD, COM, COI, Money Market Placements, and other clean placements with Commercial Banks & DFIs.	A (-)	A (-)	0% - 50%

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7	Authorized Shariah Compliant Money market investment in overseas markets subject to the prior approvals, Guidelines of the Commission and the state Bank of Pakistan	-	-	0% - 30% subject to cap of US \$ 15 Million
8	Spread Transactions approved by Shariah advisor in eligible securities declared by stock Exchanges and the SECP.	-	-	0% - 40%
9	Any other Shariah Compliant instrument / securities that maybe allowed by the SECP from time to time and is in accordance with the guidelines of Shariah Advisor of the Scheme.	A+	A+	As maybe allowed By the Commission
10	Placement of Funds including but not limited to TDR, PLS Saving Account, COD, COM, COI, Money Market Placements, and other clean placements with Islamic Micro Finance Banks, Islamic NBFCs and Modarbas	A-	N/A	0% - 25%
11	Commercial Paper	A(-)	A(-)	0% - 30%

*In case of unavailability of Instrument rating, Entity rating will be applicable.

8. **The following sub clause 2.1.9 “Investment Policy – HBL Islamic Asset Allocation Fund Plan I” has been added under clause 2.1 “Allocation Plans” in the Offering Document and read as follows:**

2.1.9 Investment Policy – HBL Islamic Asset Allocation Fund Plan I:

HBL Islamic Asset Allocation Fund Plan I’s Authorized Investments would comprise of diversified Portfolio of Shariah-Compliant investments including Shariah compliant equity securities and Shariah compliant income / money market securities. Details of Authorized Investments are given in the table of Authorized Investments.

Benchmark

The benchmark of HBL-IAAF-Plan I is based on Weighted average daily return of KMI 30 Index and 6 month deposit rate of three(3)A rated (and above) Islamic Banks or Islamic Banking windows of scheduled commercial banks as selected by MUFAP, based on the actual proportion held by the plan.

Authorized Investments

S. No.	Asset Class	Min Entity Rating	Min Instrument Rating*	Exposure Limit (% of Net Asset Value)
1	Shariah Compliant Listed Equity Securities	N/A	N/A	0% to 90%

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2	Cash and near Cash instruments including, Cash in Bank Accounts (excluding term deposits) with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks	A(-)	N/A	10% - 100%
3	Shariah Compliant Government Securities	N/A	N/A	0% - 90%
4	Shariah Compliant profit bearing accounts including TDR	A(-)	N/A	0% - 100%
5	Secured and Unsecured (listed and/or privately placed) Sukuk, including but not limited to Tier 1 Sukuks.	A	A	0% - 90%
6	Placement of funds under various arrangements including but not limited to TDR, PLS Saving Account, COD, COM, COI, Money Market Placements, and other clean placements with Commercial Banks & DFIs.	A (-)	A (-)	0% - 50%
7	Authorized Shariah Compliant Money market investment in overseas markets subject to the prior approvals, Guidelines of the Commission and the state Bank of Pakistan	-	-	0% - 30% subject to cap of US \$ 15 Million
8	Spread Transactions approved by Shariah advisor in eligible securities declared by stock Exchanges and the SECP.	-	-	0% - 40%
9	Any other Shariah Compliant instrument / securities that maybe allowed by the SECP from time to time and is in accordance with the guidelines of Shariah Advisor of the Scheme.	A+	A+	As maybe allowed By the Commission
10	Placement of Funds including but not limited to TDR, PLS Saving Account, COD, COM, COI, Money Market Placements, and other clean placements with Islamic Micro Finance Banks, Islamic NBFCs and Modarbas.	A-	N/A	0% - 25%
11	Commercial Paper	A(-)	A(-)	0% - 30%

*In case of unavailability of Instrument rating, Entity rating will be applicable.

Basic Features

- a) **Term/ Duration of the allocation plan:** The duration of HBL IAAF Plan I will be perpetual.

The Units of the Allocation Plan can be purchased at the prevailing NAV and redeemed at the Redemption Price, which shall be calculated on the basis of Net Asset Value (NAV) of said Allocation Plan.

- b) **Front-end Load:** Up to 2.00%
Back-end and Contingent Load (Deferred Sales Load) on withdrawal: NIL

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9. **Insertion of Sub-Clause 3.13.1(b) under “Bank Accounts” which reads as follows:**
- (b) The Trustee, at the request of the Management Company, shall open Bank Account(s) titled “CDC Trustee HBL Islamic Asset Allocation Fund – Plan I” and “ CDC-Trustee HBL Funds” for the Unit Trust at designated Shariah compliant 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.

10. **The following sub-clause has been added/amended under clause 4.2 “Classes of Units” of the Offering Document and read as follows:**

4.2.1 For HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I)

- (a) Class “A” Units issued to the Investors participated before the Initial Period with no Front-end Load.
- (b) Public Offering will be made with Class “B” Units, which shall be offered and issued during and after the Initial Period, with Front-end Load at the discretion of the Management Company.

Irrespective of the different classes of Units as set out above, all Units of respective Plan issued from time to time shall rank pari-passu inter se and shall have such rights as are set out in the Trust Deed and this Offering Document unless stated otherwise.

