

...

**1st SUPPLEMENTAL TO THE  
OFFERING DOCUMENT OF AL HABIB PENSION FUND  
AL HABIB INCOME PAYMENT PLAN (AH-IPP)  
(An Income Plan offered under AL Habib Pension Fund)**

**MANAGED BY**

**AL HABIB ASSET MANAGEMENT LIMITED**

**Dated: September 05, 2024**

This 1st Supplemental dated September 05, 2024 to the Offering Document of AL Habib Pension Fund approved by the Securities and Exchange Commission of Pakistan (SECP) on September 05, 2024.

**Managed by AL Habib Asset Management Limited, an unlisted public limited company incorporated under Companies Ordinance 1984 and registered as Pension Fund Manager under Voluntary Pension System (VPS) Rules 2005 by Securities and Exchange Commission of Pakistan.**

AL Habib Pension Fund (AHPF) is established in Pakistan as a Voluntary Pension Fund through a Trust Deed, dated June 24, 2022 on the basis, entered in between AL Habib Asset Management Limited in its capacity as the Pension Fund Manager and Central Depository Company of Pakistan Limited in its capacity as the Trustee and authorized under the Voluntary Pension System (VPS) Rules, 2005.

**The Participants are advised in their own interest to carefully read the contents of the Offering Document in particular the risk factors and disclaimers before making any decision.**

**I. Amendment in sub heading “Income Payment Plan” under clause 23 to the Offering Document i.e. “Definitions”.**

Amended text to be read as:

“Income Payment Plan” means a plan constituting an agreement with the Pension Fund Manager after retirement enabling withdrawal of the remaining amount in any Individual Pension Account in monthly installments for the term as determined by the Participant.

**II. A new section has been introduced as Section B of the Offering Document of AL Habib Pension Fund titled AL Habib Income Payment Plan (AH-IPP).**

**1. INTRODUCTION**

- a) AL Habib Income Payment Plan (AH-IPP) is a plan offered by AL Habib Asset Management Company Limited (the “Pension Fund Manager”) to the participants of AL Habib Pension Fund (AHPF) or other pension schemes managed by Approved Pension Fund Managers in Pakistan, effective after the retirement of the Participants.
- b) AHPF intends to provide the Participants a monthly pension income from outstanding balance in his/her individual pension account or amount transferred from other Pension Fund Manager on or after retirement.
- c) The balance in the Participant’s individual pension account on retirement after a lump-sum withdrawal (if any) will be allocated between Growth Segment and Income Segment (as per choice of Participants).
- d) The monthly pension income plan will commence from the date Participant opt for AL Habib Income Payment Plan. However, payment will be made within six (6) Business Days from the date of last day of every month.
- e) At the expiry of the income payment plan, the participant shall have option to use the outstanding balance in his individual pension account to subscribe for an annuity or opt an income payment plan for another term or withdraw the amount from his account.

- f) All transactions under this arrangement are governed by the Trust Deed and Offering Document of AHPF, NBFC & NE Regulations 2008 and VPS Rules 2005, as amended from time to time.
- g) Words and expressions used but not defined in this document shall have the same meaning unless contrary to the context as assigned to them in the Trust Deed of AHPF.

## 2. RETIREMENT

**Retirement Age:** The Participants may choose their age of retirement between sixty and seventy years or twenty-five years since the age of first contribution to a pension fund, whichever is earlier, (or in case of disability, as per the procedure laid down in the Offering Document of AL Habib Pension Fund or as may be allowed by the Commission under the VPS Rules 2005.

Provided that the participant may change his retirement age between sixty and seventy years by giving notice in writing to the Pension Fund Manager.

Provided further that in case of Employer Pension Funds, the retirement age shall be as per the agreement/ arrangement between Employer and Pension Fund Manager.

**Date of Retirement:** Pension Fund Manager shall send a notice to a participant at least thirty days before the chosen date of retirement informing him/her the options available to him/her on retirement. The notice should be sent physically on the mailing address as well as electronically on email.

## 3. ELIGIBILITY TO SUBSCRIBE AH-IPP

- a) AH-IPP is offered to the participants of the AHPF on or after the Retirement Date, as decided by the Participant.
- b) AH-IPP is also offered to the Participants of other approved pension schemes, after the Retirement Date of Participant.

