

Meezan Indus Hospital Support Plan (MIHSP)

Supplementary Offering Document of Meezan Financial Planning Fund of Funds (MFPPF) and Meezan Sovereign Fund (MSF)

Managed by Al Meezan Investment Management Limited, a public limited company incorporated under companies' ordinance 1984 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/ 366/ 2015 dated May 22, 2015, 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.

1. Introduction

Al Meezan has entered into an arrangement with The Indus Hospital (herein called "Indus Hospital" or "hospital") to launch a Co-branded Administrative plan, namely "Meezan Indus Hospital Support Plan" (MIHSP). This plan is structured over Meezan Financial Planning Fund of Funds (MFPPF) and Meezan Sovereign Fund (MSF).

This plan shall provide Indus Hospital a means of mobilizing donations through Al Meezan and fulfilling the hospital's liquidity needs by investing the donation proceeds in the two underlying funds of Al Meezan i.e. MFPPF and MSF. The investments can be channeled into any of the two funds as per the hospital's liquidity needs or as per the preference of the different categories of donors/ investors who shall have the options provided below.

The donations received shall be used by Indus Hospital for their future strategic initiatives or to meet their daily operational expenses.

It should be noted that donations given through this Plan shall qualify for tax treatment prescribed by the competent tax authorities and/or provided in the Income Tax Ordinance 2001 and any directive thereafter given by the relevant tax authorities in cases of donations to charitable institutions.

In order to avail any tax benefit on the donations as per applicable income tax laws, please consult your tax advisor independently. Al Meezan Investment Management Ltd does not take any responsibility in this regard.

2. Investment Objective of Meezan Indus Hospital Support Plan (MIHSP)

The objective of Meezan Indus Hospital Support Plan (MIHSP) is to provide Indus Hospital with a new avenue for mobilization of its donation proceeds and invest the same with the ultimate objective of

meeting its growth and operational needs, as when required. While benefiting the hospital, MIHSP is also offering investors a unique means of donating their funds with various options related to their investment and profits, if any, thereon.

Indus Hospital and the donors can choose to invest in any of below given allocation plans of MFPP or in MSF.

- MFPP- Aggressive (75% MIF: 25% MSF)
- MFPP- Moderate (50% MIF: 50% MSF)
- MFPP-Conservative (25% MIF: 75% MSF)
- Meezan Sovereign Fund - MSF (100% in MSF)

For purposes of a single investment account, a donor can invest in any one of the above given options and shall not seek to invest in a combination of allocation plans for any particular investment account. However, it may be noted that a single donor can hold multiple investment accounts.

3. Types of Investors (donors)

Three different types of donors are defined to give donors varying options for investing and donating as per their respective preferences regarding the principal amount and distribution of their investment returns. As such, the Donor categories have been mentioned below.

(A) Donor A

Donor A shall give irrevocable donation/ investment on account of the Indus Hospital. Al Meezan shall make arrangements to receive such donation proceeds in a collection account maintained with Islamic Banks or Islamic Windows of conventional banks. These funds shall then be invested in the Plan at the desired frequency that is communicated to Al Meezan by The Indus Hospital.

(B) Donor B

Donor B shall make donation/ investment in the Plan, whereby he can redeem his principal plus a certain percentage of profits i.e. investment appreciation, if any, at any time thereafter. At the time of investment, this donor shall pre-define a percentage of his profits, if any that may be donated / invested on his behalf to the Hospital at the end of a pre-specified period selected by the donor. Such Donor may at a later date change the percentage of his profits, if any that may be donated/ invested on his behalf to the Hospital by filling out a written application on the prescribed form, specified by the Management Company. However, if investment value declines during the period below the principal amount, no profit payment will be made.

(C) Donor C

Donor C shall make donation/ investment in the Plan, whereby he can redeem only his principal amount at any time, thereafter. At the time of investment, this donor shall agree to donate the entire profits i.e. investment appreciation, if any, to Indus Hospital at the end of a pre-specified period selected by the donor.. However, if investment value declines during the period below the principal amount, no profit payment will be made.

Note: Investment Appreciation referred to in this SOD, means the increase in investment value during a given period over the principal amount of investments.

Principal amount is the amount of investments as increased / reduced by investments / redemptions net off any Load and taxes thereon (if any). It may further be noted that no payments on account of profits shall be made, which may render the principal amount invested by the donor, to decrease as a result of such payment.

Any Load, including Front End Load, and Management Fee shall be charged as per the Offering Document of the underlying Funds

4. Investment Policy

Donations/ Investments from the type of donors/ investors mentioned in clause 3 above shall be invested in either or both of the underlying Funds under this Plan, i.e MFPP and/or MSF

5. Administrative Arrangement

5.1 Donor A may either approach the Hospital directly, or approach Al Meezan with his investment. For cases where such a donor approaches Al Meezan directly, the procedure set out in clause 3 (A) shall be followed by the Management Company

5.2 Donor B shall at the time of investment, pre-define a certain portion of profits that shall be re-invested in this Plan on behalf of Indus Hospital

5.3 Donor C shall at the time of investment, agree to re-invest all profits in this Plan on behalf of Indus Hospital

5.4. Donors mentioned above may donate to Indus Hospital on account of zakat, sadqa and other donations (including charity), etc. The relevant Income Tax Ordinance, 2001 and Zakat and Ushr Ordinance, 1980 shall apply. Al Meezan shall mark each such account distinctly for the benefit of Indus Hospital and in order to assist the Hospital towards appropriate deployment of donation/ investment receipts as per the relevant account.

