

**Third Supplemental Trust Deed of
Atlas Islamic Income Fund (AIIF)**

Dated: May 23, 2017

**THIRD SUPPLEMENTAL TRUST DEED OF
ATLAS ISLAMIC INCOME FUND AIIF)**

This Third Supplemental Trust Deed is made and entered into at Karachi, on this 23rd day of May, 2017 by and between:

Atlas Asset Management Limited, a company incorporated under the Companies Ordinance, 1984, with its registered office at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi 75600, (hereinafter called the “*Management Company*”, which expression, where the context so permit shall include its successor-in-interest and assigns) of the one part;

And

Central Depository Company of Pakistan Limited (CDC), a company incorporated under the Companies Ordinance, 1984, having its registered office at CDC House, 99-B, Block B, S.M.C.H.S, Main Shahrah-e- Faisal, Karachi, and registered to act as central depository company under Rule 4(3) of the Central Depository Companies (Establishment & Regulation) Rules, 1996, (hereinafter called “*Trustee*”, which expression where the context so permits, shall include its successors-in-interest and assigns) of the other part.

WHEREAS:

1. The Management Company and the Trustee executed a Trust Deed dated May 07, 2008 to constitute Atlas Islamic Income Fund, which Trust Deed was registered with the Sub Registrar-I, Jamshed Town, Karachi, under Registered No. 373 of Book No. IV, M.F. Roll No. U 34130/5049 dated 15/05/2008 of the Photo Registrar Karachi, and was amended by supplemental trust deed dated June 23, 2010 and November 12, 2010.
2. The Management Company and the Trustee have mutually agreed to amend certain clauses of the Trust Deed as authorized under Clause 20.1 of the Trust Deed dated May 07, 2008; and
3. The Securities and Exchange Commission of Pakistan (hereinafter called the “SECP”) has approved the amendments to the Trust Deed vide its letter No. SCD/AMCW/AAML/515/2017 dated April 10, 2017 appended hereto as Annexure “A”.

Now this Third Supplemental Trust Deed for Amendment of Trust Deed of Atlas Islamic Income Fund witnesseth as under:

1. Amendment in Definition 5.7 “Authorized Investment”

In definition 5.7 “Authorized Investment” the entire text shall be deleted and replaced with the following text:

For the sake of clarity the revised definition 5.7 shall be read as under:

“**Authorized Investment**” means any investment which may be authorized by the Commission but does not include restricted investments as specified in the Offering Document from time to time.

2. Amendment in Definition 5.25 “Deposited Property”

The entire text of sub-clause 5.25.1 and 5.25.2 shall be deleted with the following text:

“The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, Transactions Costs and any applicable Sales Load, shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to this Deed but

does not include any amount payable to the Unit Holders as distribution. However any profit earned on the amount payable to the Unit Holders as distribution shall become part of the Trust Property.”

Further, the sub-clause 5.25.3 shall be renumbered as 5.25.2.

For the sake of clarity the revised definition 5.25 shall be read as under:

5.25 “Deposited Property”. shall consist of:

5.25.1 The aggregate proceeds of all Units issued from time to time after deducting Duties and Charges, Transactions Costs and any applicable Sales Load , shall constitute part of the Trust Property and includes the Investment and all income, profit and other benefits arising therefrom and all cash, bank balances and other assets and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Unit Holder(s) pursuant to this Deed but does not include any amount payable to the Unit Holders as distribution. However any profit earned on the amount payable to the Unit Holders as distribution shall become part of the Trust Property.

5.25.2 Amounts standing to the credit of the Bank Account(s) maintained by the Scheme, including profits accruing therein and profits accruing in Distribution Account(s), until, from time to time, such amounts (or part thereof) are actually paid to Holders upon receipt of a request by such Holders to redeem their Units in accordance with the provisions of this Deed.

3. Amendment in Definition 5.27 “Distributor(s)”

In definition 5.27 the text “Company(ies), firm(s), Sole Proprietorship Concern(s), Individual(s), Central Depository Company, Bank(s) or any other Financial Institution appointed by the Management Company, under the intimation to the Trustee, for performing any or all of the Distribution Functions” shall be deleted and replaced with the text “person who performs distribution function for Collective Investment Scheme.”