## 4. OPTIONS AVAILABLE WITH AH-IPP:

- After the retirement the Participant can withdraw any amount from the total accumulated balance, subject to tax under the provisions of the Income Tax Ordinance, 2001 and the Rules.
- To use the balance amount after the withdrawal as mentioned in above para; invest the amount either to subscribe the approved annuity plan or in any approved Income Payment Plan from Pension Fund Manager.

Upon selecting the AH-IPP, the fund will be allocated into two segments, Growth and Income, the participant has following options:

### **Amount Allocated in Growth Segment:**

The **Growth Segment** of AH-IPP is allowing potential long-term capital appreciation through investment of funds based on desired risk exposure of Participants.

The Participant may allocate any amount (0% to 35% of available balance), which shall be

invested in the sub-funds of AL Habib Pension Fund according to the Participant's desired risk exposure, within the following prescribed allocation limits.

<b>Age / Risk Tolerance</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Customized</b>
<b>60-65 Years</b>				
Equity sub fund:	40%	30%	20%	___%
Debt sub fund:	50%	40%	30%	___%
MM sub fund:	10%	30%	50%	___%
<b>65-70 Years</b>				
Equity sub fund:	30%	20%	10%	___%
Debt sub fund:	40%	30%	20%	___%
MM sub fund:	30%	50%	70%	___%
<b>70 years till maturity</b>				
Equity sub fund:	20%	10%	0%	___%
Debt sub fund:	30%	20%	10%	___%
MM sub fund:	50%	70%	90%	___%

**Note:** Risk Tolerance will be determined by the Pension Fund Manager according to parameters mentioned in the IPP form and shall be signed by the Participants. Participants can also opt for customized allocation. By selecting customized allocation scheme, risk tolerance will be compromised.

**Amount Allocated for Income Segment:**

The **Income Segment** of AH-IPP refers to the portion of the investment where Participants will generate regular income. This segment typically invests in debt securities, fixed-income instruments, which provide a relatively stable source of income.

The remaining amount after the allocation of funds for Growth Segment, will be invested in sub-funds in one of the following Allocation.

	<b>Debt Sub Fund</b>	<b>Money Market Sub Fund</b>
<b>Low Volatility</b>	40%	60%
<b>Lower Volatility</b>	20%	80%
<b>Customized</b>	___%	___%

### **Frequency of Change of Allocation**

The Participant may increase or decrease the portion of Growth Segment between 0% to 35% and may also revisit the desired risk exposure for Growth Segment allocation by informing the Pension Fund Manger through prescribed Form, only once in a year.

Further the Participant may also change the allocation of investment in Income Segment by informing the Pension Fund Manger through prescribed Form, only once in a year.

### **Withdrawal of Amounts**

The Participant may withdraw the entire balance or any amount from his/her account during the tenor or at the expiry of the AH-IPP, as allowed under the VPS Rules and subject to relevant tax laws under the Income Tax Ordinance, 2001.

### **Monthly Pension Payment:**

Following option are available to the Participant in income payment plan.

#### **i) Option 1:**

Upon entering the plan, remaining balance in AH-IPP Income Segment shall be divided into the number of months as per the term of the plan opted by the Participant, with an objective of redeeming such number units of the respective sub-funds of AHPF equal in value to the pension for the month at the prevailing NAV of the respective sub-fund of AHPF at the close of the last business day. This exercise shall be undertaken at the end of each year by dividing balance amount with the remaining number of years. Pension Fund Manager may revise Participant's monthly pension payments (based on number of units redeemed), in case of any partial withdrawals or any other related transactions affecting account balance.

#### **ii) Option 2:**

Balance to remaining number of Months Methodology, the total remaining balance at the end of each month shall be divided into the remaining number of months of the selected plan.

Note: The invested amount may deplete before the term of the Plan depending on the capital market conditions and level of interest rates.

The pension amount shall be paid to the Participant by direct transfer to the Participant's designated bank account or a crossed cheque/ demand draft for the amount will be dispatched to the registered address of the Participant, within six (6) Business Days from the date of last day of every month until the end of AH-IPP.

However, in case of any exceptional circumstances, which may arise due to major law and order situation, closure of one or more Stock Exchanges on which any of the securities invested in by the AHPF are listed, closure of the banking system, strikes or other events that render the Pension Fund Manager or Trustee of AHPF unable to function, or the existence of a state of affairs as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the investors, the Pension Fund Manager may redeem such units at the close of the next Business Day when the said circumstances have ceased to exist.

