

## RISK PROFILE: HIGH (PRINCIPAL AT HIGH RISK)

Supplementary Offering Document of

Balanced - Savings Plan

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 Balanced Savings Plan is an administrative arrangement offered by Arif Habib Investment Management Limited (AHIML) so as to facilitate Subscribers in investing in a monthly savings plan, whereby, the Subscriber benefits from the higher potential returns from investing in the PSM Fund while reducing the risk through balancing the investment in the Pakistan Income Fund.
- 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 mainly in high quality shares that are actively traded; at the same time focus is also kept on shares offering good value).
- 1.3. The plan runs over a choice of periods of ten or fifteen years and maintains a balance between debt and equity based investments. At the initial the PSM Fund portion of the Account has a weightage of 60%, which reduces to 40% by the end of the investment period. The Management Company may introduce a further choice of periods with different weightages.
- 1.4. 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 benefit from the higher potential returns from investing in the PSM Fund while reducing the risk through balancing the investment in the Pakistan Income Fund.
- 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 values of the equity based investments.
- 2.4. The Subscriber also has the option to benefit from a specially designed insurance cover.

### 3. The administrative arrangements

- 3.1. The present minimum monthly savings amount 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 a Balanced Savings account by filling out the prescribed Form and lodging it along with the first month's contribution with a Distributor.
- 3.3. The Balanced Savings Plan 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 Balanced Savings Plan shall be reinvested in the PSM Fund and the Pakistan Income Fund in proportion to the weightages 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 Balanced Savings Plan.
- 3.10. Account shall be reallocated each month, or 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 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 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 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 or at any other bank specifically authorised by the Management Company.
- 3.12. Units bought or sold other than through application of Section 3.11 above, including Units purchased out of dividends, shall be at the special prices applicable for the Balanced Savings Plan whereby the Front-end Load and the Back-end Load shall not be recovered in the respective Offering and Redemption prices of the PSM Fund and the Pakistan Income Fund.
- 3.13. Insurance Option



- 3.13.1. The Management Company has made arrangements with certain Insurance companies to provide a cover to such Subscribers who opt to insure the monthly contributions in the event of death or permanent and complete disability of the Subscriber. Particulars of the Insurance companies, a brief synopsis of the terms and conditions are annexed hereto. The Management Company may make arrangements with other Insurance companies in the future. The terms and conditions of the policies and the enforcement thereof between the Insurance Company and the Subscriber. The Management Company does not take any responsibility in this regard. It is only facilitating the arrangement. Where 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 does 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 will be willing to provide the cover to any Subscriber nor does it guarantee performance by the insurance company.
- 3.13.2. In the event the Subscriber opts for an insurance cover with one of the insurance companies, the Subscriber shall send the amount of the applicable premium along with the monthly contribution. The Management Company shall pass on the premium to the insurance company concerned as a free service to the Subscriber.
- 3.13.3. The primary responsibility of ensuring that the policy does not lapse is that of the Subscriber, however, in order to assist the Subscriber in the event they do not send the monthly contribution and/or the full insurance premium applicable for any month, 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 Subscriber and it may redeem such number of Units or fractions thereof standing in favour of the Subscriber, that are adequate to pay for the premium. Such redemption shall take place on the day (or the next following day) the Management Company is required to send the premium to the insurance company and in the event that that 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 send any premiums unless there is a sufficient holding of the Subscriber. 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.
- 3.14. In the event the Subscriber wishes to stop paying the premium, such Subscriber shall advise the Management Company and 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.
- 3.15. The Subscriber is free to discontinue the savings plan at any stage and convert the account into a standard investment account. In an event the insurance cover will lapse.
- 3.16. In the event of winding up of the PSM Fund or the Pakistan Income Fund, the PSM Savings Plan shall be discontinued and the amount 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 and the Pakistan Income Fund.
- 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 Documents of the PSM Fund and the Pakistan Income Fund, the investment in the Balanced Savings Plan 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 is dependant on the ability to continue investing in similar investments on a regular basis of the investments in the portfolio. There is no guarantee as to the actual performance of the Pakistan Income Fund. Similarly, 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 certain circumstances, result in a higher exposure of the overall investment to the PSM Fund, thereby increasing the risk level 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 Balanced Savings Plan shall be discontinued.
- 4.1.4. In the event a Subscriber fails to pay the insurance premiums or abandons the policy or decides to redeem the Units covered by him/her, the contributions made towards the insurance policy shall stand lapsed.
- 4.1.5. The Management Company does not take responsibility for any insurance company fulfilling its obligations.
5. All other matters - The Offering Documents relating to the PSM Fund and the Pakistan Income Fund of which this plan is an administrative 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 unitholder in the Pakistan Stock Market Fund and/or Pakistan Income Fund, as the case may be.