

Supplementary Offering Document of Regular Income Plan

**An administrative plan under
First Habib Income Fund (FHIF)
First Habib Cash Fund (FHCF)
Managed by Habib Asset Management Limited**

1. Introduction

- 1.1 The Regular Income Plan is an administrative plan offered by Habib Asset Management Limited so as to facilitate the Unit Holders to generate a stable stream of income based on a pre-defined interval (monthly, quarterly, semi-annually or annually) to meet expenses.
- 1.2 The Regular Income Plan provides Unit Holders with regular income at a reasonable rate of return through investment in Class "C" Units of First Habib Income Fund (FHIF) and First Habib Cash Fund (FHCF). It is ideal for investors desire to have regular Income.
- 1.3 All transactions under this arrangement are governed by the Trust Deeds relating to the **FHIF & FHCF** as may be amended from time to time vide Supplemental Trust Deed(s). Unless specifically altered by this document, all the terms and conditions of the Offering Documents of the respective funds shall apply to the investment made in this plan.

2. Investment Objective

To generate consistent returns and provide a stable stream of regular income from portfolio that is invested in fixed income instruments.

3. Investment Pattern

Sr. No	Asset Class	Percentage Allocation
1	FHIF (Class "C" Units)	100%
2	FHCF (Class "C" Units)	100%
3	FHIF & FHCF	Any Combination of 1 or 2

The investor can invest variable or predetermined amount under Systematic Investment Plan (SIP), on a monthly, quarterly, semi-annual or on annual basis subject to minimum amount mentioned in clause 4.

4. Basic Plan Information

- Nature of Plan : Open-end
- *Front-end Load (Sales Load) : 1% (This load will charge on investment in FHIF only. However, the management company has the discretion to reduce or waive Front- End Load on any transaction.

While no load will be applicable on investment in FHCF).

- Back-end Load : Not Applicable.
- Minimum Application and Maintenance Amount : Rs.100,000 (gross of Front end Load) for investment in both funds.
- Subsequent Investment : Rs.500 only (gross of Front end Load).
- Cut-Off Timings : Monday-Friday: 9 am to 4:30 pm.
- Redemption Proceeds : Payment Instrument Dispatched within 6 Business Days.
- **Dividends Declared : All dividends to be declared by the respective Funds shall be reinvested in the Plan.
- Taxes : All dividends and redemption proceeds to investors shall be subject to deduction of applicable taxes.

* Further, AMC shall ensure that no sales load is charged if the investor approaches directly for investment or where transactions are done online through a website. Management Company has the discretion to reduce or wave Sales Load on any transaction.

**Dividends declared on the Units held in the Administrative Plan under FHIF and/ or FHCF Portfolio(s) shall be reinvested (net of taxes if any) in its underlying Fund(s) respectively in proportion to the weightages that applicable to the Account at that point in time.

The present minimum application and maintenance amount is Rs.100,000/-. Units shall be issued against the amount received from the Unit Holder in accordance with the terms of the Offering Document of underlying funds. The Management Company may alter the minimum application and / or maintenance amount from time to time after giving not less than fifteen-days (15) prior notice to the Unit Holders/investor and post such notice on their official website.

The existing Unit Holders of the underlying funds can also opt to participate in regular income plan.

5. Features and Administrative Arrangements

5.1 The Plan is constituted of the Fund(s) in order to generate income, at regular intervals (as specified by the Unit Holder), with the portfolio being invested in FHIF and/or FHCF thereby providing stability to investments.

- 5.2 An investor may invest in the Regular Income Plan by filling out the prescribed Form and submitting it along with “crossed A/C payee only” cheque(s), pay order(s) and/or bank draft(s) of investment amount drawn in favor of “CDC Trustee - First Habib Income Fund” and / or “CDC Trustee - First Habib Cash Fund.

5.3 Systematic Investment Plan (SIP)

- 5.3.1 The Regular Income Plan Unit Holder (hereinafter referred to as the Unit Holder) may also select a Systematic Investment Plan (SIP) through which the investor may invest predetermined amounts for investment in Regular Income Plan, subject to minimum amount specified in clause 4 above, on a monthly, quarterly, semi-annual or on annual basis. The Unit Holder may also alter this monthly/quarterly/semi-annual/ annual amount, provided that such amount is not less than the minimum amount fixed by the Management Company from time to time
- 5.3.2 The Unit Holder shall send in the monthly, quarterly, semi-annual or annual contributions (as the case may be) without any mandatory obligation, by submitting the prescribed form along with 12, 4, 2 or 1 post-dated cheques respectively, or by giving standing instructions to their banks, provided they have indicated this in their purchase application form to make payments to the plan on the systematic investment date specified in the application form for purchase of units under the SIP. In the event that the Unit Holder does not make the monthly/quarterly/semi-annual or annual payment(s) for any reason, the account will remain live and amount outstanding in the Regular Income Plan would continue to remain in the Plan, subject to the condition of closure of account due to minimum maintenance amount requirement as specified in clause 6.1(c) and 6.2(b) of plan. The Unit Holder may resume the monthly/quarterly/semi-annual or annual contribution at any time. No penalties shall be imposed on resumption of the contribution.
- 5.3.3 In the event payment has been accepted by cheque, bank draft or pay order the payment shall be deemed to be completed on the date the cheque bank draft or pay order is received by the Distributor/Management Company and deposited the same into the respective Bank of underlying Funds. However, NAV shall be locked at the close of the date mentioned in postdated cheque and Units shall be issued upon realization of funds. If the cheque is returned, no Units shall be issued. A Cheque shall be drawn on a Bank in the local town of the distributor or investment center. Timely deposit of cheque shall be the responsibility of Distributor/Management Company. However, in case of any negligence by the Distributor/ Management Company with respect to delay etc. the Management Company shall make good the loss to the Unit Holder from resources of the Management Company.
- 5.3.4 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 FHIF and /or FHCF Units on the day the funds and the Application Forms are lodged with the Distributor.
- 5.3.5 The Transfer Agent (Habib Asset Management Limited) shall send an Account Statement to the Unit Holder each time there is a transaction in the account. Such

