

RISK PROFILE: MEDIUM (PRINCIPAL AT MEDIUM RISK)

Supplementary Offering Document of
Arif Habib Monthly Income Plan
An administrative arrangement/plan under the
Pakistan Income Fund (PIF)
Managed by Arif Habib Investment Management Limited,
An Asset Management Company

1. Introduction

- 1.1. The Arif Habib Monthly Income Plan is an administrative arrangement offered by Arif Habib Investment Management Limited (AHIML) so as to facilitate Subscribers to receive a monthly income from their investment in the Pakistan Income Fund.
- 1.2. The Trust Deed relating to the Pakistan Income Fund (PIF) dated 23rd October 2001 governs all transactions under this arrangement. Unless specifically altered by this document, all the terms and conditions of the Offering Document of the Pakistan Income Fund shall apply.

2. Objectives

- 2.1. The objective of this arrangement/plan is to provide Subscribers with a monthly income from their investment in the Pakistan Income Fund.

3. The administrative arrangements

- 3.1. At the present a Arif Habib Monthly Income Plan account may be opened with a minimum of Rs.100,000. The Arif Habib Monthly Income Plan subscriber (hereinafter referred to as the Subscriber) may add minimum of Rs.1,000 per transaction at the Subscribers convenience. Units of PIF (including fractions thereof) shall be issued against the amount received from the Subscriber in accordance with the terms of the Offering Document of PIF. The Management Company may alter the minimum amounts required for opening, maintaining or adding to an account. Provided an upward change for maintaining the account or adding funds thereto shall require reasonable notice.
- 3.2. An investor may open an account for the Arif Habib Monthly Income Plan by filling out the prescribed Form and lodging it along with the funds (in the prescribed form) being invested with a Distributor. The Subscriber shall at the time of opening the account select a Variable Payment plan as described in clauses 3.3 to 3.6 or the Fixed payment plan as described in clause 3.7.
- 3.3. The Management Company shall, on the 25th day of every calendar month, (or the first working day following that in the event the 25th is a closed day), work out the net distributable income earned per Unit of the Pakistan Income Fund since the similar date of the previous month.
- 3.4. The amount of monthly pay out shall represent eighty percent (or such other percentage the Management Company may decide if circumstances so warrant) of the net distributable income per Unit multiplied by the number of Units held under the Plan (hereinafter referred to as the net distributable amount). Such net distributable amount shall be paid to the respective Subscribers by redeeming such number of Units (and/or fractions thereof) in their Accounts as equate such amount in value.
- 3.5. The Management Company and/or the Registrar shall cause such Units (and/or fractions thereof) representing the net distributable amount to be redeemed at the PIF Redemption Price applicable for that date without recovering any Back-end Load. The amount of redemption value so derived shall be transferred to the respective Subscribers' designated bank accounts by way of transfer of funds to the designated bankers within five working days of the redemption.
- 3.6. In the event the net distributable amount worked out in Section 3.4 above, is below the average amount for the preceding three months after adjusting for any additions to or withdrawals from the Plan (herein after referred to as the shortfall), the Management Company and/or the Registrar shall redeem such further number of Units in the respective Accounts that will allow the shortfall to be made up and include such amount in the monthly payment to the Subscribers. For an Account that has not been in existence for three months, the shortfall shall be calculated on the same basis for the overall Plan. For the first three months of the life of this Plan, the Management Company shall determine the target pay out for working out the shortfall if any. As a result of operation of this clause, the capital invested can deplete in case sufficient returns are not earned to pay for the amount of monthly payment, since the shortfall would be made up by redeeming the required number of Units from their account at the rate prevailing at the time of redemption.
- 3.7. As an alternative to the arrangement described in clauses 3.3 to 3.6 above, a Subscriber may choose a Fixed Payment plan. Under such a plan, the Management Company shall announce every six months (or other such date it may consider necessary) a fixed amount as a percentage of the investment that shall be paid every month to the bank account designated by the Subscriber. The payment shall be made by redeeming such number of Units as are necessary to generate such payment. As a result of operation of this clause, the capital invested can deplete in case sufficient returns are not earned to pay for the amount of monthly payment, since the shortfall would be made up by redeeming the required number of Units from their account at the rate prevailing at the time of redemption.
- 3.8. Dividends declared on the Units held under the Arif Habib Monthly Income Plan shall be reinvested (net of taxes if any) in Units of the Pakistan Income Fund and included in the Arif Habib Monthly Income Plan.
- 3.9. The Registrar shall send a statement of account to the Subscriber each time there is activity in the account. Such statement or report shall be sent by ordinary mail to the Subscriber's address recorded in the register.
- 3.10. In the event the Management Company announces a suspension of further issue of Units of the Pakistan Income Fund, it may allow existing Subscribers to continue acquiring Units out of any dividends declared on Units held under the plan.
- 3.11. The Subscriber may withdraw funds from the plan at any stage by filling out and lodging the prescribed Form with a Distributor. The request shall be processed provided the Account is left with the minimum amount required for maintaining the Account. However, in the event the principal value of the Account goes below the prescribed minimum amount as a result of loss in valuation or as a result of the application of Section 3.5 above, the minimum value requirement as stated herein above shall not apply to that extent. In the event the minimum balance is not being maintained, the Subscriber is free to discontinue the plan at and convert the remaining amount into a standard investment account. The redemption request shall be processed on the basis of the Redemption Price applicable to Units of the Pakistan Income Fund on the redemption date.
- 3.12. The Units bought out of funds deposited at the time of opening an account or out of fresh funds added to the account shall be issued at the respective Offering Prices applicable for the Pakistan Income Fund on the day the funds and the Application Forms are lodged with the Distributor.

