

HBL INCOME FUND - THIRD SUPPLEMENTAL OFFERING DOCUMENT

Third Supplement Dated January 25, 2016 to the Offering Document of HBL Income Fund (HBL IF) issued on March 07, 2007

Managed by HBL Asset Management Limited, a company incorporated under Companies Ordinance 1984 and licensed under Non-Banking Finance Companies (Establishment and Regulation) Rules 2003.

HBL Income Fund (HBL IF or Fund) was established in Pakistan by a Trust Deed dated September 06, 2006 registered under the Trust Act, 1882 between HBL Asset Management Limited, as the Management Company, and Central Depository Company of Pakistan Limited, as the Trustee, and registered as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Effective from January 26, 2016 the offering document of HBL Income Fund has been amended and the following text has been added to Section 4 after item 4.2 as item 4.2A of the offering document:

4.2A Types of Units

4.2.1A An investor shall, at the time of opening an account, select the types(s) of Unit(s) in which the investor wishes to invest, i.e. Growth Units and/or Income Units. Unit Holders can switch from one type of Units to another at any time by filling out the required application form available at all distribution points.

- (a) Growth Units: The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive additional units at prevailing price, after adjusting for taxes against Cash Dividend (if any) at the time of distribution. The Management Company may also decide to distribute income in the form of bonus units which shall be growth units of the Fund.
- (b) Income Units: The Unit value grows in line with the growth in NAV, and the Unit Holders shall receive distribution income in the form of cash, if any distribution announced by the Fund. The Management Company may also decide to distribute income in the form of bonus units which shall be income units of the Fund.

Under this category, the Unit Holder can opt for either one of the following additional Administrative Plans. All Units issued under the Administrative Plan shall rank pari passu with units of the Fund:

- **Fixed Periodic Payment:** Investors of the Fund may opt for this Administrative Plan to attain a regular periodic payment to support their liquidity requirements. The Fixed Periodic Payment Unit Holders shall, at the time of purchase or beginning of a Regular Interval (i.e. monthly, quarterly, semi-annually, or annually), specify a fixed cash amount required by them at Regular Intervals and authorize the Management Company to redeem (at the prevailing NAV) such number of units from their holding that in rupee terms is equivalent to the specified fixed amount required at the end of every Regular Interval. Such amount shall include investment appreciation, as well as principal amount.

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Warning: In Fixed Periodic Payment Plan, the principal amount may be reduced in case sufficient returns are not earned by the Fund to cover the amount required by the Unit Holder. Therefore, the resulting payment may lead to erosion of principal.

Minimum amount of investment for **Fixed Periodic Payment** Administrative Plan would be **Rs. 100,000**. The Management Company may alter the minimum amount at its discretion by giving a prior notice of at least 30 days. However, enhancement in current minimum monetary investments shall not take effect retrospectively.

If investment amount falls below Rs. 100,000 at any time during the life of investment, features of Administrative Plan will seize for the investor and Units allocated to him will be considered Income Units of the Fund.

- **Actual Growth on Investment:** The Unit Holders shall receive income in cash (through redemption of units) to the extent of investment appreciation at the end of every Regular Interval (i.e. monthly, quarterly, semi-annually or annually). However, the principal amount shall remain intact at year end until and unless the unit holder redeems the principal amount.

Note: Investment Appreciation means the increase in investment value during a given interval over the principal amount of investments.

Principal amount is the amount of investments as increased / reduced by investments / redemptions net off any Load and taxes thereon (if any).

If the profit earned is less than Rs. 500 at the end of the regular interval given in writing at the beginning of each interval or at the time of purchase of units, no profit will be disbursed to the investor.

Warning: Administrative Plan options will be subject to relevant tax regulations, which may impact the principal in an adverse manner.

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- 4.2.2A The periodic payment shall be made by redeeming the required number of Units. The amount so redeemed shall be made through payment instruments or transferred to the designated bank account within six (6) working days of the redemption.
- 4.2.3A The payment shall be processed by the Management Company at the end of each month. Provided that if the last day of the month of a certain regular interval is not a Dealing Day the redemption arrangement of Income Units would be transferred to the next Dealing Day.
- 4.2.4A In case the Management Company announces a suspension of further issue of Units of the Fund, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared under the above options.
- 4.2.5A Unit Holders may switch over to any of the other options or withdraw funds from the option at any stage by submitting the prescribed form to the Distributor/ Management Company.
- 4.2.6A The Administrative Plans may be discontinued by the Management Company at any time after seeking approval of the Commission by giving a prior notice of 30 days to the Unit Holders. All units in issue shall be treated as Growth Units of the Fund from there on.
- 4.2.7A The Management Company may introduce more Administrative Plans for the Fund in the future with a prior notice of minimum 7 days to Unit Holders after seeking prior approval of the Commission.