

**RISK PROFILE: HIGH (PRINCIPAL AT HIGH RISK)**  
**Supplementary Offering Document of**  
**Pension Builder**  
**An administrative arrangement/plan under**  
**The PSM Fund and The Pakistan Income Fund**  
**Managed by Arif Habib Investment Management Limited,**  
**An Asset Management Company**

**1. Introduction**

- 1.1. The Pension Builder is an administrative arrangement offered by Arif Habib Investment Management Limited (AHIML) so as to facilitate an Subscriber in building towards a pension fund, whereby, the Subscriber optimises between risk and reward through regular reallocation between debt and equity investments. The allocation to higher risk equity-based investment is high during the initial years and reduces substantially by the time the Subscriber retires.
- 1.2. The investment is allocated between in Pakistan Income Fund (which invests in a range of debt instruments, short maturity securities, transactions aimed at earning a spread through simultaneous buying and selling of securities for two different settlement dates and reverse repurchase (REPO) arrangements including Carry Over Transactions (COT). The objective of the Fund is to seek high yields while balancing out the risk into a mix of debt and REPO investments); and the PSM Fund (which is invested primarily in high quality liquid shares; at the same time focus is also kept on shares offering good value).
- 1.3. All transactions under this arrangement are governed by the Trust Deeds relating to the two respective Funds i.e., the PSM Fund and the Pakistan Income Fund (both dated 23rd October 2001). Unless specifically altered by this document, all the terms and conditions of the Offering Documents of the PSM Fund and the Pakistan Income Fund shall apply to the respective Units of the two Funds in which investment is made under this plan.

**2. Objectives**

- 2.1. The objective of this arrangement/plan is to allow the Subscriber to build a retirement fund and to benefit from the higher potential returns from investing in the PSM Fund while reducing the risk through converting the investment into the Pakistan Income Fund as the Subscriber progresses towards retirement. A larger portion of the Subscriber's investment is allocated to the PSM Fund at the younger age and is gradually converted to the lower risk Pakistan Income Fund as the Subscriber's age progresses and the ability to take risk reduces. The plan also ensures that as the amount of the investment grows, the risk exposure to the PSM Fund is progressively reduced.
- 2.2. The Subscriber should benefit from the compounding effect of the reinvestment of the income earned on the investments.
- 2.3. The Subscriber should also benefit from the higher potential returns from investing in the PSM Fund while reducing the risk through investing with a long-term horizon as well as through averaging out the purchase and sale values of the equity based investments.
- 2.4. The Subscriber also has the option to convert the accumulated fund into an annuity plan and also benefit from a specially designed insurance cover. Please see clause 3.14 and 3.15 below.

**3. The administrative arrangements**

- 3.1. The present minimum monthly contribution towards the plan is Rs.1,000. Units of PIF and PSM Fund (including fractions thereof) shall be issued against the amount received from the Subscriber in accordance with the terms of the Offering Documents of PIF and PSM Fund. The Management Company may alter the minimum amount. An increase in the minimum amount shall require a reasonable notice.
- 3.2. An investor may open an Pension Builder by filling out the prescribed Form and lodging it alongwith the first month's contribution with a Distributor.
- 3.3. The Pension Builder subscriber (hereinafter referred to as the Subscriber) may select a predetermined annual increase in the level of monthly contributions or may otherwise alter the monthly savings amount once in every calendar year provided such amount is not below the minimum fixed by the Management Company. The Management Company may, at its sole discretion, allow any Subscriber a more frequent change.
- 3.4. The Subscriber shall send to the Distributor the monthly contributions under cover of the prescribed Form. The Management Company may introduce arrangements whereby a Subscriber may pay the contributions through standing instructions to a bank. In the event a Subscriber does not deposit the monthly contribution for any reason, the Account shall remain alive and the Subscriber may continue the contributions at any stage. A Subscriber may deposit additional funds of a minimum of Rs. 1,000 per deposit (or such other minimum amount the Management Company may prescribe from time to time) at any stage.
- 3.5. The Registrar shall send a statement of account to the Subscriber each time there is activity in the account (other than that caused by the automated switching process). Such statement or report shall be sent by ordinary mail to the Subscriber's address recorded in the Register.
- 3.6. Certificates representing Units purchased under this plan shall not be issued.
- 3.7. In the event the Management Company announces a suspension of further issue of Units of the PSM Fund or the Pakistan Income Fund, it may allow existing Subscribers to continue buying Units under the plan.
- 3.8. Dividends declared on the Units held in the Pension Builder shall be reinvested in the PSM Fund and the Pakistan Income Fund in proportion to the weightages the applicable to the Account at that point in time.
- 3.9. The Registrar shall not record a lien on the funds or Units held in the Pension Builder.
- 3.10. Account shall be reallocated each month, other such frequency as the Management Company may decide, between the two Funds so as to ensure that the investment is divided between the two Funds in proportion to the weightage applicable for the Subscriber's age, calculated from the year of birth and relative to that year of the plan. In the event the stock market goes up resulting in an increase in the relative weightage of the investment in the PSM Fund, the surplus will be encashed (redeemed) and invested in the Income Fund and vice versa; such conversion shall take place provided the amount of conversion exceeds such percentage or absolute Rupee amount that may be determined by the management Company from time to time.
- 3.11. The age wise investment allocation is indicated in the Table annexed hereto. The Management Company may change the age wise allocation in consultation with an actuary.
- 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 every month or otherwise shall be issued at the respective Offering Prices applicable for PSM Fund and the Pakistan Income Fund Units on the day the funds and the Application Form are lodged with the Distributor.



