



**1st SUPPLEMENT TO THE
OFFERING DOCUMENT OF
ATLAS ISLAMIC FUND
DATED: October 29, 2007**

**First Supplement Dated October 29, 2007 to the
Offering Document of Atlas Islamic Fund (AISF) issued on December
15, 2006**

(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 September 12, 2006 and as amended dated June 21, 2005 and July 24, 2006 between Atlas Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee and authorized under Rule 67 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

Effective from October 29, 2007, the following paragraphs in the Offering document are revised. It is also mentioned for clarification that the information contained in the paragraphs 6.1, 6.2, 6.3, 6.4, 6.5, 6.7, 6.8, 6.9, 6.10, 10.1 and 10.2 of the Offering Document are as of December 15, 2006 and are not amended through this First Supplement to Offering Document dated October 29, 2007. For latest information, please refer to latest financial reports or visit the web site www.atlasfunds.com.pk

(1) Amendment of Part II Regulatory Approval and Consent Sub-Clause 2.2 (6):

The existing sub-clause 2.2 (6) is deleted and be replaced by the following text:

For the sake of clarity, it is stated that after the said amendment, sub-clause 2.2 (6) would read as:

“The SECP has approved the appointment of Dr. Fazlur Rahman and Mr. Muhammad Yahya Asim as Shariah Advisors of Atlas Islamic Fund in place of Mr. Javed Ahmad Ghamidi and Dr. Khalid Zaheer, vide letter No. NBFC-II/AD/AIF/596/2007 dated August 15, 2007.”

(2) Amendment of Part III - Definitions Sub-Clause (xv):

In sub-clause xv, after the words “when Banks” the following words are added:
“and Stock Exchanges”

For the sake of clarity, it is stated that after the said amendment, sub-clause 5.1.12 would read as

“xv “**Business Day/Dealing Day**” means a day (such business hours thereof) when Banks and Stock Exchanges are open for business in Pakistan and such hours for which Management Company is open for business.”

(3) Amendment of Part III - Definitions Sub-Clause (xxiii):

Sub-clause xxiii is deleted and replaced by the following text:

For the sake of clarity, it is stated that after the said amendment, sub-clause xxiii would read as

“xxiii **Custodian**” means a Bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund.”

(4) Amendment of Part III - Definitions Sub-Clause (xxv):

In sub-clause xxv, after the words “Units at Offer Price and any” the words “processing charges and” are added.

Also after the words “Transaction Costs recovered in the Offer Prices,” the words “after deducting there from or providing there against, the value of Redemption, Front-end Load, Back-end Load, Duties and Charges (if included in the Offer Price or Redemption Price) applicable to the issue or redemption of Units” are deleted.

For the sake of clarity, it is stated that after the said amendment, sub-clause xxv would read as:

“xxv “**Deposited Property**” means the aggregate proceeds of the sale of all Units at Offer Price and any processing charges and Transaction Costs recovered in the Offer Prices and any expenses chargeable to the Fund; and includes the Investment and all income, profit, shares, securities, deposits, right and bonus shares, cash, bank balances, dividends, fees, commissions, receivables, claims, contracts, licenses, privileges and other benefits arising there from and all cash and other assets, movable or immovable, and property of every description, whether accrued or accruing, for the time being, held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holders pursuant to the Trust Deed but does not include any amount standing to the credit of the Distribution Account.”

(5) Amendment of Part III - Definitions Sub-Clause (xxvi):

In sub-clause xxvi, after the words “distribution of income to Unit Holders shall be transferred.” the following words are added:

“Income or profit, if any, including those on accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Fund property for the benefit of the Unit Holders.”

For the sake of clarity, it is stated that after the said amendment, sub-clause xxvi would read as:

“xxvi “**Distribution Account**” means the account (which may be a current, deposit, or savings account) maintained by the Trustee with a Bank approved by the Management

Company in which the amount required for distribution of income to Unit Holders shall be transferred. Income or profit, if any, including those on accruing on unclaimed dividends, in this account shall be transferred to the main account of the Fund from time to time, as part of the Fund property for the benefit of the Unit Holders.”

