JS INVESTMENTS LIMITED

JS Islamic Hybrid Fund of Funds - 2 (JSIHFoF-2)

3rd Supplement to the Offering Document

(Shariah Compliant Fund of Funds Unit Trust Scheme With Allocation Plans)

Wakalatul Istithmar Based Fund

7/12/2018

The Shariah Advisor
Al Hilal Shariah Advisors (Pvt)Ltd

Third Supplement to the Offering Document of JS Islamic Hybrid Fund of Funds-2 (JSIHFoF-2) dated 12-07-2018

Managed by JS Investments Limited, an Asset Management Company registered with the Securities & Exchange Commission of Pakistan (SECP) and regulated under the Non-Banking Finance Companies (NBFC) Rules 2003 and NBFC & NE Regulations 2008.

JS Islamic Hybrid Fund of Funds-2 is established in Karachi, Pakistan as an open-end Fund by a Trust Deed, dated October 11, 2017 registered under the Trust Act, 1882 by and between JS Investments Limited, as the Management Company (Wakeel) and Central Depository Company of Pakistan Limited, as the Trustee, and registered by Securities and Exchange Commission of Pakistan (SECP) as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations").

The Shariah Advisors of the Fund Mufti Irshad Ahmed Ijaz, on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited, has reviewed this 3rd Supplemental Offering Document of the JSIHFoF-2 and provided the consent that this Supplement to the Offering Document adheres to the principles of Shariah.

Effective from **12-07-2018,** the following clauses in the Offering Document are added / revised:

I. The following has been added to clause 2.2 (Investment Objective):

iv. JS Islamic Capital Preservation Allocation Plan - 3 (JSICPAP-3)

"JS Islamic Capital Preservation Allocation Plan – 3" aims to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities, Shariah Compliant Sovereign Income/Money Market based Collective Investment Schemes and Shariah Compliant bank saving accounts /term deposits, while providing principal preservation of the Initial Investment Value at completion of the life of the Plan.

II. The following has been added to sub-Clause 2.3.2:

(c) JS Islamic Capital Preservation Allocation Plan – 3 (JSICPAP-3)

"JS Islamic Capital Preservation Allocation Plan – 3" is a limited-term (2 Years) Constant Proportion Portfolio Insurance (CPPI) based allocation plan offered under "JS Islamic Hybrid Fund of Funds-2". The Plan aims to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities, Shariah Compliant Sovereign Income/Money Market based Collective Investment Schemes and Shariah Compliant bank saving accounts /term deposits, while providing principal preservation of the Initial Investment Value at completion of the life of the Plan.

The Pre-IOP of the JS Islamic Capital Preservation Allocation Plan - 3 shall be from **01.08.2018** to **14.09.2018**,both days inclusive. The Plan shall have a One (1) day IOP on **17.09.2018**.The Plan's life shall start after clearance of all proceeds from Pre-IPO and IOP.

Maturity shall be two (02) years from the starting date of the Plan's life.

- JSICPAP-3 will be dynamically allocated between the Equity Portion and Income Portion at Pre-defined Intervals by using the Constant Proportion Portfolio Insurance (CPPI) Methodology.

- The Plan may invest in Shariah Compliant Dedicated Equity Funds, Shariah Compliant Sovereign Income Funds and Shariah Compliant Money Market Funds offered by the Management Company and/or other AMCs and Shariah Compliant Bank saving accounts/ term deposit based on criteria defined below .

- The dynamic asset allocation is aimed at providing higher returns through participation in the Equity Portion while aiming to preserve *downside risk of capital* erosion through participation in the Income Portion.

- The allocation between the Equity Portion and the Income Portion will vary depending upon changes in the Plan Value.

- Allocation to Equity Portion will generally increase in the case where equity markets are rising, while allocation to the Income Portion will generally increase if the equity markets decline.