## **5. PROCEDURE TO JOIN AL HABIB INCOME PAYMENT PLAN**

- a) In case of existing Participant of AHPF, who wish to subscribe to AH-IPP will be required to sign up for it by filling out a form and submitting the required documents.
- b) In case of the Participant of other approved pension schemes, the Participant will be required to fill the AH-IPP application form, giving details of his/her approved Pension Fund and submitting the required documents. Afterwards, the Participant will be required to transfer funds from his/her existing Pension Fund or Income Payment Plan into AH-IPP.
- c) The Participant shall submit the completed AH-IPP Application Form to any of the authorized branches of the Distribution Companies or send directly to AL Habib Asset Management Company Limited. Only the Pension Fund Manager and authorized branches of Distribution Companies are authorized to collect Application Forms for AH-IPP.

## **6. INVESTMENT POLICY**

The investment in sub-funds of AHPF shall be subject to the Trust Deed, Supplementary Trust Deeds, Offering Document and Supplementary Offering Documents of AHPF. The investment in the sub-funds of AHPF under the AH-IPP will be in accordance with the Investment Policy prescribed by the SECP as per the Voluntary Pension System Rules, 2005 as amended or substituted from time to time, including any directives given by the SECP.

## **7. FEES AND CHARGES**

- a) No front-end load shall be charged for transfer of accumulated balance from the Individual Pension Account of the Participants to the AH-IPP. Front-end load shall also not be applicable on Participants on transferring their balance from any other approved Pension Fund or such other schemes/type of Participants, as allowed in the VPS Rules. There will also be no back-end load/charges on the withdrawal/ payment of monthly pension.
- b) No front-end load shall be charged on change of allocation of investment in Growth Segment and Income Segment as allowed under this section of Offering Document.
- c) The Pension Fund Manager shall not be entitled to an additional annual management fee from this plan.

## **8. DEATH OF PARTICIPANT**

In the unfortunate event of the death of any Participant, the nominated survivors (according to the succession certificate issued in accordance with law for the time being in force) shall be the person/(s) recognized as having any entitlement to the remaining balance of the deceased Participant. In case no nominations have been made, the executors, administrators

or succession certificate holder of the deceased Participant shall be the only person recognized as having entitlement to the outstanding balance.

#### **9. ROLE OF TRUSTEE OF AL HABIB PENSION FUND**

- a) The balance of the Participant joining AH-IPP will be invested in the sub funds of AHPF and all assets of the sub funds will be under the custody of the Trustee of AHPF.
- b) The Trustee of AHPF shall ensure that units of the sub funds of AHPF allotted to the Participants joining AH-IPP are allocated at the prevailing NAV of the respective sub funds at the day end on which the balance of the Participant is credited into the bank account of AHPF. Similarly, the Trustee of AHPF shall also ensure that for the payment of monthly pension units are redeemed at the prevailing NAV of respective sub fund of AHPF at the close of the last Business Day of each month. However, in case of exceptional circumstances the units will be redeemed at the prevailing NAV as of the close of the next Business Day when the exceptional circumstances have ceased to exist.

Since all the amounts of the Participants joining AH-IPP will be invested in AHPF, the role and duties of the Trustee of AHPF, as mentioned under the relevant clause(s) of the Constitutive Documents of AHPF and as defined under the VPS Rules shall also apply.

#### **10. SERVICES TO THE PARTICIPANTS**

- a) Availability of Forms - All the forms relating to the AH-IPP will be available at all the Authorized Branches of all Distribution Companies as well as from the Pension Fund Manager and from its web site i.e. [www.alhabibfunds.com](http://www.alhabibfunds.com).

##### **b) Register of the Participants:**

- i) The Pension Fund Manager has the responsibility to maintain Participant's records and for this purpose it may, under intimation to the Trustee, appoint a Registrar, who would be responsible for maintaining Participants' records and providing related services. The Registrar shall perform the Registrar Functions and all other related activities. The Pension Fund Manager shall ensure that the Registrar shall comply with all relevant provisions of the Trust Deed and the relevant Rules.
- ii) A Register of the Participant shall be maintained by the Pension Fund Manager or the Registrar at its place of business and inform the Commission of the address where the register is kept. The Register will contain at least such minimum information as required as per the guidelines of the Commission. Such Register shall also be accessible by the Trustee. Register shall be conclusive evidence as to the AH-IPP account balance held by each Participant. The Register shall also contain the information as prescribed by the Commission. The Register shall be maintained in electronic form and be password protected. The Pension Fund Manager would grant access to all the Participants to view the account information. The record keeping system shall contain the computerized transaction log which shall record Participant Account changes, who made them and when they were made. The Registrar and the Pension Fund Manager shall make sufficient provision for back up of the Register and its storage at an off-site location. The Pension Fund Manager shall ensure that the Registrar shall at all reasonable times during Business Hours give the Trustee and its representatives access to the Register