- 3.13. Units bought or sold other than through application of Section 3.12 above, including Units purchased out of dividends, shall be special prices applicable for the Pension Builder whereby the Front-end Load and the Back-end Load shall not be recovered in respective Offering and Redemption prices of the PSM Fund and the Pakistan Income Fund.
- 3.14. **Annuity Plan** - The Management Company has made arrangements with certain insurance companies to provide an annuity plan which would allow the Subscriber to convert the accumulated fund, in the Account at the time of the retirement of the Subscriber, into an annuity plan for ensuring regular pension payments to the Subscriber. Particulars of the Insurance companies, a brief synopsis of terms and conditions are annexed hereto. The Management Company may make arrangements with other Insurance companies in the future. The Management Company is not a party to these arrangements and is merely facilitating the contact between the Subscriber and the insurance company.

### 3.15. Insurance Option

- 3.15.1. A Subscriber, who enters into an agreement with an insurance company for the ultimate conversion of the accumulated fund into an annuity plan, may be offered by such insurance company, a cover for commencing annuity payments premature in the event of permanent and complete disability of the Subscriber.
- 3.15.2. The terms and conditions of the policies and the enforcement thereof are between the Insurance Company and the Subscriber. The Management Company does not take any responsibility in this regard and is only facilitating the arrangement. Where the Insurance Company is willing to provide only group insurance cover, it may be necessary for the Management Company to become the Policy Holder for the benefit of the Account Holders. However, in such case, the Management Company will not take any responsibility beyond exercising reasonable care and diligence to ensure that the policy provides adequate cover to the Subscribers. The Management Company does not guarantee that any of the insurance companies shall be willing to provide the cover to any Subscriber nor does it guarantee performance by the insurance company.
- 3.15.3. In the event the Subscriber enters an arrangement for an insurance cover with an insurance company, the Subscriber shall pay the amount of the applicable premium along with the monthly investment. The Management Company shall pass on the premium to the insurance company concerned as a free service to the Subscriber.
- 3.15.4. The primary responsibility of ensuring that the policy does not lapse is that of the Subscriber, however, in order to assist Subscribers in the event they do not send the monthly contribution and/or the full insurance premium applicable for an annuity plan, the Management Company may send the amount of premium applicable to the insurance company so that the policy does not lapse due to non-payment of premium. The Management Company shall be entitled to full reimbursement by the insurance company and it may redeem such number of Units or fractions thereof standing in favour of the Subscriber, that are adequate to pay the premium. Such redemption shall take place on the day (or the next following day) the Management Company is to send the premium to the insurance company and in the event the day is not a day when a Redemption Price is announced for the PSM Fund for any reason, redemption shall take place on the next day price is announced. Provided, under no circumstances shall the Management Company be obliged to pay any premiums unless there is a sufficient holding of the Subscriber's Units. The Management Company shall send quarterly statements to the Subscribers indicating the Units redeemed and the amount paid to the Insurance Company during the preceding quarter.
- 3.16. In the event the Subscriber wishes to give up the annuity arrangements and stop paying the premium, such Subscriber shall advise the Management Company or the Registrar in writing failing which the Management Company may continue to pay the premium to the insurance company out of the Subscriber's investments/funds.
- 3.17. The Subscriber is free to discontinue the savings plan at any stage and convert the account into a standard investment plan. In such an event the annuity arrangements and insurance cover will lapse.
- 3.18. In the event of winding up of the PSM Fund or the Pakistan Income Fund, the Pension Builder shall be discontinued. Units standing to the credit of the Subscriber shall be dealt with in the same manner as the rest of the Units in the PSM Fund or the Pakistan Income Fund.
- 3.19. In the event any changes are introduced in the Plan after an existing Subscriber has made an initial investment in the Plan, the existing 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 to acknowledge the new terms.

