
**Supplementary Offering Document of
Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan)
An administrative arrangement/plan under the
Pakistan Income Fund (PIF) &
Pakistan Stock Market Fund (PSM)
Managed by Arif Habib Investment Management Limited,
An Asset Management Company**

1. Introduction

- 1.1. The Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan) is an administrative arrangement offered by Arif Habib Investment Management Limited (AHIML) so as to facilitate Subscribers to receive monthly cash flows from their investment in the Pakistan Income Fund and Pakistan Stock Market Fund.

This plan consumes a portion of the savings in the Plan over the term decided by the Subscriber by withdrawing cash from the Plan on a regular monthly basis.

This works on two basic objectives (1) Provide an even lifestyle during retirement; and (2) Target reasonable funds to remain in the Plan at the close of the term of the Plan

- 1.2 The Trust Deeds relating to the Pakistan Income Fund (PIF) and Pakistan Stock Market Fund (PSM) dated 23rd October 2001 govern 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 and Pakistan Stock Market Fund shall apply.

2. Objectives

The objective of this plan is to provide Subscribers to receive regular cash flows from their investment in the Pakistan Stock Market Fund and Pakistan Income Fund. The most attractive feature of dynamic income provider (Arif Habib Dynamic Income & Drawdown Plan) is the ability to retain control over the life time savings. The Plan targets that the purchasing power is not depleted by withdrawals; **while it may be possible to increase income later in life.**

The Subscriber should benefit from the compounding effect of the reinvestment of the income earned on the investments.

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.

DISCLAIMER : - It must be clearly understood that in giving this approval, the SECP does not take any responsibility for the financial soundness of the Plan nor for the accuracy of any statement made or any opinion expressed in this offering Document.

3. The administrative arrangements

- 3.1. At the present a Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan) account may be opened with a minimum of Rs.1, 000,000.

Units of PIF & PSM (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.

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 a notice of 30 days.

- 3.2. An investor may open an account for the Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan) by filling out the prescribed Form and lodging it along with the funds (in the prescribed form) being invested with a Distributor.
- 3.3 The plan offers a choice of periods of fifteen, twenty or twenty five years. However Management Company on the request of an investor may allow any term between 10 years to 25 years. The Plan breaks the total of the invested amount into two parts. Part A and Part B.

After the bifurcation of invested funds into Part A and Part B. **Part A** amount is invested in Pakistan Stock Market Fund till termination of the Plan and it is targeted that the investment in this part should accumulate to a reasonable amount by the end of the plan.

Part B amount is invested in Pakistan Income Fund with the target to **earn** around the prevailing rate of inflation and to provide monthly cashflows as the constant purchasing power throughout drawdown period.

Each month an amount is withdrawn from PIF according to the following formula:

- 3.3.1 Value of Units in PIF divided by the remaining number of years of the terms of the Plan
- 3.3.2 Amount worked out in 3.3.1 will be divided by 12 to work out amount for the monthly payment amount
- 3.3.3 Units equal to monthly amount will be redeemed on the due date of every month
- 3.3.4 Percentage contribution in PSM decreases with the increase in term of the plan. The longer term of a plan would accumulate lower contribution of PSM to a reasonable amount at the close of the term. Management Company on the specific needs of the investor may allow different allocations of funds between PSM & PIF.

| Term of the Plan | Percentage of Distribution Between PSM and PIF | |
|------------------|--|----------------------|
| | Pakistan Stock Market Fund | Pakistan Income Fund |
| 15 | 12.50 % | 87.50 % |
| 20 | 07.00 % | 93.00% |
| 25 | 3.50 % | 96.50% |

Note: in order to have a clearly defined date for all calculations, 25th June is taken as the reference date for all purposes.

- 3.3.5 Year of the plan ends on June 25th each year (or the first working day following that in the event 25th is a closed day) and accordingly first year of the plan would end on June 25th (or the first working day following that in the event 25th is a closed day) and would be considered as one completed year.
- 3.4 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), pay out the due amount for the month by redeeming the required number of Units from PIF 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
- 3.5 Distribution made either in the form of Cash or Bonus on the Units held under the Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan) shall be reinvested (net of taxes if any) in Units of the respective funds.

- 3.6 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.
- 3.7 In the event the Management Company announces a suspension of further issue of Units of the Pakistan Income Fund or Pakistan Stock Market Fund, it may allow existing Subscribers to continue acquiring Units out of any dividends declared on Units held under the plan.
- 3.8 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 3.4 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 respective funds on the redemption date.
- 3.9 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 respective Fund on the day the funds and the Application Forms are lodged with the Distributor.
- 3.10 Units bought other than through application of clause 3.9 above, including Units purchased out of dividends, shall be at the special prices applicable for the Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan) whereby the Front-end Load shall not be recovered in the respective Offering price of the respective Funds.
- 3.11 In the event of winding up of the Pakistan Income Fund and/ or Pakistan Stock Market Fund, the Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan) shall be discontinued and the Units standing to the credit of the Subscriber shall be dealt with in the same manner as the rest of the Units in the respective Funds.
- 3.12 Certificates representing Units purchased under this plan shall not be issued and the Account Statement issued in this respect will be the final confirmation in respect of the Units purchased under the Administrative Plan.
- 3.13 The Registrar shall not record a lien on the funds or Units held in the Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan.)
- 3.14 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 Pakistan Income Fund and Pakistan Stock Market fund, the investment in the Dynamic Income Provider (Arif Habib Dynamic Income & Drawdown Plan) is exposed to the following risk:
- 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.
 - Under extreme circumstances it is possible for PIF and PSM to lose value. Furthermore, the units held by the Subscriber in the plan can deplete in case sufficient returns are not earned to pay for the amount of monthly payment.

- 5 **All other matters** – The Offering Document relating to the Pakistan Income Fund and Pakistan Stock Market 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 and/ or Pakistan Stock Market Fund.