and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without any charge. The Registrar shall, within three Dealing Days of receiving a written request from any Participant, post (or send by courier or through electronic means) to such Participant details of such Participant's account in the Register. Such service shall be provided free of charge to any Participant requesting so once in any financial year. The Pension Fund Manager may prescribe charges for servicing of any additional requests with the approval of the Commission. The details of charges if any shall be disclosed in the Offering Document. The Participant shall notify, in writing, or in any such form as may be acceptable to the Pension Fund Manager, any change of name or address or any other particular to the relevant Authorized Branch of the Distribution Office, or to the Pension Fund Manager. The Distribution Office will forward such application to Pension Fund Manager or Registrar, who on being satisfied therewith and on compliance with such formalities shall alter the Register or cause it to be altered accordingly and in the case of a change of name shall, if requested, issue new Account Statement to such Participants, subject to fulfillment of formalities evidencing change of name satisfactory to the Registrar.

- iii) The Participant shall be the only person to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to such Units held in his/her name in each sub-fund of the AHPF, and the Trustee, the Pension Fund Manager and the Registrar may recognize the Participant as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust except where required by competent authority or any court of competent jurisdiction.

#### **11. DISCONTINUATION OF THE AL HABIB PENSION PLAN**

- a) In case of discontinuation/winding up of the AH-IPP, the Participants shall have the option to redeem the Units standing to his/her credit in the sub funds of AHPF (subject to relevant tax laws) or to transfer the outstanding balance in his/her AH-IPP to any other Approved Income Payment Plan offered by any other Pension Fund manager or an Approved Annuity Plan offered by Life Insurance Company or Takaful Company, or as allowed in the VPS Rules and by the Commission from time to time.

#### **12. VALIDITY OF THE TERMS OF THE AL HABIB INCOME PAYMENT PLAN**

The terms and conditions of the AH-IPP may vary as per changes in the Income Tax Ordinance 2001, VPS Rules and/or due to any directives given by the Securities and Exchange Commission of Pakistan (SECP) from time to time.

#### **13. TAXATION ON PARTICIPANTS OF INCOME PAYMENT PLAN**

- a) No withholding tax will be deducted from monthly payments to the Participants.
- b) Premature withdrawal from growth or income segment are subject to applicable taxes.
- c) Balances available in growth and income segments at the end of the tenure of the plan are subject to applicable taxes.



- d) The taxability and tax rates are subject to change from time to time, as may be announced by the Government. The following statements do not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to participate in the AH-IPP or to subscribe to the Units of the AHPF and may not apply equally to all persons. It is recommended that the Participants of AH-IPP should seek professional tax advice from an independent tax consultant regarding their own personal circumstances.
- e) The transfer of any accumulated balance from Participant's Individual Pension Account to AH-IPP offered by the Pension Fund Manager shall not be subject to withholding tax.

#### **14. RISK FACTORS AND DISCLAIMER**

The investments under AH-PP will be in the sub-funds of the AHPF. The sub-funds of AHPF, according to their nature, will be investing in equity securities and also in fixed income securities including deposits with approved banks. Such investments are subject to varying degree of risks as mentioned in the Offering Document of AHPF.

- a) The return of the AHPF may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various markets related factors and trading volumes, settlement periods and transfer procedures.
- b) The liquidity of the AHPF investments is inherently restricted by the trading volumes in the securities in which the AHPF invests.
- c) investors of the Plan are not offered any guaranteed returns.
- d) The Fund is subject to being wound up under certain circumstances as explained in the Offering Document. In the event of the AHPF being wound up, the AH-IPP shall be discontinued and the Units standing to the credit of the investor shall be redeemed subject to applicable taxes or may be transferred to another Income payment plan or annuity.
- e) The balance amount in the Growth Segment, may vary depending on the capital market conditions and level of interest rates.
- f) The principal balance in the Income Segment, may be used for monthly payment to the Participants, in case available profit is less than the monthly payment.