For the sake of clarity the revised definition 5.27 shall be read as under:

“Distributor(s)” means person who performs distribution function for Collective Investment Scheme and shall include the Management Company itself, if it performs the Distribution Function.

4. Addition of Definition 5.49A “Open End Scheme”

A new definition of “Open End Scheme” is included after the definition of “Online”.

For the sake of clarity the new definition 5.49A shall be read as under:

“**Open End Scheme**” means a collective Investment Scheme which offers units for sale based on net asset value on continuous basis without specifying any duration for redemption and which entitles the holder of such units on demand to receive his proportionate share of the net assets of the scheme less any applicable charges on redemption or revocation.

5. Amendment in Sub-Clause 6.8.1 of “Submission of Accounts to Unit Holders”

In sub-clause 6.8.1 the word “four” shall be deleted and replaced with the word “three” and after the word “transmit” the text “or make available on its website” and after the words “unit holders” the text “and submit to” shall be added.

Further, after sub-clause 6.8.1(iv) following paragraph shall be added:

“The Asset Management Company shall make the printed copy of the said accounts available to any unit holder, free of cost, as and when requested.”

For the sake of clarity the sub-clause 6.8.1 shall be read as under:

Within three months of closing of the accounting period of the Open End Scheme, transmit or make available on its website to the unit holders and submit to, the trustee, the Commission and stock exchanges, on which the units or certificates of the scheme are listed, the annual report as per the requirements set out in Schedule V of the Regulations, including, -

- (i) copy of the balance sheet and income statement;
- (ii) cash flow statement;
- (iii) statement of movement in unit holders' fund or net assets or reserves; and
- (iv) the auditor's report of the Open End Scheme

The Asset Management Company shall make the printed copy of the said accounts available to any unit holder, free of cost, as and when requested.

6. Amendment in Sub-Clause 6.8.2 of "Submission of Accounts to Unit Holders"

In sub-clause 6.8.2 the text "or make available on its website" after the words "and transmit" ", and the text "and submit to" before the text "the Trustee" shall be added. Further, after sub-clause 6.8.1 (v) following paragraph shall be added:

"The Asset Management Company shall make the printed copy of the said accounts available to any unit holder, free of cost, as and when requested."

For the sake of clarity the revised sub-clause 6.8.2 shall be read as under:

Within one month of the close of first and third quarters and within two months of the close of second quarter, prepare and transmit make available on its website to the unit holders, and submit to the trustee, the Commission and the stock exchanges, on which the units of the scheme are listed:

- (i) balance sheet as at the end of that quarter;
- (ii) income statement;
- (iii) cash flow statement;
- (iv) statement of movement in unit holders' fund or net assets or reserves; and
- (v) statement showing the securities owned at the beginning of the relevant period, securities purchased or sold during such period, and the securities held at the end of such period together with the value (at carrying and at market) and the percentage in relation to its own net assets and the issued capital of person whose securities are owned for that quarter, whether audited or otherwise.

Provided that the AMCs may transmit or make available the said quarterly accounts to the unit or certificate holders by placing them on its website and the Asset Management Company shall make the printed copy of the said accounts available to any certificate or unit holder, free of cost, as and when requested.

7. Amendment in Sub-Clause 11.3.3 of "Investment Restrictions"

In sub-clause 11.3.3 the text "three" after the words "regularized within", and after the words "said period of" shall be deleted and replaced with the text "four".

For the sake of clarity the revised sub-clause 11.3.3 shall be read as under:

In the event exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized within four months of the breach of limits unless the said period of four months is extended by the Commission on an application by the Asset Management Company.

8. Amendment in sub-clause 11.6.3 of "Financial Arrangements"

In sub-clause 11.6.3 the text “or such other limit as specified by the Commission” shall be added after the text “fifteen per cent”. Further, the text “and shall be repayable within a period of ninety days” shall be deleted and the text “. The maximum period of borrowing shall be 90 days however; any net cash flows during interim period shall be utilized for repaying of borrowing” shall be inserted.

