

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

Supplementary Offering Document of  
Balanced Portfolio  
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 Portfolio is an administrative arrangement offered by Arif Habib Investment Management Limited (AHIML) so as to offer Subscribers a convenient plan for maintaining a balance between debt and equity based investments.
- 1.2. The investment is divided equally between our 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. 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. Objective

- 2.1. The objective of this plan is to facilitate a 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.

### 3. The administrative arrangements

- 3.1. At the present a Balanced Portfolio account may be opened with a minimum of Rs. 5,000. The Balanced Portfolio Subscriber (hereinafter referred to as the Subscriber) may add minimum of Rs. 1,000 per transaction at the Subscribers convenience. 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 amounts required for opening or maintaining an account. Provided an upward change for maintaining the account or adding funds thereto shall require reasonable notice.
- 3.2. An investor may open a Balanced Portfolio by filling out the prescribed Form and lodging it alongwith the funds (in the prescribed form) being invested with a Distributor.
- 3.3. 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.
- 3.4. Dividends declared on the respective Units held in the Balanced Portfolio shall be reinvested in the respective Funds to which such dividends relate. However, Subscribers may opt to receive the dividends in cash by way of transfer to their designated bank accounts.
- 3.5. 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 PSM Fund and the Pakistan Income Fund Units on the day the funds and the Application Forms are lodged with the Distributor.
- 3.6. Units purchased out of dividends, shall be at the special prices whereby the Front-end Load shall not be recovered in the respective Offering prices of the PSM Fund and the Pakistan Income Fund.
- 3.7. In the event of winding up of the PSM Fund or the Pakistan Income Fund, the Balanced Portfolio shall be discontinued and the Units standing to the credit of the Subscriber shall be dealt with the same manner the rest of the Units in the PSM Fund and the Pakistan Income Fund.
- 3.8. 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 Documents of the PSM Fund and the Pakistan Income Fund, the investment in the Balanced Portfolio is exposed to the following risk:
  - 4.1.1. Owing to the volatile nature of the stock market, the Balanced Portfolio may suffer losses in the short term. Thus an investment in the Balanced Portfolio, to the extent of it being in the PSM Fund, would be exposed to higher risk and possible loss of capital unless the investment is retained for the long term.
  - 4.1.2. Whereas it is expected that a long-term investment in the stock market related PSM Fund is likely to out perform the Pakistan Income Fund, a prolonged downturn in the stock market may not allow the recovery within a targeted investment period.
  - 4.1.3. Over a time period, as a result of the different levels of performance of the PSM Fund and the Pakistan Income Fund, the overall portfolio is likely to have a higher weightage of one of the Funds. To this extent the exposure would be higher to such Fund at that point in time.
  - 4.1.4. The PSM Fund and the Pakistan Income Fund are subject to being wound up under certain circumstances as explained in Clause 17 of the respective Offering Documents. In the event of either of the Funds being wound up, the Balanced Portfolio shall be discontinued.

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.