- The dynamic allocation mechanism will reallocate Plan's Net Assets, at Pre-Defined Intervals, in such a manner that if on a given business day the Proportion of Equity Portion allocation of the Plan is X% (ranging between 0% to 50%) then the Proportion of Income Portion allocation will be (100% - X%).

- The Plan may place a certain percentage of the Plan's assets (adjusted for redemptions, if any, during the Life of the Plan and inclusive of any Front-end Load) into cash and/or near cash instruments as mentioned in the authorized investments table below in order to meet the Plan Expenses.

- The asset composition of the plan shall be rebalanced at least on 5% decline in Portfolio Value from the previous rebalancing or on weekly basis, whichever falls earlier.

- The Management Company, from time to time at its discretion may lock-in certain percentage of the profits (if any) from the Equity Portion by realizing profits. The profits realized in this manner, shall be used by increasing the allocation to the Income Portion.

- If on any Business Day, or in case of a non-Business Day, the next immediate Business day, the Plan Value falls to a level that it triggers the "Bond Floor event", the entire Net Assets of the Plan will be allocated to a combination of "Income Portion" and "Cash or Near Cash instruments", within (3) three Business Days following the date of Occurrence of the aforementioned event(s), so as to ensure Capital Preservation for Unit Holders who hold their investments till completion of the Life of the Plan. The exposure to combination of "Income Portion" and "Cash or Near Cash Instruments" shall be selected to potentially yield a return required to provide Capital Preservation to the Plan's Unit-Holders upon completion of Life of the Plan.

Basic features of JS Islamic Capital Preservation Allocation Plan – 3:

a) **Term/ Duration of the Allocation Plan:** The duration of the plan is 24 Months.
b) **Subscription Period:** The plan will be open for subscription from 01-08-2018 to 17-09-2018, both days inclusive. Subscription for the plan is for limited time period only. Only Class "A" Units shall be issued to investors at the Offer Price, during subscription period.
c) **Front End Load: Up to 3.00%**
d) **Contingent Load on withdrawal**: 1.00%

III. The table under sub clause 2.3.2 Authorized investments and Asset Allocation of Plans shall be replaced by the following:

Allocation Plan	Exposure Limits (as % of Net Assets)			Minimum Rating Requirements		
	Income Portion	Equity Portion	Cash and/or Near Cash instrument^	Income Portion	Equity Portion	Cash and/or Near Cash instruments
JS Islamic Active Allocation Plan - 2	0% - 100%	0% - 100%	0% - 5%	n/a	n/a	Entity or Instrument rating: A
JS Islamic Capital Preservation Allocation Plan – 1	0% - 100%	0% - 50%	0% - 10%	n/a	n/a	Entity or Instrument rating: A
JS Islamic Capital Preservation Allocation Plan – 2	0% - 100%	0% - 50%	0% - 10%	n/a	n/a	Entity or Instrument rating: A
JS Islamic Capital Preservation Allocation Plan – 3	0% - 100%	0% - 50%	0% - 10%	n/a	n/a	Entity or Instrument rating: A

^Based on Rolling 90 days average

Investment Universe:
"Income portion" - The universe shall consist of all Shariah Compliant Sovereign, Income and Money Market schemes approved for offering in Pakistan by SECP. For CPPI based principal preservation plans, the plans may invest Income portion in saving accounts and term deposits with Shariah Compliant banks rated AA- and above.

"Equity portion" - The universe shall consist of all Shariah Compliant Equity / Shariah Compliant Dedicated Equity / Index schemes approved for offering in Pakistan by SECP.

"Cash and/ or Near Cash Instruments" - Current and PLS accounts and deposits with Scheduled Islamic Commercial Banks, Islamic DFIs, Islamic windows of Conventional Banks, or other cash equivalent securities(excluding TDRs) and GOP Ijara Sukuk not exceeding 90

days remaining maturity and money market schemes.