For the sake of clarity the revised sub-clause 11.6.3 shall be read as under:

11.6.3 The Management Company may, in relation to the Scheme, borrow for meeting redemption request subject to approval of Trustee and such borrowing shall not exceed fifteen per cent or such other limit as specified by the Commission of the total Net Asset value of the Scheme at the time of borrowing. The maximum period of borrowing shall be 90 days however; any net cash flows during interim period shall be utilized for repaying of borrowing.

9. Amendment in Sub-Clause 13.1.8 of “Issue of Units”

The entire text of sub-clause 13.1.8 shall be deleted and replaced with the following text:

“The Management Company may request the Trustee to make arrangements to accept issuance of units requests electronically (that is, web based), IVR (Interactive Voice Response) or by any other means such as bank auto debit instructions, credit cards and debit cards. The Management Company may also request the Trustee to open bank accounts at banks to facilitate the investment through the ATM facility. Any such arrangements shall be notified to the Unit Holders as and when introduced by the Management Company.

In case of submission of electronic online investment/contribution requests the Participant’s user ID and password will authenticate his/her identity.”

For the sake of clarity the revised sub-clause 13.1.8 shall be read as under:

The Management Company may request the Trustee to make arrangements to accept issuance of units requests electronically (that is, web based), IVR (Interactive Voice Response) or by any other means such as bank auto debit instructions, credit cards and debit cards. The Management Company may also request the Trustee to open bank accounts at banks to facilitate the investment through the ATM facility. Any such arrangements shall be notified to the Unit Holders as and when introduced by the Management Company.

In case of submission of electronic online investment/contribution requests the Participant’s user ID and password will authenticate his/her identity.

10. Amendment in Sub-Clause 13.3.8 of “Redemption of Units”

The entire text of sub-clause 13.3.8 shall be deleted and replaced with the following text:

“The Management Company may request the Trustee to accept Redemption requests electronically (that is, web based), IVR (Interactive Voice Response) or other means with the prior approval of the Commission. The Management Company may also request the Trustee to open bank accounts at different banks to facilitate the redemption of Units through the ATM facility. Any such arrangements shall be notified to the Investors as and when introduced by the Management Company.

In case of submission of electronic online redemption requests the Investor’s user ID and password will authenticate his/her identity.”

For the sake of clarity the revised sub-clause 13.3.8 shall be read as under:

The Management Company may request the Trustee to accept Redemption requests electronically (that is, web based), IVR (Interactive Voice Response) or other means with the prior approval of the Commission. The Management Company may also request the Trustee to open bank accounts at different banks to facilitate the redemption of Units through the ATM facility. Any such arrangements shall be notified to the Investors as and when introduced by the Management Company.

In case of submission of electronic online redemption requests the Investor's user ID and password will authenticate his/her identity.

11. Amendment in sub-clause 14.2.1 of "Remuneration of the Management Company"

In sub-clause 14.2.1 the text "three percent of the average annual Net Assets as defined under the Regulations during the first five years of the Scheme and two percent of such assets thereafter." Shall be deleted and replaced with the text "1.5% that has been verified by the trustee and is payable in arrears on monthly basis."

For the sake of clarity the revised sub-clause 14.2.1 shall be read as under:

The Management Company shall be entitled to receive a remuneration of an amount not exceeding 1.5% of average annual net assets of the scheme that has been verified by the trustee and is payable in arrears on monthly basis. Provided that the Management Company may charge performance based or fixed fee or a combination of both as per the guidelines issued by the Commission from time to time. The details of such a fee structure shall be disclosed in the Offering Document.

12. Amendment in Sub-Clause 14.5.6 of "Other Fees and Charges chargeable to the Deposited Property of the Scheme"

The text "non-refundable" shall be added in sub-clause 14.5.6 after the word "Annual".