(6) Amendment of Part III - Definitions Sub-Clause (xxvi)(d):

In sub-clause xxvi (d), after the words “Accounting to the” the words “Trustee” are deleted and replaced by the words “Management Company”

For the sake of clarity, it is stated that after the said amendment, sub-clause xxvi(d) would read as:

“(d) Accounting to the Management Company for (i) money received from applicants for the issuance of units; (ii) payments made to the Unit Holders on redemption of Units; (iii) expenses incurred in relation to the Distribution Function.”

(7) Amendment of Part III - Definitions Sub-Clause (xliii):

In sub-clause xliii, after the words “being computed in the manner specified” the words “in Section 8.1 of the Deed and Para 7.4 of this Offering Document” are deleted and replaced by the words “under the Rules”

For the sake of clarity, it is stated that after the said amendment, sub-clause xliii would read as:

“xliii “**Net Assets**” means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified under the Rules.”

(8) Amendment of Part III - Definitions Sub-Clause (xlvi):

In sub-clause xlvi, after the words “prospectus, advertisements or other documents” the words “issued by the Management Company with the consent of the Trustee and” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause xlvi would read as:

“xlvi “**Offering Document**” means the prospectus, advertisements or other documents issued by the Management Company with the consent of the Trustee and approved by the Commission that contain the investment and distribution policy and all other information in respect of the Fund, as required by the Rules and is calculated to invite offers by the public to invest in the Fund.”

(9) Amendment of Part III - Definitions Sub-Clause (lxv):

In sub-clause lxv, after the words “issued by the Management Company,” the words “in consultation” are deleted.

Also after the words “with the,” the words “consent of” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause lxxv would read as:

“lxxv “**Supplementary Offering Document**” means a document issued by the Management Company, with the consent of Trustee after seeking approval of the Commission, describing the special features of new type of Units and offering investment in the Scheme.”

(10) Amendment of Part 5- Investment Objective & Restrictions Sub-Clause 5.2.10A:

A new sub-clause 5.2.10A is added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 5.2.10A would read as:

5.2.10A “The Fund can enter into spread transactions as approved by Shariah Advisor”.

(11) Amendment of Part 5- Investment Objective & Restrictions Sub-Clause 5.4.9

The sub-clause 5.4.9 is deleted and replaced with the following text.

For the sake of clarity, it is stated that after the said amendment, sub-clause 5.4.9 would read as:

“5.4.9 Invest in any company, at any time, shall not exceed an amount equal to 10% of the Net Assets of the Fund or an amount sufficient to acquire 10% of issued capital of the company. The above limit does not apply not apply to Pakistan Government securities and as such the Fund can invest more than 10% of its Net Assets in a particular Pakistan Government security or in Pakistan Government securities in general with Pakistan Government Securities defined to exclude securities issued by provincial, local or municipal government, government-owned corporations and government guaranteed securities issued by government sponsored agencies;”

(12) Amendment of Part 5- Investment Objective & Restrictions Sub-Clause 5.5.2

In sub-clause 5.5.2, after the words “In the event the weightage of,” the words “shares” are deleted and replaced with the words “investment”.

Also after the words “Offering Document,,” the words “Trust Deed” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 5.5.2 would read as:

“5.5.2 In the event the weightage of investment exceeds the limits laid down in the Offering Document, Trust Deed or the Rules as a result of the relative movement in the market prices of the Investments and corporate actions, including bonus shares and subscription to right shares, the Management Company shall make its best endeavours to

bring the exposure within the prescribed limits within three months of the event. But, in any case, the Management Company shall not invest further in such shares or sectors while the deviation exists. However, this restriction on purchase shall not apply to any offer of right shares or any such other offering if the Management Company is satisfied that accepting such offer is in the interest of the Trust.”

(13) Amendment of Part 6 – Operators & Principals Sub-Clause 6.6.7

In sub-clause 6.6.7, after the words “the scheme on redemption of units,” the words “including front-end or back-end load deducted” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 6.6.7 would read as:

“6.6.7 The Management Company shall maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the scheme, all transactions for the account of the scheme and amounts received by the scheme in respect of issues of units and paid out by the scheme on redemption of units including front-end or back-end load deducted and by way of distributions.”

