

4th Supplemental Offering Document
Of
Meezan Tahaffuz Pension Fund

Dated: July 21, 2016

4th SUPPLEMENTAL Offering Document

OF

MEEZAN Tahaffuz Pension Fund

MANAGED BY

AL MEEZAN INVESTMENT MANAGEMENT LIMITED

[An Asset Management Company Licensed under the Non-Banking Finance Companies
(Establishment and Regulation) Rules, 2003]

Meezan Tahaffuz Pension Fund (the Fund/the Scheme/the Trust/MTPF) has been established through a Trust Deed entered into between Al Meezan Investment Management Limited (“Al Meezan Investments” or “Management Company”), the Asset Management Company and Central Depository Company of Pakistan Limited (“CDC”), the Trustee and is registered as a Notified Entity under the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the Regulations)

1. Amendment to “Key Features of MTPF”

The Clause “Sub Funds” is being amended and read as follows:

Equity Sub Fund, Debt Sub Fund, Money Market Sub Fund and Gold Sub Fund

2. Amendment in Clause 4.8

Clause 4.8 is being amended and read as follows:

Meezan Tahaffuz Pension Fund will consist of the four Sub-Funds to be called Meezan Tahaffuz Pension Fund Equity Sub-Fund (the "Equity Sub-Fund"), Meezan Tahaffuz Pension Fund Debt Sub-Fund (the "Debt Sub-Fund") Meezan Tahaffuz Pension Fund Money Market Sub-Fund (the "Money Market Sub-Fund") and Meezan Tahaffuz Pension Fund Gold Sub-Fund (the "Gold Sub-Fund") (collectively the "Sub-Funds").

The Pension Fund Manager, after successfully managing the Equity, Debt, Money Market and Gold Sub-Funds, may with the approval of the Commission launch other Sub-Funds through a Supplementary Trust Deed and a Supplementary Offering Document to incorporate information for investments in other classes of assets, including securitized investment in real estate or in assets outside Pakistan. Any reference to the Sub-Funds in the Trust Deed shall be construed to include any new Sub-Fund of the Meezan Tahaffuz Pension Fund.

All Participants of the Pension Fund will in turn be holders of Units of the Sub-Funds in various proportions or in certain conditions holders of cash in the IPA as prescribed under the Rules. The Units in the Sub-Funds would be non-transferable to another Participant/person or to another sub-fund otherwise permitted by the commission.

Each Participant shall only be liable to pay the NAV of the Sub-Fund subscribed by him and no further liability shall be imposed on him in respect of any Sub-Fund's Units held by him. Sub-Fund Units shall be issued only against receipt of full payment.

Each sub fund is different in terms of rate of return and vulnerability to risks. Each of the sub funds is discussed below with some light on its distinguishing features.

MTPF EQUITY SUB FUND

- Investments will be made in Shariah compliant stock market instruments;
- Stock market funds show high volatility in terms of risk and return.

MTPF DEBT SUB FUND

- Investments will be made in Shariah compliant debt market instruments;
- Debt market funds show low volatility in terms of risk and return;
- Investments will be made primarily in longer duration instruments.

MTPF MONEY MARKET SUB FUND

- Investments will be made in Shariah compliant money market instruments;
- Money market funds show low volatility in terms of risk and return with ready access to cash;
- The Sub Fund would consist of short term instruments with average duration of the Sub Fund not exceeding one year;

MTPF GOLD SUB FUND

- Investments will be made in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX).”
- The Sub-Fund will aim to provide opportunities of capital appreciation and to generally act as a hedge against inflation over the long-term.

3. Amendment is Clause 4.9

Clause 4.9 is being amended and read as follows:

Meezan Tahaffuz Pension Fund will offer different allocation schemes, which will have different exposure to the Sub Funds of the Pension Fund. The Pension Fund Manager will offer the following Allocation Schemes. The following table presents minimum exposure to each Sub Fund in each Allocation Scheme and details of the Life Cycle Allocation Scheme

| Allocation Scheme | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund |
|--------------------------|------------------------|----------------------|------------------------------|
| High Volatility | Min 65% | Min 20% | Nil |
| Medium Volatility | Min 35% | Min 40% | Min 10% |
| Low Volatility | Min 10% | Min 60% | Min 15% |
| Lower Volatility | Nil | Min 40% | Min 40% |

For investors willing to seek exposure to Gold Sub-Fund, the following allocations shall apply.