5.5. Specific to Donor B and C

5.5.1. Donors shall have the option to switch between allocation plans at any time.

5.5.2. The Regular Interval (i.e. monthly, quarterly, half yearly or annually) for periodic profit payment shall be decided by the Donor. The Management Company shall make profit payments on a monthly basis, if such option is not selected by any Donor. However, in case of change in frequency of profit payment at a later date, prior notice shall be given to Unit Holders through Company website, under intimation to Trustee

- 5.5.3. The Management Company shall ensure that any profit payment (i.e. investment appreciation) at any Regular Interval shall not make any reduction in the principal investment made by the Donor. The periodic profit payment shall be made by redeeming the required number of units, hence the number of units held by the Donor/Investor shall decrease.
- 5.5.4. Profit payment shall not be made in case the profit amount is below Rs. 500, in which case the amount so determined shall remain invested in the plan. The Management Company may alter this amount with the consent of the Trustee and announce on its website giving at least 30 days prior notice before its implementation.
- 5.5.5. The payment shall be processed by the Management Company between the 23th and 25th of each month. Provided that if 23rd to 25th of the last month of a certain regular interval is not a Business Day, the redemption arrangements would be transferred to the next Business Day. Redemption due to periodic payment for administrative arrangement, the maximum interval between date of NAV applied for redemption under administrative arrangement and the issuance of payment instrument to the Unit Holder shall not exceed six (6) Business Days.
- 5.5.6. Donors shall select the mode of profit payment to Indus Hospital i.e. cash or units at the time of investment. In case the Donor does not select the payment form, the same shall be at the discretion of the Management Company.
- 5.5.7. Donor B and Donor C may switch between either donor category, at any time at a later date. Payment of relevant periodic profit shall not be changed retrospectively under any circumstance and donation payment once made shall be deemed to be full and final donation made for the benefit of the Indus Hospital.
- 5.5.8. Either Donor B and/or Donor C may discontinue such standing instruction as is stipulated through their participation in either of the donor category, by providing a written application to the Management Company on the prescribed form specified by the Management Company

6. All Other Matters

Except those matters specified herein, all conditions mentioned in Offering Documents relating to Meezan Financial Planning Fund (MFPF) and Meezan Sovereign Fund (MSF) of which this plan is an administrative arrangement, shall continue to apply.

7. Charitable Institution

- 7.1. The "Indus Hospital" shall be the only Charitable Institution in this Plan, for the purpose of periodic profit payment by Donors.

- 7.2. With respect to the Charitable Institution of this Plan, the KYC/due diligence requirements have been carried out by the Management Company as per pre-defined and approved KYC policy of the Management Company.
- 7.3. In addition to the SECP mandated KYC Policy, Al Meezan has also independently verified the credibility of the management team of Indus Hospital through careful due diligence and on-sight visits
- 7.4. A brief introduction of the Indus Hospital is presented below
 - (A) The Indus Hospital is registered with Securities and Exchange Commission of Pakistan as a not-for-profit company. The management of the Hospital is supervised by a Board of Directors and the financial statements are currently audited by Price Waterhouse Coopers (PWC). An independent Shariah Advisory Board ensures that all Shariah obligations related to financial matters are fulfilled.
 - (B) The humble beginnings of The Indus Hospital can be traced back to the year 2005, when a group of dedicated doctors, philanthropists and businessmen came forward and pledged support for the disadvantaged communities in Karachi by establishing a state-of-the-art, free hospital.
 - (C) The Hospital is currently spread on around over 20 acres of land and located in the densely populated Korangi area of Karachi. The Indus Hospital is a symbol of hope for the most vulnerable members of our society.
 - (D) To date, It is the only initiative of its kind in Pakistan to provide premium health-care in an impressive, state-of-the art health center completely free to everyone.
- 7.5. For purposes of co-branded products, Al Meezan shall comply with the criteria prescribed by the Commission from time to time, for evaluation and selection purposes.

8. Risk Disclosure

8.1 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 allocation plan is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that as mentioned in include, but are not limited to:

- A. **Price Risk** - The price risk is defined as when the value of the Fund, due to its holdings in such securities rises and falls as a result of change in profit rates.
- B. **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.
- C. **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.
- D. **Reinvestment Rate Risk** –In a declining profit 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.

- E. **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.

8.2 The Management Company has no right over the donations/ investment received on behalf of The Indus Hospital through this Plan, and The Indus Hospital maintains the sole right of benefit on such donation proceeds.

9. Warning and Disclaimer Warning

- a. If you are in any doubt about the contents of this Supplementary Offering Document, you should consult your bank manager, legal 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.
- b. 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 managed by the Management Company, the financial markets, or that of any one security or transaction included in the Plan's portfolio will not necessarily indicate future performance.
- c. Al Meezan shall receive donation/ investment proceeds for the benefit of The Indus Hospital and shall provide adequate information on the type of funds received (zakat, sadaqah, donation, charity, etc) .
- d. The Indus Hospital has sole discretion for usage of donations given under this Plan.

10. Disclaimer

- 10.1 The units of the Plan 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 Supplementary Offering Document) or any of the shareholders of the Management Company or any other bank or financial institution. The portfolio of the Plan is subject to market risks and risks inherent in all such investments.
- 10.2 The Plan's target return/ dividend range cannot be guaranteed. The 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.