

**Risk Disclosure: Participants are advised in their own interest to read the contents of the Offering Document in detail particularly the risk factors mentioned in clause 4 and disclaimer in clause 5**

**SUPPLEMENTARY OFFERING DOCUMENT OF  
MEEZAN TAHAFFUZ PENSION FUND**

**MEEZAN INCOME PAYMENT PLAN  
AN INCOME PAYMENT PLAN FOR  
MEEZAN TAHAFFUZ PENSION FUND (MTPF)**

**Updated as of Feb 16, 2017 through SOD-3 of MIPP-MTPF**

**Managed by Al Meezan Investment Management Limited, a 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.**

**Meezan Tahaffuz Pension Fund (MTPF) was established in Pakistan by a Trust Deed dated May 30, 2007 registered under the Trust Act 1882 between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited as the Trustee and authorized under VPS Rules, 2005**

It must be clearly understood, that in giving this approval, SECP does not take any responsibility of the financial soundness of the Plan nor for the accuracy of any statement made in this offering document.

**1 Introduction:**

In line with the needs of our valued investors, Al Meezan Investment Management is offering the Meezan Income Payment Plan (MIPP) which shall provide various payment options to the Participants of MTPF and any other approved Pension Fund managed under VPS Rules 2005, who wish to receive a periodic income from their amount after retirement. Various payment options constitute the Meezan Income Payment Plan for Meezan Tahaffuz Pension Fund (MTPF) which shall allow systematic redemptions of units from MTPF.

All transactions under this arrangement are governed by the Constitutive Documents of MTPF.

## **2 Objectives:**

Keeping in view the requirements of Participants, MIPP shall provide payment options to its Participants through systematic redemption of units. These payment options will facilitate those Participants of MTPF or any other approved Pension Fund managed under VPS Rules 2005 who wish to systematically withdraw their amount through an Income Payment Plan after retirement age.

## **3 Options at Retirement <sup>1</sup>**

Participants of MTPF on attaining the age of retirement as specified by them shall have the following options:

- (a) Withdraw up to 50% of amount (tax free) in their Individual Pension Account or any other percentage, as cash, as per Income Tax ordinance and
- (b) To use the remaining amount to either purchase an annuity from a life insurance/takaful company or invest the amount in any approved Income Payment Plan to receive a monthly amount for up to fifteen years following the date of retirement or as allowed by Commission from time to time.

### **3.1 Participation in Meezan Income Payment Plan:<sup>2</sup>**

3.1.1 The initial participation amount for MIPP will be the amount available in the individual pension account of the Participant at the time of retirement after the Participant has withdrawn the amount as cash, needed by him subject to the VPS Rules.

3.1.2 At the expiry of MIPP, the participant shall have the option to use the outstanding balance in his Individual pension account as per options permissible under the VPS Rules from time to time.

### **3.2 Amount for Growth Purposes:<sup>3</sup>**

Any amount out of the initial participation amount, as decided by the Participant for growth purposes, shall be invested in the Customised Allocation Scheme to ensure availability of amount at the expiry of the Plan:

- For purchase of annuity from life Insurance/Takaful company, of his choice or;
- Buy an income payment plan for another term or any other scheme as permissible under the VPS Rules.

The remaining amount shall be treated as Participation Amount and shall be disbursed each month based on the Payment Option selected by the Participant.

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<sup>1</sup> Amended through SOD-3 of MIPP-MTPF

<sup>2</sup> Amended through SOD-2 of MIPP-MTPF

<sup>3</sup> Amended through SOD-1, 2 & 3 of MIPP of MTPF

### 3.3 Withdrawal of Amounts

A Participant can withdraw any amount, wholly or partially, apart from his regular Periodic payment from MIPP. The withdrawal shall be subject to applicable tax laws as per Income Tax Ordinance, 2001.

### 3.4 Choice of Allocation Scheme<sup>4</sup>

The Participant will have the option to place the amount selected for monthly income purposes in one of the following allocation schemes of MTPF for systematic redemption of units in order to get a periodic payment.

**Medium Volatility**

**(Minimum 35% Equity, Minimum 40% Debt, Minimum 10% Money Market)**

**Low Volatility (previously conservative)**

**(Minimum 10% Equity, Minimum 60% Debt, Minimum 15% Money Market)**

**Lower Volatility (previously very conservative)**

**(0% Equity, Minimum 40% Debt, Minimum 40% Money Market)**

The amount selected for growth purposes will be invested according to the investor's desired risk exposure, within the following prescribed allocation limits.

<b>Equity Sub Fund</b>	<b>Debt Sub Fund</b>	<b>Money Market Sub Fund</b>	<b>Gold Sub Fund</b>
<b>0-100%</b>	<b>0-100%</b>	<b>0-100%</b>	<b>0-100%</b>

Note: The invested amount may deplete before the life of the Plan depending on the capital market conditions and level of interest rates.<sup>5</sup>

### 3.5 Method of Participation:

A Participant, reaching the retirement age, or participant of any other approved Pension Fund and/or approved Income Payment Plan may participate in Meezan Income Payment Plan by filling out the prescribed Form

### 3.6 Payment Frequency:

The Participant will be paid a regular payment each month based on the Payment Option selected by the Participant.

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<sup>4</sup> Amended through SOD-3 of MIPP-MTPF

### **3.7 Payment Options:** <sup>6</sup>

The Participant will also choose one of the following payment options. The Participant can change the Payment Option any time by filling out a change of option product. All withdrawals will be subject to Income Tax Ordinance for the time being in-force.