Statement shall be sent by ordinary mail or e-mail (if available) as determined by the Management Company from time to time, to the Unit Holder's address recorded in the Register. 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.

5.3.6 The Registrar shall not record a lien on the funds or Units held in the Administrative Plan

6 Systematic Withdrawal Option

The Management Company may offer Systematic Withdrawal Plan (SWP) facility/Systematic Withdrawals to Unit Holders), which gives them flexibility to withdraw certain amount from their investments in the plan at pre-defined intervals (i.e. monthly, quarterly, semiannually or annually). The withdrawal amount, frequency of withdrawal and the systematic withdrawal option shall be specified by the unit holder in the Application Form for Purchase of Units.

6.1 Regular Profit Option

- (a) In case of regular profit option, the unit-holder will have the option to redeem the profit amount equal to periodic appreciation in the NAV of the fund at pre-defined intervals (i.e. monthly, quarterly, semiannually, or annually).
- (b) If no appreciation is earned on the units or the value of units of underlying funds falls during an interval, which means that NAV of the Fund has declined the Management Company shall not redeem any units at the end of that interval as there would not be any profits for distribution.

If profit is earned on the units of the underlying Funds during an interval, the Management Company shall calculate the number of units to be redeemed for the purpose of distribution of income in such a manner that the total redemption value of such units is equal to the increase in the value of investment during that interval and in any case part of the principal would not be paid, which means that the profit earned on the respective units due to increase would be redeemed and distributed to the unit holders.

- (c) The Management Company may seek additional amount from the unit holders if shortfall continues for more than 15 days due to market conditions to meet the minimum maintenance amount, if breach occur due to losses. In case the additional amount called for to meet shortfall in maintenance amount, is not paid within seven working days by the unit holders, the Management Company may also decide to close the accounts in such case. However, in such a case the Unit Holder can also exit from the plan through redeeming his Units.

6.2 Fixed Withdrawal Option

- (a) In case of fixed withdrawal option, the unit-holder will have the option to redeem fixed amount from the fund at pre-defined intervals (i.e. monthly, quarterly, semi-annually or annually) irrespective of the profit earned during the period. The periodic redemption amount and its frequency shall be specified by the unit holder in the Application Form for Purchase of Units. In case of fixed

withdrawal option, the capital invested may deplete in case sufficient returns are not earned.

- (b) In case, the investment amount falls below the maintenance amount, due to the erosion of capital (as a consequence of Clause 6.2 (a) during an interval, the Management Company shall continue to distribute the specified fixed amount at the end of that interval, provided that the Unit-Holder's minimum maintenance amount at the time of distribution is sufficient to meet the specified fixed amount. Further, the Management Company may seek additional amount from the unit holders, if shortfall continues for more than 15 days due to market conditions, to meet the minimum maintenance amount. In case the additional amount called for by the Management Company is not paid within seven working days by the Management Company, the Management Company can stop the payment of regular distribution on its discretion till such time that the amount is paid to meet the minimum maintenance amount. Further, the Management Company may also decide to close the accounts in such case and the remaining investment amount be transferred to normal investment account. However, in such a case the Unit Holder can also exit from the plan through redeeming his Units.

6.3 Any Unit holder can avail Regular Profit Option or the Fixed Withdrawal Option subject to the terms and conditions as specified below:

(a) The minimum withdrawal amount for fixed withdrawal option shall be Rs. 500 for all pre-defined intervals (i.e. monthly, quarterly, semi-annually, or annually).

(b) The Redemption Price applicable for systematic withdrawals shall be the price calculated on the day of the withdrawal, i.e. last date of pre-defined intervals (Monthly, quarterly, semiannually and annually).

(e) Units under systematic withdrawal option shall not be issued in physical form.

(f) Unit Holders can modify their withdrawal amount in the fixed withdrawal option by filling out an Account Update/Service Request Form and submitting the same to the Distribution Company/Management Company and their requests shall be facilitated accordingly.