(14) Amendment of Part 6 – Operators & Principals Sub-Clause 6.6.8

In sub-clause 6.6.8, after the words “months of closing of the accounting period to the,” the words “Trustee and the” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 6.6.8 would read as:

“6.6.8 The Management Company shall prepare and transmit the annual report, together with a copy of the balance sheet, income and expenditure account and the auditor’s report of a scheme within three months of closing of the accounting period to the Trustee and the Unit Holders, and the balance sheet and income and expenditure account shall comply with requirements set out in Schedule IV;”

(15) Amendment of Part 6 – Operators & Principals Sub-Clause 6.6.9

In sub-clause 6.6.9, after the words “through its website to the Unit Holders,” the words “Trustee” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 6.6.9 would read as:

“6.6.9 Within one month of the close of the first and the third quarter of its year of account, prepare and transmit, through its website to the Unit Holders, Trustee and the Commission balance sheet as on the end of that quarter, profit and loss account, cash flow statement and a statement of changes in equity for that quarter, whether audited or otherwise;”

(16) Amendment of Part 6 – Operators & Principals Sub-Clause 6.6.10

In sub-clause 6.6.10, after the words “transmit to the Unit Holders,” the words “Trustee” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 6.6.10 would read as:

“6.6.10 Within two months after the close of the first half of its year of account, prepare and transmit to the Unit Holders, Trustee and the Commission a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in accordance with the Rules.”

(17) Amendment of Part 6 – Operators & Principals Sub-Clause 6.6.15

In sub-clause 6.6.15, after the words “The Management Company shall” the words “after obtaining approval of” are deleted and replaced by the words “under intimation to”.

For the sake of clarity, it is stated that after the said amendment, sub-clause 6.6.15 would read as:

“6.6.15 The Management Company shall, under intimation to the Trustee, from time to time appoint, remove or replace one or more Distribution Company(ies) for carrying out the Distribution Function at one or more locations both locally and abroad, on terms and conditions to be incorporated in the Distribution Agreement(s) to be entered into between the Distribution Company(ies) and the Management Company. Provided the Management Company and its affiliates may also perform Distribution Function and act as a Distribution Company(ies).”

(18) Amendment of Part 6 – Operators & Principals Sub-Clause 6.11.10

The sub-clause 6.11.10 is deleted.

(19) Amendment of Part 6 – Operators & Principals Sub-Clause 6.11.11

The sub-clause 6.11.11 is deleted.

(20) Amendment of Part 6 – Operators & Principals Sub-Clause 6.18

In sub-clause 6.18, after the last sentenced ending on the words “have been given in Annexures B/1 and B/2,” the following paragraph is added.

“The second Shariah Board of the Fund comprises of:

- (a) Dr. Fazlur Rahman and
- (b) Mr. Muhammad Yahya Asim

The SECP has approved the appointment of Dr. Fazlur Rahman and Mr. Muhammad Yahya Asim as Shariah Advisors of Atlas Islamic Fund in place of Mr. Javed Ahmad Ghamidi and Dr. Khalid Zaheer, vide letter No. NBFC-II/AD/AIF/596/2007 dated August 15, 2007.”

For the sake of clarity, it is stated that after the said amendment, sub-clause 6.18 would read as:

The Shariah Board of the Fund consists of eminent Islamic economics and financial scholars. The Shariah Advisors have considerable experience in the field of Islamic Studies. The first Shariah Board of the Fund will be comprised of:

- (a) Dr. Khalid Zaheer; and
- (b) Mr. Javed Ahmad Ghamidi

The appointment of Shariah Advisers has been approved by the Commission vide their letters No. NBFC-II/JD(R)/AAML/559 dated August 18, 2006 and No. NBFC-II/JD(R)/AAML/560, dated August 18, 2006.

