JS INVESTMENTS LIMITED

3rd SUPPLEMENTARY OFFERING DOCUMENT

JS PENSION SAVINGS FUND (JSPSF)

(Voluntary Pension Scheme)

8/27/2018
Managed by JS INVESTMENTS LIMITED, a Company incorporated in Pakistan under the Companies Ordinance 1984, with its registered office at 7th Floor, The Forum, Block-9, G-20, Khayaban-e-Jami, Clifton, Karachi (hereinafter called the "Pension Fund Manager" with expression where the context so permits shall include its successors in interest and assigns)

Established in Pakistan as a Voluntary Pension Fund by a Trust Deed, dated June 6, 2007 registered under the Trusts Act, 1882 between JS Investments Limited (Formerly JS ABAMCO Limited), as the Pension Fund Manager and Central Depository Company of Pakistan Limited, as the Trustee and authorized under the Voluntary Pension System (VPS) Rules, 2005.

I. The following Clause 7.1 (Investment Policy) of Part VIII - shall be deleted.

1. The Pension Fund Manager shall make Investments of the Sub-Funds in Authorized Investments in a transparent, efficacious, prudent and sound manner.
2. The Investment Policy for the Sub-Funds shall be in accordance with the policy as may be determined by the Commission under the Rules as per details given below.
3. Equity Sub-Fund: Investments by the Equity Sub-Fund shall be made as follows, namely:-
   a) The Equity Sub-Fund shall have a minimum investment in listed shares of ninety percent (90%) of its Net Assets Value;
   b) Investments in listed shares of any one company shall not exceed ten percent (5%) of the Net Assets of the Sub-Fund. In case of green field companies Investment in any one company shall not exceed one percent (1%) of the Net Assets of the Sub-Fund. However, total Investment in green field companies shall not exceed five percent (5%) of the Net Assets of the Sub-Fund;
   c) Investments in listed shares of any one sector as per classification of Stock Exchange(s) shall not exceed twenty five percent (20%) of the Net Assets of the Sub-Fund;
   d) Investment in shares or other listed securities of a particular company shall not exceed ten percent (10%) of paid up capital of that company;
   e) Any amount remaining un-invested shall be kept in treasury bills, securities of less than one year maturity or bank deposit;
   f) Investments shall be made in shares of listed companies, which have a minimum operational record of five years;
   g) No Investment shall be made in shares issued by the Pension Fund Manager or any associated company thereof; and
   h) The Sub-Fund shall not enter into any transaction in any security other then a security which is listed on a Stock Exchange, or in the case of green field companies, security for the listing of which an application
has been made to a Stock Exchange.

(i) If the limits prescribed above are exceeded, merely due to price fluctuations in equities and/or the issuance of bonus shares, no changes of Investment in the Sub-Fund shall be required to be made.

4. Debt Sub-Fund: Investments by the Debt Sub-Fund shall be made as follows, namely:–

a) The Debt Sub-Fund would consist of tradable debt securities with weighted average duration of the Investment portfolio of the Sub-Fund not exceeding ten years;
b) At least fifty percent (50%) of the assets in the Sub-Fund shall be invested in securities issued by the Federal Government; and
c) Investment in all other securities, including those issued by the government corporations, provincial or city governments, or by corporate entities would be subject to the following conditions, namely:
   i. Securities carrying credit rating “AA” or higher, up to 5% of the Sub-Fund in any such security (or the aggregate of securities issued by a single issuer); and the Investment shall also not exceed 5% of the size of the issue;
   ii. Securities carrying credit rating of “A” or “A-plus”: up to 3.75% of the Sub-Fund in any such security (or aggregate of securities issued by a single issuer) and the Investment shall also not exceed 5% of the size of the issue, and
   iii. Securities carrying credit rating of “A-minus” or “BBB” up to 2.5% of the fund in any such security (or the aggregate of securities issued by a single issuer), provided that the outstanding life of the security does not exceed five years; and the Investment shall not exceed 2.5% of the size of the issue.

5. Money Market Sub-Fund: Investments by the Money Market Sub-Fund shall be made as follows, namely:–

a) The Sub-Fund would consist of short term instruments with average duration not exceeding one year;
b) There would be no restriction on the amount of Investment in securities issued by the Federal Government, and;
c) Investment in other securities – including those issued by government corporations, provincial, or by the corporate entities would be allowed up to 20% of the Sub-Fund. These securities shall carry a minimum credit rating of “A-, minus”, and
d) There shall be no restriction for amount of Investment in Bank deposits. However, investment in Bank deposits of any one Bank shall not exceed twenty-five (25%) of the Sub Fund.
6. The investment policy may be reviewed by the Commission from time to time, as determined by the Commission. However, such change shall not require the alteration of this Offering Document.

7. The Pension Fund Manager may apply to the Commission for establishment of additional Sub-Funds for Investment in such other classes of assets as may be allowed under the Rules or by the Commission from time to time.

And Replaced by the Following:

1. The Pension Fund Manager shall make investment of the Pension Fund in a transparent, efficacious, prudent and sound manner. The investments shall be made in-line with applicable Rules and Regulations, as announced by the Commission from time to time.