(g) In the event a Unit Holder decides not to continue with the Systematic Withdrawal Plan facility, the Unit Holder should inform the Management Company of his intention in writing.

6.4 Dividends declared on the respective Units held in the Regular Income Plan shall be Re-invested in the Fund.

6.5 The Unit Holder may submit a redemption request for redeeming partial or all Units purchased under the Regular Income Plan. The redemption proceeds shall be payable in accordance with the Offering Documents of underlying funds.

- 6.6 The Unit Holder may withdraw funds/ Units at any stage by filling out and lodging the prescribed Form with a Distributor/ Management Company. The request shall be processed provided the Account is left with the minimum amount required for maintaining the account. The Registrar shall redeem Units from its underlying Fund in such a manner that the balance remaining in the Account retains. However, in the event the minimum balance is not being maintained, the Unit Holder is free to discontinue the plan at and convert the remaining amount into its underlying fund.
- 6.7 The Unit Holder may also convert the Units held by him in the Regular Income Plan into the units of any other plans being offered by the Management Company and vice versa. Such conversions to/from the Regular Income Plan shall be at the NAV of the respective Funds as per their constitutive documents. The Management Company shall not charge any processing charge for such conversions.
- 6.8 In the event of winding up of underlying funds, the Regular Income Plan shall be discontinued and the Units standing to the credit of the Unit Holder shall be dealt with in the same manner as the rest of the Unit Holders in the FHIF & FHCF.
- 6.9 The Management Company may at its discretion, with the prior approval of the Commission and Trustee and with prior written notification of at least 15 days prior to change, posted or published in newspapers introduce changes in the Plan, from time to time
- 6.10 In the event any changes are introduced in the Plan after an existing Unit Holder has made an initial investment in the Plan, the existing Unit Holder shall not be under any obligation to comply with the changes and can hence redeem his investment. A prior notice of at least fifteen days shall be given to all investors of the plan. However, if the Unit Holder 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. Any subsequent investments shall be in accordance with any changes so made.

7. Risk Disclosure

- 7.1 In addition to the risks disclosed in the Offering Document of underlying funds, the investment in the Regular Income Plan is exposed to the following risks:
- 7.1.1 The NAVs of the Funds may be affected by changes in the general market conditions, factors and forces affecting the debt market and money market, in particular, level of interest rates, various market related factors and trading volumes, settlement periods and transfer procedures.
- 7.1.2 The liquidity of the Plan's investments is inherently restricted by the trading volumes in the securities in which the Funds invest.

7.1.3 Investors in the Plan are not offered any guaranteed returns.

7.1.4 The target amount of monthly income and returns thereon in the underlying funds are based on best estimates of the performance of the Funds and is dependent on 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 funds.

7.1.5 Investors may note that the Fund Manager's investment/ asset allocation decisions for the Funds may not be always profitable.

7.1.6 The underlying funds are subject to winding up pursuant to circumstances explained in their respective Offering Document as well as in Non-Banking Finance Companies and Notified Entities Regulations, 2008. In event of winding up of any underlying fund, Regular Income Plan under fixed withdrawal option shall be discontinued to the extent to that particular underlying fund and the units standing to the credit of the unit holders shall be limited to the extent of survival fund. In such event the management company will consult with the unit holder for further course of action.

8. All Other Matters

The Offering Document relating to the underlying funds of which this plan is an administrative arrangement, shall apply to all such matters, relating to the investment in Units of the respective Fund issued under this plan that are not covered by this Supplementary Offering Document.

9. Definitions

Words and expressions used but not defined herein shall have the meanings assigned to them in the Offering Document of Funds.

9.1 "Administrative Plan" means any investment plan offered by the Management Company from time to time, subject to prior approval of the SECP, that allows investors a focused investment strategy in any one or a combination of Open - end Collective Investment Scheme(s) managed by the Management Company that have a common Trustee.

9.2 "Back-end Load" means the charges deducted from the NAV in determining the Redemption Price.

9.3 "Front-end Load" means 1% of NAV per unit of the underlying Fund.

9.4 "Underlying Funds" means either First Habib Income Fund and / or First Habib Cash fund.

9.5 "Maintenance amount" means the amount that shall be maintained in the Investors account at all times and is specified in Clause 4 above

- 9.6 “NAV Cutoff Date”** The Management Company shall on the last day of pre-defined interval (monthly, quarterly, semi-annually or annually), (or the first working day following that in the event the last day is a closed day), work out the net distributable income earned per Unit of FHIF and/ or FHCF since the similar date of the previous period).
- 9.7 “Net Asset Value” or “NAV”** means per Unit value of the Fund arrived at by dividing the Net Assets of Fund by the number of outstanding Units of that Fund.
- 9.8. “Regular Interval”** means monthly, quarterly, semi-annually or annual periods.
- 9.9 “Unit Holder”** means an investor/ Unit Holder in the underlying funds.
- 10.** The Unit holders are advised to read the Trust Deeds and Offering Documents of underlying fund(s) before investing in this Regular Income Plan.