11. **The following clause have been added/amended under clause 4.5.5 “Minimum Amount of Investment” of the Offering Document and read as follows:**

4.5.5.1 For HBL Islamic Asset Allocation Fund- Plan-I (HBL IAAF-I)

Initially Units shall be issued at Par Value of **Rs 100/-** with a minimum investment size of **Rs. 1,000/-** (Rupees One Thousand only) and thereafter the minimum amount for investment would be of **Rs. 1,000/-** (Rupees One Thousand only) per transaction, at applicable NAV or purchase price, other than reinvestment of Dividend and Bonus Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove after giving thirty days prior notice to the Unit Holders. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

12. **The following clause have been added/amended under clause 4.5.6 “Determination of Purchase (Public Offer) Price” of the Offering Document and read as follows:**

4.5.6.1 For HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I)

- a) The Purchase (Offer) Price for the Unit offered through Public Offering, shall be determined from time to time pursuant to the Sub clause (b) hereafter and shall be announced by the Fund/plan for Dealing Days during the period when the Fund/plan is open for subscription.
- b) The Purchase (Offer) Price shall be equal to the sum of:

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- i. the Net Asset Value of the allocation plan as of the close of the Business Day.
- ii. Any Front-end Load applicable to the plan as disclosed in this Offering Document.
- iii. Such amount as the Management Company may consider an appropriate provision for Taxes, Duties and Charges; and
- iv. Such amount as the Management Company may consider an appropriate provision for Transaction Costs.
- v. Such sum shall be adjusted upward to the nearest paisa.

If such price exceed or falls short of the current value of the underlying assets by more than five percent based on information available, the assets Management Company shall defer dealing and calculate a new price and this new price would be applicable for dealing of units.

- c) The Purchase (Offer) Price so determined shall apply to purchase requests, received by the Distributor or the Management Company during the Business Hours on the Dealing Day on which the completely and correctly filled purchase of Units application form is received along with realized proceeds in the bank account
- d) The Purchase (Offer) Price of the allocation plan determined by the Management Company shall be made available to the public at the office and branches of the Distributors and will also be published daily on the Management Company's and MUFAP's website on all subscription days.

13. Existing Clause 4.5.7 - "Allocation/ Issue of Units" is amended and now reads as follows:

4.5.7.1 For HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I)

- a) The Purchase Price of the allocation plan determined shall apply to all Investment Request Forms, complete in all respects, received by the Management Company at its registered address or by the Distributor at its Authorized Branch(s) during Business Hours on that Dealing Day, subject to realization of investment proceeds. Any Investment Request Forms received after cut off will be transferred to the next Dealing Day.
- b) The Transfer Agent shall send an account statement or report to the Unit Holder each time there is an activity in the account. Such statements or report shall be sent by electronic means or ordinary mail to the Unit Holder's address recorded in the Register of Unit Holders.
- c) In case the Management Company announces a suspension of further issue of Units of Plan, it may allow existing Unit Holder to continue acquiring Units out of any dividend declared on the Units held.

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14. The following sub-clause have been added under clause 4.8 “Determination of Redemption (Repurchase) Price” of the Offering Document and read as follows:

4.8.4 For HBL Islamic Asset Allocation Fund – Plan I (HBL IAAF-I)

The Redemption (Repurchase) Price shall be equal to the Net Asset Value of the plan as of the close of Business Day less:

- a) Any Back-end Load applicable to the plan as per the details in this Offering Document; and
- b) Such amount as the Management Company may consider an appropriate provision for Duties and Charges and other levies etc.; and
- c) Such amount as the Management Company may consider an appropriate provision for Transaction Costs;
- d) Such sum shall be adjusted downward to the nearest paisa.

15. The following table has been added under Annexure ‘A’ of the Offering Document and read as follows:

Current Contingent Load:

Allocation Plan	% of applicable NAV
HBL Islamic Asset Allocation Fund	Nil
HBL Islamic Asset Allocation Fund – Plan I	Nil

Management Fee*

Allocation Plan	% per annum
HBL Islamic Asset Allocation Fund	The maximum limit of management fee is 3.00% per annum of Average Annual Net Assets. The current level of management fee shall be disclosed in monthly Fund Manager Report (FMR)
HBL Islamic Asset Allocation Fund – Plan I	The maximum limit of management fee is 3.00% per annum of Average Annual Net Assets. The current level of management fee shall be disclosed in monthly Fund Manager Report (FMR)

**The management fee shall be charged within the TER limit as given in NBFC Regulations, 2008*

Any change in the fee structure, provided it is within the maximum limit, shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, as and how the Commission may direct.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/AMCW/HBLIAAF/312/2020

May 21, 2020

Chief Executive Officer
HBL Asset Management Limited
7th Floor, Emerald Tower
G-19, Block 5, Main Clifton Road
Clifton, Karachi

Subject: Approval of Ninth Supplemental Offering Document of HBL Islamic Asset Allocation Fund

Dear Sir,

Please refer to the email dated May 20, 2020 received from your office and earlier correspondence concerning the subject matter.

In this connection, I am directed to convey approval of the Securities and Exchange Commission of Pakistan to the Ninth Supplemental offering document of HBL Islamic Asset Allocation Fund found enclosed with above referred email in terms of Regulation 44(7)&(8) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008).

Yours truly,

Raja Ateeq Ahmed
Assistant Director

Cc: **Chief Executive officer**
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B", S.M.C.H.S, Main Shahr-e- Faisal,
Karachi— 74400, Pakistan