2. The Pension Fund will consist of three sub funds: namely Equity sub-Fund, Debt sub-Fund and Money-market sub-Fund.

3. A Pension Fund Manager shall not invest assets of Pension Fund in securities of the PFM or any of its associated companies.

4. Exposure to a single group shall not exceed twenty percent (20%) of the Net Assets of a Pension Fund.

5. A Pension Fund Manager shall not invest or enter into contract to invest assets of a pension fund in securities for which the Pension Fund Manager or any of its connected party is or has been involved during past six months as an arranger, manager, adviser, consultant, underwriter or sub underwriter.

6. A Pension Fund Manager shall not invest assets of Pension Fund in securities of a company if equity is less than paid up capital of the company, irrespective of the limits stated in the investment policy.

7. A Pension Fund Manager shall not invest or deposit or place assets of Pension Fund if the issuer or the bank or the security does not fulfill the minimum rating specified in the policy or has not been assigned stable or positive outlook.

8. **Equity Sub – Fund**: Investments by the Equity Sub-Fund shall be made as follows:

   a) Assets of an Equity Sub-Fund shall be invested in equity securities which are listed on a Stock Exchange, or for the listing of which an application has been approved by a Stock Exchange.

   b) Assets of an Equity Sub-Fund shall primarily be invested in securities of those listed companies, which have minimum operational record of five (5) years subject to conditions stated in clause (c) below;

   c) The Pension Fund Manager of an Equity Sub-Fund, for the reasons to be recorded by its Investment Committee in the minutes for the decision, may invest up to five.
per cent (5%) of the Net Assets of an Equity Sub-Fund in securities of listed companies having operational record of less than five (5) years and where the paid up capital of a company is less than equity but investment in securities of any one such company shall not exceed one percent (1%) of Net Assets of an Equity Sub-Fund or the paid-up capital of that company; whichever is lower.

d) At least ninety percent (90%) of the Net Assets of an Equity Sub-Fund shall remain invested in listed equity securities during the year based on quarterly average investment calculated on a daily basis;

e) Investment in equity securities of any single company shall not exceed ten percent (10%) of Net Assets of an Equity Sub-Fund or paid-up capital of that single company, whichever is lower.

f) The Pension Fund Manager may invest up to thirty per cent (30%) of Net Assets of Equity Sub-Fund or the Index weight, whichever is higher; subject to maximum of thirty five percent (35%) of Net Assets of Equity Sub-Fund in equity securities of companies belonging to a single sector as classified by Pakistan Stock Exchange.

g) The Pension Fund Manager may invest any surplus (un-invested) funds in Government Treasury Bills or Government Securities having less than one year time to maturity or keep as deposits with scheduled commercial Banks which are rated not less than “A” by a rating agency registered with the Commission. Note: (Deposits up to ten percent (10%) of the Net Assets of an Equity Sub-Fund with scheduled commercial Banks, if kept for a period of less than ninety (90) days shall not be counted towards exposure limits).

h) The Pension Fund Manager shall not deposit more than ten per cent (10%) of Net Assets of an Equity Sub-Fund in a single Bank.

i) The Pension Fund Manager shall adhere to the limits stipulated herein above; however, if the limits are breached merely due to corporate actions including take up of right or bonus issue(s) or due to change in Net Assets resulting from fluctuation in price of equity securities, the Pension Fund Manager shall regularize the deviation within six (6) months of the breach unless, on a written application of Pension Fund Manager, the said period of six (6) months has been extended by the Commission.

9. **Debt Sub-Fund:** Investments by the Debt Sub-Fund shall be made as follows, namely:-

a) The Debt Sub-Fund shall consist of debt securities and such other assets as specified herein below.

b) The weighted average time to maturity of securities held in the portfolio of a Debt Sub-Fund shall not exceed five (5) years.

c) At least twenty five per cent (25%) Net Assets of the Debt Sub-Fund shall be invested in Debt Securities issued by the Federal Government and up to twenty five per cent (25%) of Net Assets of Debt Sub-Fund may be deposited with Banks having rating AA+ so that both these investments shall make up a minimum fifty per cent (50%) of Net Assets of the Debt Sub-Fund.

d) Investment in all other securities including those issued by provincial governments, city governments, government corporations and by corporate entities shall be subject to the following conditions,
<table>
<thead>
<tr>
<th>Credit Rating</th>
<th>Investment Limits</th>
</tr>
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<tbody>
<tr>
<td>Rating of security “AA” or higher. Rating of the issuer (excluding provincial or city government) “AA” or higher</td>
<td>Expose up to 7.5% of a) Net Assets of the Debt Sub-Fund; or b) size of any issue; or c) size of total issues by one issuer, whichever is lower</td>
</tr>
<tr>
<td>Rating of security “A” to “A Plus” or higher. Rating of issuer (excluding provincial or city government) “AA” or higher.</td>
<td>Expose up to 5% of a) Net Assets of the Debt Sub-Fund; or b) size of any issue; or c) size of total issues by one issuer, whichever is lower.</td>
</tr>
<tr>
<td>Rating of the security “A Minus” or higher. Rating of the issuer (excluding provincial or city government) “A Minus’ or above,</td>
<td>Up to 2.5% of a) Net Assets of the Debt Sub-Fund; or b) size of any issue; or c) size of total issues by one issuer; or d) paid-up capital of the issuer; whichever is lower. The outstanding life of the security rated “A Minus” shall not exceed five (5) years.</td>
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Provided that overall investment in securities rated A minus to A plus shall not exceed 25% of net assets of Debt Sub-Fund and out of that, investment in securities rated A minus shall not exceed 10% of net assets of a Debt Sub-Fund.

