

**Second Supplement Dated November 12, 2010 to the  
Offering Document of Atlas Islamic Income Fund (AIIF)  
issued on October 07, 2008**

**(Managed by Atlas Asset Management Limited, as an asset management company registered under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003)**

Established in Pakistan under the Trusts Act 1882 (11 of 1882) by a Trust Deed dated May 07, 2008 and as amended via Supplemental Trust Deed(s) dated June 23, 2010 and November 12, 2010 between Atlas Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee and authorized under Rule 10 of the Asset Management Companies Rules, 1995, now replaced by the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

**(1) Amendment in sub-paragraph 2.2(ii) – Investment policy**

The text and the table given under sub-paragraph 2.2(ii) shall be deleted and replaced with the table as under:

**Amended sub-paragraph 2.2(ii):**

<b>No.</b>	<b>Description</b>	<b>Minimum Issuer/Instrument Rating</b>	<b>Maximum Exposure</b>	<b>Minimum Exposure</b>
1	Shariah compliant fixed income Government Securities (including Sukuks).	Not Applicable	100%	0%
2	Shariah compliant Spread Transactions	A-	40%	0%
3	Cash in Bank Accounts of Islamic Banks and licensed Islamic Banking windows of conventional Banks and near cash instruments (having maturity not exceeding 90 days)	A-	100%	25%
4	Bank Deposits in licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks	A-	15%	0%
5	Shariah Compliant Reverse Repo transactions	Subject to SECP or other regulatory approvals		
6	Non-traded Shariah compliant structures, instrument or securities (having maturity of 90 days or above) including, but not limited to, Islamic Certificate of Deposit (CoD), Certificate of Musharaka (CoM), Musharaka, Modaraba, Ijarah, Murabaha, Salam,	A-		

	Istisna, etc as per guidelines of the Fund's Shariah Advisor.			
7	Other Traded Shariah Compliant fixed income securities (including Sukuks)	A-	50%	0%
8	Shariah Compliant securities issued by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous bodies and public sector entities, listed or otherwise and traded outside Pakistan	Subject to prior approval of SBP and SECP	30% (subject to a cap of USD 15 mn)	0%

**(2) Amendment in Paragraph 14.7 – Definition “Authorized Investments”**

In Paragraph 14.7(c) of authorized investments, the words “Shariah compliant” shall be added before the words “money market placements” and the word “Islamic” shall be added before the words “certificates of deposits”. Also, the word “pr” before the words “public sector entities” in the last line of clause (f) of authorized investment shall be deleted and replaced with the word “or”.

Furthermore, the words “and treasury bills” under clause (a) of the investment restrictions shall be deleted.

For the sake of clarity, after the said amendment, the Paragraph 14.7 shall be read as under:

**Amended Paragraph 14.7:**

“Authorized Investments” means any Shariah compliant investment instrument available within or outside Pakistan allowed under the Rules/ Regulations and that complies with the guidelines of Shariah Advisor of the Fund. These include:

- (a) Shariah Compliant Government securities;
- (b) Cash in Shariah Compliant Bank Accounts and TDRs with Islamic Banks or Islamic windows of Commercial Banks,
- (c) Certificate of Islamic Investments (COII), Shariah complaint money market placements, Islamic certificates of deposits (COD), certificates of Musharikahs (COM) and commercial paper structured under Islamic principles;
- (d) Shariah compliant spread transactions;
- (e) Placement of funds under Mudarabah, Murabaha and Musharikah arrangements;
- (f) Secured and unsecured, listed or privately placed Shariah Compliant debt securities, including Sukuks issued by local governments, government agencies, statutory bodies, private or public sector entities and/or Financial Institutions;
- (g) Contracts/Securities/Instruments issued by companies on the principles of Bai’ Mu’ajjal, Bai’ Salam, Istisna’a, Ijarah, Mudarabah, Murabaha and Musharikah;

- (h) Investments outside Pakistan as per the guidelines of Fund's Shariah Advisor and subject to the prior approval of Commission and State Bank of Pakistan;
- (i) Any other Shariah Compliant instrument that may be allowed by the Commission from time to time and is as per the guideline of the Fund's Shariah Advisor.

Further, the following restrictions apply on the investments of the Fund:

- a) At least 25% of the net assets shall be invested in cash and near cash instruments which include cash in bank accounts (excluding TDRs) not exceeding 90 days maturity;
- b) No more than 15% of the net assets shall be invested in non-traded securities (including reverse repo, bank deposits, certificates of investments (COI), certificate of musharaka (COM) and anything over 6 month maturity which is not a marketable security);
- c) Rating of any debt instrument in the portfolio shall not be lower than A- (A minus);
- d) Rating of any Bank, DFI, NBFC and Modaraba with which funds are placed shall not be lower than A- (A minus);
- e) The weighted average time to maturity of the net assets shall not exceed 4 years. The condition shall not apply to securities issued by the Federal Government and there is no restriction regarding the time to maturity or duration of any single asset in the portfolio.