| Allocation Scheme | Equity Sub Fund | Debt Sub Fund | Money Market Sub Fund | Gold Sub Fund |
|--------------------------|-----------------|---------------|-----------------------|---------------|
| High Volatility | Min 40% | Min 20% | Nil | Max 25% |
| Medium Volatility | Min 20% | Min 40% | Min 10% | Max 15% |
| Low Volatility | Min 05% | Min 60% | Min 15% | Max 05% |
| Lower Volatility | Nil | Min 40% | Min 40% | Nil |

Note: Volatility here means the downwards or upwards change in Principal amount invested owing to change in price of the securities in the portfolio of a sub-fund

Life Cycle Allocation Scheme

This Allocation Scheme provides the Participants with an option to allocate their contributions in a pre-planned allocation strategy as per their age. The younger the Participant the higher the allocation towards equity market due to his/ her risk taking ability with reference to long term horizon.

The following table provides allocation of the 'Life Cycle Allocation Scheme' within each underlying sub-Funds:

| Age | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund |
|--------------------|-----------------|---------------|-----------------------|
| 18- 30 years | 80% | 20% | 0% |
| 31- 40 years | 65% | 25% | 10% |
| 41- 50 years | 50% | 30% | 20% |
| 51- 60 years | 40% | 30% | 30% |
| 61 years and above | 10% | 40% | 50% |

Variable Volatility Allocation Scheme

This Allocation Scheme provides the participants with an option to allocate 100% of their contributions in any approved sub-funds being offered under MTPF.

The following table illustrates how the contribution may be made in Variable Allocation Scheme.

| Allocation Scheme | Equity Sub-Fund | Debt Sub-Fund | Money Market Sub-Fund | Gold Sub-Fund |
|----------------------------|------------------------|----------------------|------------------------------|----------------------|
| Variable Allocation Scheme | Either 0% or 100% | Either 0% or 100% | Either 0% or 100% | Either 0% or 100% |

Note: A Participant may select only one of the sub-funds being offered for the Variable Volatility Allocation Scheme.

The exact exposure to each Sub Fund within the Allocation Scheme would be decided by the Pension Fund Manager from time to time. Changes to the percentage exposure under an Allocation Scheme shall be carried out in a manner as prescribed by the Commission from time to time.

Meezan Tahaffuz Pension Fund may provide additional Allocation Schemes or products, as provided for by the Rules and with prior approval of the Commission.

4. Amendment in Clause 4.11

Clause 4.11 is being amended and read as follows:

The NAV of the Units of the Sub-Funds shall be published in a leading daily newspaper on the day subsequent to the Dealing Day and shall also be made available on the website of the Pension Fund Manager and at the authorized branches of all the Distribution Companies. If desired it will also be made available to Participants, electronically. Given that the current trading hours at PMEX for dealing in Gold Contracts is till 2:00am.(to take in account international closing price of Gold for a given day), the Pension Fund Manager shall announce the NAV of MTPF-Gold Sub-Fund latest by 10:30 am on the next Dealing Day and shall communicate the same to MUFAP.

5. Amendment in Clause 6.3

Clause 6.3 is being amended and read as follows:

The Trustee will maintain Bank Accounts for the Pension Fund in Banks and Financial Institutions having a minimum investment grade entity rating, approved by the Pension Fund Manager and their branches as specified by the Pension Fund Manager from time to time. These Bank Accounts would be titled as follows:

- (a) For collection of Contribution "CDC-Trustee Meezan Tahaffuz Pension Fund Collection Account".
- (b) For withdrawal of accumulated balance "CDC-Trustee Meezan Tahaffuz Pension Fund Disbursement Account".
- (c) Others separately for each Sub-Fund "CDC-Trustee Meezan Tahaffuz Pension Fund (Equity / Debt/ Money Market/ Gold) Sub-Fund Account".

6. Amendment in Clause 6.4

Clause 6.4 is being amended and read as follows:

All the investments of Meezan Tahaffuz Pension Fund shall be strictly in compliance with the Prescribed Investment Policy (subject to relaxations if any, granted by the Commission from time to time). Furthermore, Investments shall be made only in those securities that comply with the screening criteria and guidelines of the Shariah Advisor appointed with the approval of the Commission.