Rebalancing of Plans:
The Allocation plans shall be rebalanced, within the exposure limits defined in table above, as and when required as per the investment strategy of respective plans, with the sole purpose of maximizing risk-adjusted returns for its unit holders (Muwakkil).The proportions of allocation in each of the underlying schemes shall be as per the investment strategy of respective plans.

If exposures breach the limits defined in table above, the forced rebalancing of each of the Allocation Plans shall be executed within **14** working days of the breach of the exposure.

IV. The Benchmark table defined under sub-clause2.5.1 has been amended and replaced by the following:

JS Islamic Active Allocation Plan - 2	The Benchmark of each Allocation Plan in the Fund will be the "weighted average daily return of KMI 30 index, six (6) month average deposit rates of three (3) 'A' rated scheduled Islamic Banks or Islamic Banking windows of scheduled Commercial Banks, and three (3) month average deposit rates of three (3) 'A' rated scheduled Islamic Banks or Islamic Banking windows of scheduled Commercial Banks, as selected by MUFAP based on actual proportion of the **Equity Portion** consisting of Shariah Compliant Equity Funds, **Income Portion** consisting of Shariah Compliant Income and Money Market Funds, and any **Cash or Near cash instruments** in each of the Allocation Plans" as approved by SECP.
JS Islamic Capital Preservation Allocation Plan - 1	
JS Islamic Capital Preservation Allocation Plan - 2	
JS Islamic Capital Preservation Allocation Plan - 3	

V. The following additions have been made under sub-clause 3.16.1(a):

Bank Accounts for Initial Offer Period (IOP), and subsequent to IOP:

5. **"CDC Trustee – JSIHFOF-2 - JS Islamic Capital Preservation Allocation Plan – 3" or "CDC Trustee – JSIHFOF-2 - JSICPAP-3."**

All other segments of the clause shall remain unchanged.

VI. The table under sub-clause (b) of Clause 4.4.4 (Purchase of Units) has been amended and replaced by the following:

Allocation Basket/Plan	Pre-IOP - Bank Accounts for Demand Draft, Online transfer, or Cheques (account Payee only)	IOP and Subsequent to IOP - Bank Accounts for Demand Draft, Online transfer, or Cheques (account Payee only)
JS Islamic Active Allocation Plan – 2	CDC Trustee – JSIHFoF-2	CDC Trustee – JSIHFoF-2 CDC Trustee – JSIHFOF-2 – JSIAAP-2
JS Islamic Capital Preservation Allocation Plan - 1	CDC Trustee – JSIHFoF-2	CDC Trustee – JSIHFoF-2 CDC Trustee – JSIHFOF-2 – JSICPAP-1
JS Islamic Capital Preservation Allocation Plan - 2	CDC Trustee – JSIHFoF-2	CDC Trustee – JSIHFoF-2 CDC Trustee – JSIHFOF-2 – JSICPAP-2
JS Islamic Capital Preservation Allocation Plan - 3	CDC Trustee – JSIHFoF-2	CDC Trustee – JSIHFoF-2 CDC Trustee – JSIHFOF-2 – JSICPAP-3

In addition, the investors may invest in any Allocation Plan, during Pre-IOP, IOP and subsequent to IOP, by specifying their choice of Allocation Plans(s) in the Purchase of Units form, and paying through Demand Drafts, Online transfers, or Cheques (account payee only) into the following accounts held with the Trustee:

- CDC Trustee – JSIL Funds

All other segments of the clause shall remain unchanged.

VII. 'Front-end | Back-end | Contingent Load' table defined under Annexure 'A' has been amended and replaced by the following:

Front-end Load | Back-end Load | Contingent Load:

Allocation Plans	Front-end Load	Back-end Load	Contingent Load
JS Islamic Active Allocation Plan - 2	Up to 3.00%	Nil	2.00%
JS Islamic Capital Preservation Allocation Plan - 1	Up to 3.00%	Nil	2.00%
JS Islamic Capital Preservation Allocation Plan - 2	Up to 3.00%	Nil	2.00%
JS Islamic Capital Preservation Allocation Plan - 3	Up to 3.00%	Nil	1.00%

Front-end load of up to 1.50% of the NAV per unit may be charged where transactions are done online or through a website.