Profiles of the Shariah Advisors

Dr. Khalid Zaheer

Dr. Khalid Zaheer is an eminent Islamic economic and financial scholar, and has considerable experience in relevant field. He is a Ph.D. from University of Wales in 1994 in Islamic Economics. Dr. Zaheer has been associated with Lahore University of Management Sciences (LUMS) since 1998 as permanent faculty member. He has over 11 years of cumulative teaching experience in Shariah related subjects. Dr. Zaheer has been serving as Advisor to an investment bank on “Islamic Banking” since 2005. He has also been appointed in the year 2000 as member of the task force of the Finance Division of Government of Pakistan that has been given the assignment to propose measures to convert government domestic borrowing into project-related financing according to Islamic Shariah injunctions. He also authored various articles and papers on Islamic Finance which are published on different websites.

Mr. Javed Ahmad Ghamidi

Mr. Javed Ahmad Ghamidi has vast experience of teaching Islamic Studies. He has been associated with the teaching Islamic Studies since 1970. He has taught Islamic Studies at various prestigious institutions such as Civil Service Academy, Lahore University of Management Sciences and Administrative Staff College. Furthermore, he has been delivering lectures on various aspects and content of Islam including Quran and Hadith in his individual capacity. In addition to that, he has also authored articles on various topics such as Qanun i Da`wat, Qanun i Siyasat, Qanun i Ma`ishat, Qanun i Jihad and Usul u Mabadi. He is the founder president of “Al-Mawrid Institute of Islamic Sciences” and founder of monthly Islamic Journal “Renaissance”. Presently he is serving as the President of “Al-Mawrid Institute of Islamic Sciences”, President of “Daru`l-Ishraq” and editor of monthly “Ishraq”.

The detailed curriculum vitae in respect of the members of the Shariah Board have been given in Annexures B/1 and B/2.

The second Shariah Board of the Fund comprises of:

- (a) Dr. Fazlur Rahman and
- (b) Mr. Muhammad Yahya Asim

The SECP has approved the appointment of Dr. Fazlur Rahman and Mr. Muhammad Yahya Asim as Shariah Advisors of Atlas Islamic Fund in place of Mr. Javed Ahmad Ghamidi and Dr. Khalid Zaheer, vide letter No. NBFC-II/AD/AIF/596/2007 dated August 15, 2007.

(21) Amendment of Part 7 – Characteristics of Units Sub-Clause 7.5.2(a)

In sub-clause 7.5.2 (a), after the words “valuation methodology given in” the words “the Rules and reproduced in Para” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 7.5.2(a) would read as:

“a) The NAV of the Fund will be calculated based on the valuation methodology given in the Rules and reproduced in Para 7.4 above as of the close of Business Day;”

(22) Amendment of Part 7 – Characteristics of Units Sub-Clause 7.5.2(b)

In sub-clause 7.5.2 (b), after the words “The” the words “NAV” is deleted and replaced with the words “Net Assets”.

For the sake of clarity, it is stated that after the said amendment, sub-clause 7.5.2(b) would read as:

“b) The Net Assets will be divided by the number of Units outstanding in the Fund to reach the NAV per Unit;”

(23) Amendment of Part 7 – Characteristics of Units Sub-Clause 7.7.2(a)

In sub-clause 7.7.2(a), after the words “valuation methodology given in” the words “the Rules and reproduced in Para” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 7.7.2(a) would read as:

“a) The NAV of the Fund will be calculated based on the valuation methodology given in the Rules and reproduced in Para 7.4 above as of the close of Business Day;”

(24) Amendment of Part 7 – Characteristics of Units Sub-Clause 7.7.2(b)

In sub-clause 7.7.2 (b), after the words “The” the words “NAV” is deleted and replaced with the words “Net Assets”.

For the sake of clarity, it is stated that after the said amendment, sub-clause 7.7.2(b) would read as:

“b) The Net Assets will be divided by the number of Units outstanding in the Fund to reach the NAV per Unit;”

(25) Amendment of Part 7 – Characteristics of Units Sub-Clause 7.7.6

In sub-clause 7.7.6, after the words “Duties and Charges,” the words “the Trustee shall refund such” are deleted.