- 3.13. Units bought or sold other than through application of clauses 3.11 and 3.12 above, including Units purchased out of dividend, shall be at the special prices applicable for the Arif Habib Monthly Income Plan whereby the Front-end Load and the Back-end Load shall not be recovered in the respective Offering and Redemption prices of the Pakistan Income Fund.
- 3.14. In the event of winding up of the Pakistan Income Fund, the Arif Habib Monthly Income Plan shall be discontinued and the standing to the credit of the Subscriber shall be dealt with in the same manner as the rest of the Units in the Pakistan Income Fund.
- 3.15. Certificates representing Units purchased under this plan shall not be issued.
- 3.16. The Registrar shall not record a lien on the funds or Units held in the Arif Habib Monthly Income Plan.
- 3.17. In the event any changes are introduced in the Plan after an existing Subscriber has made an initial investment in the Plan, the Subscriber shall not be under any obligation to comply with the changes. However, if the Subscriber is willing to comply with the changes, he/she shall be welcome to opt for the changed terms and may be required to sign a form accepting the new terms.
4. **Risk Disclosure:**
 - 4.1. In addition to the risks disclosed in the Offering Document of the Pakistan Income Fund, the investment in the Arif Habib Monthly Income Plan is exposed to the following risk:
 - 4.1.1. The expected returns are based on best estimates of the performance of the Pakistan Income Fund and the ability to continue investing in similar investments on maturity of the investments in the portfolio. There is no guarantee as to the actual performance of the Pakistan Income Fund.
 - 4.1.2. Under extreme circumstances it is possible for the Pakistan Income Fund to lose value. Furthermore, the units held by a Subscriber in the plan can deplete in case sufficient returns are not earned to pay for the amount of monthly payment under the application of clause 3.6 or clause 3.7 above, since the shortfall would be made up by redeeming the required number of Units from their account at the rate prevailing at the time of redemption.
 - 4.1.3. The Pakistan Income Fund is subject to being wound up under certain circumstances as explained in Clause 17 of the Offering Document. In such an event the Arif Habib Monthly Income Plan shall be discontinued.
5. All other matters - The Offering Document relating to the Pakistan Income Fund of which this plan is an administrative arrangement shall apply to all matters not covered by this Supplementary Offering Document.
6. "Subscriber" means a unitholder in the Pakistan Income Fund.