For the sake of clarity the revised Sub-Clause 14.5.6 shall be read as under:

14.5.6 Annual non-refundable and other fees payable to the Commission under the Regulations.

13. Addition of Sub-Clauses 14.5.16 & 14.5.17 in "Other Fees and Charges chargeable to the Deposited Property of the Scheme"

The sub-clause 14.5.15 shall be renumbered as "14.5.17" and two new sub-clauses 14.5.15 and 14.5.16 shall be inserted as under:

"14.5.15 Fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less;

14.5.16 Shariah advisory fee; and"

For the sake of clarity the new Sub-Clauses 14.5.15 & 14.5.17 shall be read as under:

14.5.15 Fees and expenses related to registrar services, accounting, operation and valuation services related to CIS maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less;

14.5.16 Shariah advisory fee; and

14.5.17 Any other expenses or charges as may be permitted by the Commission from time to time.

14. Addition of sub-clause in Clause 15 - Transaction with Connected Persons

Entire text of clause 15 shall be deleted and replaced with the following text:

"Transaction with connected persons shall be in accordance with the Rules, Regulations and directives issued by SECP from time to time and shall be specified in the Offering Document."

For the sake of clarity the revised Clause 15 shall be read as under:

15. TRANSACTIONS WITH CONNECTED PERSONS

Transaction with connected persons shall be in accordance with the Rules, Regulations and

directives issued by SECP from time to time and shall be specified in the Offering Document.

15. Amendment in Sub-Clause 16.1.4 of “Distribution Policy and Date of Distribution”

In sub-clause 16.1.4 the text “unless otherwise advised by the unit/certificate holders, all dividends to which a unit holder is entitled, shall be credited by the Management Company in the bank account of the unit holder provided by him/her on the application for investment or otherwise. In case of instructions of unit holder for payment of dividend through cheque, the” shall be added after the words “distribution per Unit” in the first sentence.

Further, the word “payment” before the text “shall be made” shall be deleted and second last para “When an authority in that behalf shall have been received in such form as the Management Company shall consider sufficient, it shall arrange for payment of the amount distributable to the Holder through transfer to the Unit Holder’s or first named joint Holder’s designated bank accounts as mentioned in the application form or such other form as prescribed by the Management Company from time to time, and the receipt of funds by such designated bankers shall be a good discharge of Trustee’s responsibilities.”, shall also be deleted.

For the sake of clarity the revised Clause 16.1.4 shall be read as under:

After the fixation of the rate of distribution per Unit, unless otherwise advised by the unit/certificate holders, all dividends to which a unitholder is entitled, shall be credited by the Management Company in the bank account of the unit holder provided by him/her on the application for investment or otherwise. In case of instructions of unit holder for payment of dividend through cheque, the distribution shall be made by warrant by the Trustee and sent through registered post or courier service to the registered address of such Holder, or in case of joint Holders to the registered address of the first named joint Holder. Every such warrant shall be made payable to the order of the person to whom it is delivered or sent and payment of the cheque or warrant (if purporting to be duly endorsed or subscribed) shall be in satisfaction of the moneys payable. The distribution payments may also be made through any other mode(s) of payment and such payment shall be subject to the Rules/Regulations.

16. Amendment in Sub-Clause 16.2.1 of ‘Determination of Distributable Income’

The entire text of sub-clause 16.2.1(a) & (b) shall be deleted and replaced with the following text:

“The Management Company on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the unit holders not less than ninety per cent of the accounting income of the Scheme, as set out in sub-clause 16.2.2, received or derived from sources other than capital gains, as reduced by expenses as set out in sub-clause 16.2.3, adjustment as set out in sub-clause 16.2.4 and such other adjustment as the Management Company may determine in consultation with the Auditor.

For the sake of clarity the amended Clause 16.2.1 shall be read as under:

The Management Company on behalf of the Scheme shall, for every accounting year, distribute by way of dividend to the unit holders not less than ninety per cent of the accounting income of the Scheme, as set out in sub-clause 16.2.2, received or derived from sources other than capital gains, as reduced by expenses as set out in sub-clause 16.2.3, adjustment as set out in sub-clause 16.2.4 and such other adjustment as the Management Company may determine in consultation with the Auditor.