### 4. Risk Disclosure:

- 4.1. In addition to the risks disclosed in the Offering Documents of the PSM Fund and the Pakistan Income Fund, the investment in the Pension Builder is exposed to the following risk:
- 4.1.1. The target amount of saving and accumulation of the returns thereon in the Pakistan Income Fund are based on best estimates of the performance of the Income Fund and are dependant on the ability to continue investing in similar investments or on the performance of the investments in the portfolio. There is no guarantee as to the actual performance of the Pakistan Income Fund. The target amount of saving and accumulation of the returns thereon in the PSM Fund are based on best estimates of the performance of the stock market and the Management Company's actions based on the expected performance. There is no guarantee as to the actual performance of the PSM Fund.
- 4.1.2. The process of continuous reallocation of the Account between the PSM Fund and the Pakistan Income Fund can, under extreme circumstances, result in a higher exposure of the overall investment to the PSM Fund, thereby increasing the risk of exposure and the possibility of loss of capital.
- 4.1.3. The PSM Fund and the Pakistan Income Fund are subject to being wound up under certain circumstances as explained in Clauses 17 of the respective Offering Documents. In the event of either of the Funds being wound up, the Pension Builder shall be discontinued.
- 4.1.4. The Management Company does not take responsibility for any insurance company fulfilling its obligations.
- 4.1.5. In the event a Subscriber fails to pay the insurance premiums or abandons the policy or decides to redeem the Units, the contributions made towards the insurance policy shall stand lapsed.
5. **All other matters** - The Offering Documents relating to the PSM Fund and the Pakistan Income Fund of which this plan is an arrangement, shall apply to all such matters, relating to the investment in Units issued under the respective Funds that are not covered by this Supplementary Offering Document.
6. **"Subscriber"** means a unit holder in the Pakistan Stock Market Fund and/or Pakistan Income Fund, as the case may be.



**Annexure to Pension Builder**

**Arif Habib Investment Management Limited  
Pension Builder - Age Wise Investment Allocation Table**

| Age of Investor | Investment Allocation |        |         | Age of Investor | Investment Allocation |        |         |
|-----------------|-----------------------|--------|---------|-----------------|-----------------------|--------|---------|
|                 | PIF                   | PSM    | TOTAL   |                 | PIF                   | PSM    | TOTAL   |
| 20              | 20.00%                | 80.00% | 100.00% | 41              | 29.56%                | 70.44% | 100.00% |
| 21              | 20.03%                | 79.97% | 100.00% | 42              | 30.67%                | 69.33% | 100.00% |
| 22              | 20.10%                | 79.90% | 100.00% | 43              | 31.89%                | 68.11% | 100.00% |
| 23              | 20.20%                | 79.80% | 100.00% | 44              | 33.21%                | 66.79% | 100.00% |
| 24              | 20.34%                | 79.66% | 100.00% | 45              | 34.65%                | 65.35% | 100.00% |
| 25              | 20.51%                | 79.49% | 100.00% | 46              | 36.20%                | 63.80% | 100.00% |
| 26              | 20.72%                | 79.28% | 100.00% | 47              | 37.89%                | 62.11% | 100.00% |
| 27              | 20.97%                | 79.03% | 100.00% | 48              | 39.73%                | 60.27% | 100.00% |
| 28              | 21.26%                | 78.74% | 100.00% | 49              | 41.73%                | 58.27% | 100.00% |
| 29              | 21.58%                | 78.42% | 100.00% | 50              | 43.90%                | 56.10% | 100.00% |
| 30              | 21.95%                | 78.05% | 100.00% | 51              | 46.26%                | 53.74% | 100.00% |
| 31              | 22.36%                | 77.64% | 100.00% | 52              | 48.83%                | 51.17% | 100.00% |
| 32              | 22.82%                | 77.18% | 100.00% | 53              | 51.63%                | 48.37% | 100.00% |
| 33              | 23.33%                | 76.67% | 100.00% | 54              | 54.69%                | 45.31% | 100.00% |
| 34              | 23.88%                | 76.12% | 100.00% | 55              | 58.02%                | 41.98% | 100.00% |
| 35              | 24.50%                | 75.50% | 100.00% | 56              | 61.66%                | 38.34% | 100.00% |
| 36              | 25.17%                | 74.83% | 100.00% | 57              | 65.64%                | 34.36% | 100.00% |
| 37              | 25.90%                | 74.10% | 100.00% | 58              | 70.00%                | 30.00% | 100.00% |
| 38              | 26.70%                | 73.30% | 100.00% | 59              | 74.77%                | 25.23% | 100.00% |
| 39              | 27.58%                | 72.42% | 100.00% | 60              | 80.00%                | 20.00% | 100.00% |
| 40              | 28.52%                | 71.48% | 100.00% |                 |                       |        |         |