All other segments of the Annexure shall remain unchanged.

SECP APPROVAL

Securities and Exchange Commission of Pakistan
Specialized Companies Division
Policy, Regulation and Development Department

No. SCD/AMCW/JSIHFOF-2/ 26/2018 July 12, 2018

The Chief Executive
JS Investments Limited,
7TH Floor, The Forum,
Block 9, Clifton
Karachi – 75530

SUBJECT: **APPROVAL FOR THIRD SUPPLEMENTAL TO THE OFFERING DOCUMENT OF JS ISLAMIC HYBRID FUND OF FUNDS-2**

Dear Sir,

Please refer to your application dated July 06, 2018 on the subject noted above.

In this regard, I am directed to inform you that the third supplemental to the Offering Document of JS Islamic Hybrid Fund of Fund-2 ("JSIHFOF-2" or "Fund") proposed by JS Investments Limited ("JSIL") has been acceded to by the Securities and Exchange of Pakistan.

Further, you are advised to place the third supplemental to offering document of JSIHFOF-2 on the website of the Asset Management Company.

Yours truly,

Omar Yahya
Additional Joint Director

"Say no to Corruption"

Cc to:

Mr. Atiqur Rehman
Head of Trustee & Custodial Operations,
CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shahra-e-Faisal,
Karachi.

TRUSTEE CONSENT

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED
Head Office:
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

CDC/T&C-UI/DH/132/2018
July 06, 2018

Syed Ali Turab Alvi
Chief Strategic Officer
JS Investments Limited
7th Floor, The Forum
Block 9, Clifton
Karachi

Dear Mr. Ali

CONSENT ON THIRD SUPPLEMENT TO THE OFFERING DOCUMENT OF JS ISLAMIC HYBRID FUND OF FUNDS – 2

With reference to the captioned subject, we have reviewed the enclosed draft of third supplement to the offering document of JS Islamic Hybrid Fund of Funds – 2 offering an allocation plan 'JS Islamic Capital Preservation Allocation Plan – 3 '. We hereby convey our consent for the submission of the same with SECP for approval under Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Please note that our consent is valid only for the draft third supplement to the offering document enclosed with this letter. Any changes made in this document subsequently, will require our consent separately.

Yours truly

Atiqur Rehman
Head of Trustee & Custodial Operations

CC: **Mr. Imran Inayat Butt**
Executive Director, Policy, Regulation and Development Department
Securities & Exchange Commission of Pakistan

Encl: As above

SHARIAH ADVISORY APPROVAL

Al-Hilal
Shariah Advisors

July 3, 2018

Mr. Syed Ali Turab Alvi
Chief Strategy Officer
JS Investments Limited
7th Floor, The Forum, G-20, Block 9,
Khayaban-e-Jami, Clifton, Karachi

Subject: Consent on 3rd Supplement to the Offering Document of JS Islamic Hybrid Fund of Funds - 2

Assalam-u-Alaikum,

Dear Mr. Ali,

It is with reference to your letter dated July 3, 2018 regarding consent on 3rd supplement to the offering document of JS Islamic Hybrid Fund of Funds - 2 (JSIHFoF-2). We have reviewed and examined the enclosed offering document and found it to be in accordance with the Shariah guidelines. We hereby give our consent on 3rd supplement to the offering document of JS Islamic Hybrid Fund of Funds - 2 (JSIHFoF-2) and we give you our no-objection for submission of the same to Trustee and SECP for further procedures.

Regards,

Faraz Younus Bandukda
Chief Executive

Mufti Irshad Ahmad Aijaz
Shariah Advisor

Al-Hilal Shariah Advisors (Pvt) Limited

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