17. Amendment in Sub-Clause 16.2.2 of ‘Determination of Distributable Income’

The entire text of sub-clause 16.2.2 shall be deleted and replaced with the following text:

“For the purpose of sub-clause 16.2.1(b) Accounting income means income calculated in accordance with the requirements of International Accounting Standards (IAS) as are

notified under the Companies Ordinance, 1984, the Regulations and the directives issued by the SECP. Wherever the requirements of Regulations or the directives issued by SECP differs with the requirement of IAS, the Regulations and the said directives shall prevail.

For the sake of clarity the revised sub-clause 16.2.2 shall be read as under:

16.2.2 For the purpose of sub-clause 16.2.1 Accounting income means income calculated in accordance with the requirements of International Accounting Standards (IAS) as are notified under the Companies Ordinance, 1984, the Regulations and the directives issued by the SECP. Wherever the requirements of Regulations or the directives issued by SECP differs with the requirement of IAS, the Regulations and the said directives shall prevail.

18. Addition of Sub-Clause 26.5 in “Conversion of Units”

In clause 26 a sub-clause 26.5 shall be added.

For the sake of clarity the revised sub-clause 26.5 shall be read as under:

The Management Company may request the Trustee to accept Conversion/Switching requests electronically (that is, web based), IVR (Interactive Voice Response) or other means with the prior approval of the Commission. The Management Company may also request the Trustee to open bank accounts in different banks to facilitate the Conversion/Switching of Units, from one fund to another fund managed by AAML, through the ATM facility. Any such arrangements shall be notified to the Investors as and when introduced by the Management Company.

In case of submission of electronic online Conversion/Switching requests the Investor’s user ID and password will authenticate his/her identity.

19. Amendment in Sub-Clause 29.1 of ‘Issuance of Certificates’:

In first sentence of Clause 29.1 the text “/Management Company” after the words “Transfer Agent” and “electronic” after the words “issue an” shall be added. Further, the text “within fourteen days from the date of the receipt of the Offer Price” shall be deleted.

In the second sentence the text “Transfer Agent/” before the text “Management Company”, and the text “an electronic” after the words “will also issue” and the text “within fourteen days of the transaction” after the text “units are redeemed” shall be deleted.

The following paragraph shall be added at the end of sub-clause:

“The Transfer Agent/Management Company shall send an investment account statement to each unit/certificate holder on the registered mailing address provided by the unit holder at least once in a year. An Asset Management Company shall provide the account statement to the investors within 7 working days from the receipt of such request.”

For the sake of clarity the amended Sub-Clause 29.1 shall be read as under:

Upon being satisfied that the Offer Price for each Unit or fraction thereof has been received in full from the applicant, the Transfer Agent/Management Company shall issue an electronic Account Statement that will constitute evidence of the number of Units registered in the name of the Unit Holder(s). The Transfer Agent/ Management Company will also issue an electronic Account Statement whenever there is any transaction in the Register, which means that new Units are issued, bonus Units are issued, Units are issued in lieu of dividend, Units are transferred in the Register or from Register or Units are redeemed.

The Transfer Agent/Management Company shall send an investment account statement to each unit/certificate holder on the registered mailing address provided by the unit holder at least once in a year. An Asset Management Company shall provide the account statement to the investors within 7 working days from the receipt of such request.

All other contents of the Trust Deed remain unchanged and the Trust Deed shall continue to remain in full force and effect, amended as above.

The Management Company and the Trustee hereby certify that in their opinion, the above modifications, alterations and additions to the Trust Deed is required to enable the provisions of the Trust Deed to be more conveniently and economically managed and that the same shall not prejudice the interests of the Unit Holders or any of them or operate to release the Trustee or the Management Company from any responsibility to the Unit Holders.

IN WITNESS WHEREOF, this Third Supplemental Trust Deed has been executed on the day and year first written above.

The Common Seal of Atlas Asset Management Limited has hereunto been fixed in the presence of:

Seal

(1)

(2)

The Common Seal of Central Depository Company of Pakistan Limited has hereunto been fixed in the presence of:

Seal

(1)

(2)

Witnesses

Name: _____

Name: _____

Occupation: _____

Occupation: _____

Address: _____

Address: _____