- The Pension Fund Manager shall make investment of the Pension Fund in a transparent, efficacious, prudent and sound manner. The Pension Fund will consist of four Sub-Funds.
- All investment and disinvestment decisions shall be taken by the Investment Committee of the Pension Fund Manager. Membership of and conduct of business by the Investment Committee shall be the same as provided in Regulation 37 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, or as may be specified by the Commission from time to time.
- The Pension Fund Manager shall deposit or place assets of the Pension Fund with Islamic commercial Bank or Islamic window of conventional commercial Bank. The Pension Fund Manager may open current Bank Account with a conventional bank if it is in the interest of the Participants of the Pension Fund to do so. The conditions for opening of Bank Account with a conventional Bank shall remain the same as specified in this Offering Document.

Section on “Investment Policy of the Gold Sub-Fund” is being inserted in clause 6.4 after Investment Policy of Equity, Debt and Money Market sub-funds, which is read as follows:

Investment Policy of the Gold Sub-Fund

- i) MTPF- Gold Sub-Fund, in line with its Investment Objectives, will invest in Authorized Investments as approved by the Shariah Advisor
- ii) To meet Fund’s investment objective, at least seventy percent (70%) of Fund’s net assets, will remain invested in deliverable gold based contracts available at a Commodity Exchange, during the year based on quarterly average investment calculated on daily basis.
- iii) Remaining net assets of the Fund shall be invested in cash and near cash instruments which include cash in bank accounts of Islamic banks and licensed Islamic banking windows of conventional banks (excluding TDR). However, at least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments at all times.
- iv) Authorized Investments
 - a) The authorized investments along with the maximum and minimum weightings in the Fund shall be as follows:

| Sr. No | Description | Maximum Exposure (% of NAV) | Minimum Exposure (% of NAV) | Minimum Issuer/ Instrument Rating |
|--------|-------------|-----------------------------|-----------------------------|-----------------------------------|
|--------|-------------|-----------------------------|-----------------------------|-----------------------------------|

| | | | | |
|----|--|-----|-----|-----|
| 1. | Gold based deliverable Contracts traded on a Commodity Exchange | 90% | 70% | N/A |
| 2. | Cash and near cash instruments which include cash in bank accounts of Islamic banks and licensed Islamic banking windows of conventional banks (excluding TDR) | 30% | 10% | N/A |

b) Fund's net assets may be invested outside Pakistan subject to the Rules, the Regulations, circulars and Directive(s) issued by the Commission, from time to time and with prior approval of the Commission and the Shariah Advisor

- v) The MTPF-Gold Sub-Fund shall invest only in those gold based deliverable contracts that are traded at the Pakistan Mercantile Exchange (PMEX).
- vi) The Sub-Fund shall invest only in Shariah compliant assets.
- vii) The Pension Fund Manager shall ensure that before launch of the Gold Sub-Fund, it possesses sufficient systems and employs capable human resource, which includes qualified fund managers with requisite skill set to understand and deal in gold or deliverable based gold contracts.
- viii) The Pension Fund Manager shall follow forward pricing mechanism for the Gold Sub-Fund and shall mark to market on daily basis the exposure of the Gold Sub-Fund in gold or deliverable based gold contracts.

7. Amendment in Clause 6.7

The following risk clauses are being added to Clause 6.7 and are read as follows:

j) Foreign Exchange Risk: Gold prices are typically denominated in US dollars globally and this implies that the exposure gained from buying/selling gold is influenced by changes in the exchange rate of US dollars. In case of Fund's investment in USD denominated Gold Contracts or USD denominated International Gold based ETFs mutual fund(s) Fund's exposure to such instruments will be converted into the base currency (i.e. PKR) for Valuation purposes. In such a case, an appreciation of PKR against USD may negatively impact Fund's NAV/return

k) Commodity Exchange Risk: The Scheme's Investments in Gold/ Gold Futures Contracts will be an exposure on the Commodity Exchange itself and may be attributable to the functional and non-functional of the Commodity Exchange under certain extreme situations, which may lead to suspension of business or closure of or application of floor at the Commodity Exchange and such other factors.

8. Insertion of Clause 18.16

Clause 18.16 is being inserted and read as follows:

"Commodity Exchange" means PMEX or any other commodity exchange registered with SECP as a commodity exchange and shall include a commodity exchange registered and operating outside Pakistan

9. Insertion of Clause 18.31

Clause 18.31 is being inserted and read as follows:

"Gold Contracts" means deliverable contracts listed at the Commodity Exchange including Gold Futures, MiniGold, Tola Gold, GoldKilo etc and any other deliverable based gold contracts that may be introduced by Commodity Exchange.

10. Insertion of Clause 18.46

Clause 18.46 is being inserted and read as follows:

"PMEX" means Pakistan Mercantile Exchange Limited.