e) Exposure to securities issued by companies of a single sector shall not exceed twenty percent (20%) of Net Assets of Debt Sub-Fund except for banking sector for which the exposure limit shall be up to thirty percent (30%) of Net Assets of Debt Sub-Fund.

f) Deposits in a single bank shall not exceed twenty percent (20%) of Net Assets of Debt Sub-Fund.

**Explanation:** The aforesaid limit shall not be applicable during first six months of the launch of a Fund if the amount is deposited in a scheduled commercial bank owned by Federal Government or a scheduled bank having “AA+” or higher rating.

10. **Money Market Sub-Fund:** Investments by the Money Market Sub-Fund shall be made as follows, namely:-

   a) The weighted average time to maturity of assets of the Money Market Sub-Fund shall not exceed (90) days;
   b) Time to maturity of any security in the portfolio shall not exceed six (6) months.
   c) The following limits on investment shall be followed by the Pension Fund Manager for Money Market Sub-Fund:
<table>
<thead>
<tr>
<th>Entity / Security</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Government Securities</td>
<td>No Limit</td>
</tr>
<tr>
<td>Deposits with Commercial Banks having “A Plus” or higher rating</td>
<td>No limits: provided that deposit with any one bank shall not exceed 20% of Net Assets of the Money Market Sub-Fund</td>
</tr>
<tr>
<td>Provincial or city governments or government corporations or corporate entities</td>
<td>Up to 20% of Net Assets of the Money Market Sub-Fund subject to the limits specified below for each category:</td>
</tr>
<tr>
<td>i) Provincial government</td>
<td>Up to 10% of Net Assets of a Money Market Sub-Fund or the issue, whichever is lower.</td>
</tr>
<tr>
<td>ii) City government</td>
<td>Up to 5% of Net Assets of a Money Market Sub-Fund or the issue, whichever is lower.</td>
</tr>
<tr>
<td>iii) Government corporations with “A” or higher rating of entity and the instrument</td>
<td>Up to 5% of a) Net Assets of the Money Market Sub-Fund; or b) Size of the issue; or c) Size of all issues of one issuer, whichever is lower</td>
</tr>
<tr>
<td>iv) Corporate entities with “A plus” or higher rating of entity and the instrument</td>
<td>Up to 5% of a) Net Asset of the Money Market Sub-Fund; or b) Size of the issue; or c) Size of all issues of one issuer, whichever is lower.</td>
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</tbody>
</table>
No. SEC/SCD/PW-JSIL/41/2018

August 27, 2018

Chief Executive Officer,
JS Investments Limited.
7th Floor, The Forum, Block 9,
Clifton, Karachi.

Subject: REQUEST FOR APPROVAL OF DRAFT THIRD SUPPLEMENT TO THE
OFFERING DOCUMENT OF JS PENSION SAVINGS FUND (JSPSF)

Dear Sir,

Please refer to your office letter dated August 16, 2018 on the captioned subject.

2. In this respect, I am directed to convey that your request has been acceded to, by this office. You may proceed further in the matter.

3. Please notify the 3rd supplemental offering document of JSPSF to participants and all concerned as required under the VPS Rules, 2005 and constitutive documents of JSPSF.

Yours truly,

(Ahmad Abdulmoiz Khawaja)
Deputy Director

Copy to:
Mr. Atiqr Rehman
Head of Trustee & Custodial Operations
Central Depository Company of Pakistan
CDC House, 99-B, Block ‘B’ S.M.C.H.S,
Main Shahra-e-Faisal, Karachi

With Reference to letter No. CDC/T&C-U1/DH/159/2018 dated August 15, 2018

NIC Building, Jinnah Avenue, Blue Area, Islamabad.
Tel: 92-51-9207091-360, Fax: 92-51-9200473, E-mail: ahmad.khawaja@secp.gov.pk
3rd Supplement to the Offering Document of JS Pension Savings Fund (JSPSF) dated 27-08-2018

CDC T&C-U/DH 159/2018
August 15, 2018

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

Dear Mr. Ali

CONSENT ON THIRD SUPPLEMENTAL OFFERING DOCUMENT OF JS PENSION SAVINGS FUND

With reference to the captioned subject, we have reviewed the enclosed draft third supplemental offering document of JS Pension Savings Fund and hereby convey our consent for submission of the same with SECP for approval under Voluntary Pension System Rules, 2005.

Please note that our consent is valid only for the draft third supplemental 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. Muhammad Afzal
Director, REITs, Pensions and NI Wing
Securities & Exchange Commission of Pakistan