Also after the words “the excess amount” the words “to the relevant Unit Holders with the next income distribution, or if requested by the Unit Holder or instructed by the Management Company, at any time earlier” are deleted and are replaced by the words “shall become part of the Deposited Property”.

For the sake of clarity, it is stated that after the said amendment, sub-clause 7.7.6 would read as:

“7.7.6 In the event that the amount paid as provision for payment of Duties and Charges pursuant to sub-section 7.7.2(c)(iii) exceeds the relevant amount of Duties and Charges, the excess amount shall become part of the Deposited Property.”

(26) Amendment of Part 7 – Characteristics of Units Sub-Clause 7.10.2

In sub-clause 7.10.2, after the words “notify the Commission” the words “and the Trustee” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 7.10.2 would read as:

“7.10.2 **Suspension of fresh issue of Units** - The Management Company may at any time, subject to the Rules, suspend issue of fresh Units. Such suspension may however not affect the issue of bonus units as a result of dividend distribution or the option to receive dividends in the form of additional Units. The Management Company shall announce the details of exemptions at the time a suspension of fresh issue is announced. The Management Company shall immediately notify the Commission and the Trustee if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in at least two newspapers widely circulated in Pakistan in which the Fund’s prices are normally published.”

(27) Amendment of Part 8 – Distribution Policy Sub-Clause 8.1.8

In sub-clause 8.1.8, after the words “The Trustee in such cases” the words “is authorized” are deleted and replaced by the words “on the instructions of the Management Company will”.

Also after the words “any part of cash dividend or encash bonus Units” the words “and pay an amount” are deleted.

Also after the words “equivalent to the Haram income” the words “to the Management Company for onward transmission” are deleted.

Also after the words “in consultation with the Shariah Board” the words “and will be disclosed in the annual accounts” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 8.1.8 would read as:

“8.1.8 The Management Company, in consultation with the Shariah Board, shall decide what portion of the income of the Fund is Haram, if any, and shall inform the Unit Holders of the proportion of Haram and Halal income of the Fund so that they are able to purify it. Certain Unit Holders may authorize the Management Company to pay any Haram income as charity to purify it. The Trustee in such cases on the instructions of the Management Company will pay any part of cash dividend or encash bonus Units equivalent to the Haram income to charities. The list of charities to which the Management Company will pay the Haram income will be decided in consultation with the Shariah Council and will be disclosed in the annual accounts. The charities, which may be selected shall be engaged in public welfare and having no affiliation with any political and religious group.”

(28) Amendment of Part 9 – Fees and Charges Sub-Clause 9.4.2

In sub-clause 9.4.2, after the words “and the Management Company by the Trustee” the words “on the instructions of the Management Company” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 9.4.2 would read as:

“9.4.2 Such payments shall be made to the Distribution Companies and Sales Agents and the Management Company by the Trustee on the instructions of the Management Company or by the Management Company to the Trustee on monthly basis in arrears within thirty days of the end of the calendar month.”

(29) Amendment of Part 9 – Fees and Charges Sub-Clause 9.6(b)

In sub-clause 9.6(b), after the words “Legal and related costs” the words “(with the consent of Trustee)” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 9.6(b) would read as:

“9.6 (b) Legal and related costs (with the consent of Trustee) incurred in protecting or enhancing the interests of the Fund or the collective interest of the Unit Holders.”

(30) Amendment of Part 14 – Termination of the Scheme Sub-Clause 14.1.1

In sub-clause 14.1.1, after the words “at least three months notice to Unit Holders” the words “under intimation to the Trustee” are added.

For the sake of clarity, it is stated that after the said amendment, sub-clause 14.1.1 would read as:

“14.1.1 The Management Company may terminate the Fund if the Net Assets, at any time after the initial period, fall below Rupees fifty million. The Management Company shall give at least three months notice to Unit Holders under intimation to the Trustee and shall disclose the grounds of its decision. The Management Company may announce winding up of the Fund without notice in the event redemption requests build up to a level where the Management Company is of the view that the disposal of the deposited property to meet such redemption would jeopardize the interests of the remaining Unit Holders and that it would be in the best interest of all the Unit Holders that the Fund be wound up.”