

## **LIFE CYCLE ASSET ALLOCATION SCHEME**

### **FOR**

## **PAKISTAN ISLAMIC PENSION FUND (PIPF)**

Life Cycle Allocation Scheme calls for an allocation in the underlying Sub-Funds on the basis of the age/risk tolerance of the Participant. The asset allocation in Life Cycle Scheme is proportional to the time period left to retirement of the Participant or the risk taking capacity. The allocation adjusts automatically through the years holding a decreasing proportion of assets in equities (associated with risk of higher price volatility) and a greater proportion of fixed-return investments (associated with risk of lower price volatility) as a participant ages, seeking capital growth during the early years and capital preservation towards the later years in the Participants Life Cycle. Participants wanting a systemic approach to allocating their contributions may prefer this option.

Pakistan Islamic Pension fund is offering following two sorts of Life Cycle Allocation Schemes (details of the allocation under each Scheme, are available in the annexed table 'A' and 'B':-)

1. Aggressive Life Cycle Allocation Scheme
2. Progressive Life Cycle Allocation Scheme

### **Aggressive Life Cycle Allocation Scheme**

The Aggressive Life Cycle Allocation Scheme concentrates heavier investment in equity securities (PIPF Equity-Sub Fund) over the major part of Participants life up to the time Participant turns 50 and then gradually reduces the proportion of allocation in PIPF Equity-Sub Fund till the age of retirement.

### **Progressive Life Cycle Allocation Scheme**

The Progressive Allocation Scheme allocates a greater percentage in PIPF Equity-Sub Fund in the early stage of Participant's life and systematically reduces this percentage by increasing the percentage of allocation in fixed income securities (PIPF Debt-Sub Fund and PIPF Money Market-Sub Fund) as the Participant ages.