

RISK PROFILE: HIGH (PRINCIPAL AT HIGH RISK)
Supplementary Offering Document of
MCB PSM Savings Plan
An administrative arrangement/plan under the
Pakistan Stock Market Fund (PSM Fund)
Managed by Arif Habib Investment Management Limited,
An Asset Management Company

1. Introduction

- 1.1. The PSM Savings Plan is an administrative arrangement offered by Arif Habib Investment Management Limited (AHIML) so as to facilitate Subscribers to invest in a monthly savings plan and benefit from the facility of investing small amounts in a portfolio of stock market investments.
- 1.2. The Trust Deed relating to the PSM Fund 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 PSM Fund shall apply.

2. Objectives

- 2.1. The objective of this arrangement/plan is to facilitate a Subscriber in achieving long-term investment goals through monthly investments in the PSM Fund. The investments in the PSM fund are likely to perform in line with the stock market. The stock market has historically out performed most other forms of investments in the long run.
- 2.2. The Subscriber should 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.
- 2.3. 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 PSM Fund (including fractions thereof) shall be issued against the amount received from the Subscriber in accordance with the terms of the Offering Document s of 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 start a PSM Savings Plan by filling out the prescribed Form and lodging it along with the first month's contribution with a Distributor.
- 3.3. The PSM 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. 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, it may allow existing Subscribers to continue buying Units under the plan.
- 3.8. Dividends declared on the Units held in the PSM Savings Plan shall be reinvested in the PSM Fund.
- 3.9. In the event of winding up of the PSM Fund, the PSM Savings Plan shall be discontinued and the Units standing to the credit of the Subscriber shall be dealt with in the same manner the rest of the Units in the PSM Fund.

3.10. Insurance Option

- 3.10.1. 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 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 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 shall be willing to provide the cover to any Subscriber nor does it guarantee performance by the insurance company.
- 3.10.2. 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.
- 3.10.3. The primary responsibility of ensuring that the policy does not lapse is that of the Subscriber, however, in order to assist the Subscribers 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 the day (or the next following day) the Management Company is required to send the premium to the insurance company and in the event the 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 pay 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.
- 3.10.4. In the event the Subscriber wishes to 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.

- 3.10.5. The Registrar shall not record a lien on the funds or Units held in the PSM Savings Account in the event it is covered by an insurance option.
- 3.11. 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 accepting the new terms.
4. Risk Disclosure:
 - 4.1. In addition to the risks disclosed in the Offering Document of the PSM Fund, the investment in the PSM Savings Account is exposed to the following risk:
 - 4.1.1. The target amount of saving and accumulation of the returns thereon 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 PSM Fund is subject to being wound up under certain circumstances as explained in Clause 17 of the PSM Offering Document. In such an event the PSM Savings Plan shall be discontinued.
 - 4.1.3. The Management Company does not take responsibility for any insurance company fulfilling its obligations.
 - 4.1.4. In the event a Subscriber fails to pay the insurance premiums or abandons the policy or decides to redeem the Units owned by him/her, the contributions made towards the insurance policy shall stand lapsed.
5. All other matters - The Offering Document relating to the PSM Fund of which this plan is an administrative arrangement, shall apply to matters not covered by this Supplementary Offering Document.
6. "Subscriber" means a unitholder in the Pakistan Stock Market Fund.