- (A) **Systematic Withdrawal Option** – Under this option the Participant shall instruct the Management Company to pay a fixed amount at the end of each Period. This payment option will not be available to participants choosing Medium Volatility Option.
- (B) **Actual Appreciation Payment plus Fixed Amount** – Under this option the Management Company shall calculate the amount a Participant receives based upon the actual appreciation of Participation Amount at the end of the Period plus a fixed amount. If investment depreciates during the Period, only fixed amount shall be paid to the Participant through his Participation Amount. Fixed amount shall be revisited annually to adjust for any depreciation in account balance.
- (C) **Balance to remaining number of Months Methodology** – The value of total remaining balance shall be divided into the remaining number of months in the selected period. This exercise shall be undertaken at the end of each year.

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

### **3.8 Statement of Account:**

The Registrar shall send a statement of account to the Participant each time there is activity in the account within 7 working days following the activity. Such statement or report shall be sent by ordinary mail to the Participant's address recorded in the register.

### **3.9 Distribution Dates:**

The redemption of Units for Periodic payment to the Participant shall be processed on the basis of NAV between 23<sup>rd</sup> and 25<sup>th</sup> of last month of the Period. Provided that if 23<sup>rd</sup> to 25<sup>th</sup> of the last month of a certain Period is not a Business Day, the redemption arrangements would be on the basis of the NAV of the next Business Day.

**3.10** In the event any changes are introduced in the Plan the existing Participant shall be given a prior notice of at least 30 days to comply with the changes.

### **3.11 Fee and Charges**

Investments in MIPP will not be charged with any Front end Sales Load. The pension fund manager will not charge any fee on withdrawals and monthly payments. The pension fund manager will not be entitled to any additional annual management fee.

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<sup>6</sup> Amended through SOD-3 of MIPP-MTPF

Pension Fund shall not charge any fee on transfer of account from MIPP to any other Income Payment Plan or annuity or from any other Income Payment Plan to MIPP.

- 3.12** In case of discontinuation of plan by investor, redemption of units will be done and proceeds paid to the investor as per Trust Deed and Offering Document of MTPF and in accordance with the requirements of Income Tax Ordinance.

All Units and fractions thereof rank pari passu as to the assets, earnings and receipt of the dividend or distribution, as may be declared by the Pension Fund Manager.

**3.13 Death of Participant:**

In case of death of Participant, procedure laid down in the Offering Document of MTPF shall be followed.

**3.14 Term of the Plan<sup>7</sup>**

The participant may continue to receive pension under the plan for up to 15 years from date of retirement, or as allowed under the VPS Rules from time to time.

**3.15 Winding Up:**

In the event of winding up of the Meezan Tahaffuz Pension Fund, the Meezan Income Payment Plan shall be discontinued and the Units standing to the credit of the Participant in MIPP shall be dealt with in the same manner the rest of the Units in the MTPF.

**3.16 Instructions from Participants**

All the instructions from a Participant or his nominated survivors, executors or administrators, etc. as the case may be with regard to Meezan Income Payment Plan and Meezan Tahaffuz Pension Fund shall be in writing and duly signed by them.

**4 Risk Disclosure:<sup>8</sup>**

In addition to the risks disclosed in the Offering Documents of MTPF

- (A) The NAV of the Funds may be affected by changes in the general market conditions, factors and forces affecting capital market, in particular, level of interest rates, various market related factors and trading volumes, settlement periods and transfer procedures.
- (B) The liquidity of the Plan's investments is inherently restricted by the trading volumes in the securities in which the Fund invests.
- (C) Investors in the Plan are not offered any guaranteed returns.

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<sup>7</sup>&<sup>8</sup> Amended through SOD-3 of MIPP-MTPF

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

(E) The invested amount may deplete before the life of the Plan depending on the capital market conditions and level of interest rates.

## **5 All other Matters:**

The Offering Document relating to Meezan Tahaffuz Pension Fund (MTPF) of which this plan is an arrangement, shall apply to all such matters, relating to the investment in Units issued under the Fund and is not covered by this Supplementary Offering Document.

**“Period”** means the definite interval of time after which the Participant will get the pension payment i.e. a month or any other as specified by the Commission

All other definitions, terms and conditions as per offering document of MTPF shall apply where applicable unless stated otherwise.

**“Participant”** means any person on whose behalf contributions are made in any approved Pension Fund or any approved Income Payment Plan

**“Participation Amount”** means the amount remaining after deducting the amount required for purchase of annuity from life Insurance/Takaful company at the expiry of the plan i.e. at Participant's reaching age 75 or earlier as approved by the Commission from time to time.

## **DISCLAIMER**

(1) All investments in Meezan Tahaffuz Pension Fund are subject to market risks. The value of such investments may depreciate as well as appreciate, subject to market fluctuations and risks inherent in all such investments. Investors should read the Offering Document carefully to understand the investment policies, risks and tax implication and should consult legal, financial or tax adviser before making any investment decision. Withdrawals from the Pension Fund before the retirement age are subject to tax under the provisions of the Income Tax Ordinance, 2001.

**(2) The Units of the Sub-Fund(s) of the Meezan Tahaffuz Pension Fund are not bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the Commission, the Stock Exchanges, any Government agency, the Trustee or any of the sponsors, shareholders or employees of the Pension Fund Manager or any of the Core Investors or any other bank or financial institution.**

(3) It should be noted that the value/price of Units of the Sub-Funds can depreciate as well as appreciate.

(4) It should be noted that under certain circumstances the realization of Units may be restricted or subject to tax penalties.

(5) It should be noted that there will be no dividend distribution by the Sub-Fund(s).

**List of Relevant Constitutive Documents:**

Trust Deed of Meezan Tahafuzz Pension Fund  
Offering Document of Meezan Tahafuzz Pension Fund