

**First Supplemental, dated February 6, 2012, to the Offering Document of
Askari Islamic Income Fund, issued on September 12, 2009**

Managed by Askari Investment Management Limited, an asset management company, registered under the Companies Ordinance 1984, and licensed under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003

Established in Pakistan by a Trust Deed dated August 26, 2008, registered under the Trusts Act 1882 (11 of 1882) between Askari Investment Management Limited, as the Management Company, and MCB Financial Services Limited, as the Trustee, and authorized under the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003.

Effective from February 6, 2012, Offering Document of Askari Islamic Income Fund has been amended as follows:

1. Clause 1.7(a) of the Offering Document is hereby amended in its entirety to read as follows:

“a. Classes of Units

Clause 1.7(a)(i) is hereby deleted and existing clauses 1.7(a)(ii) to 1.7(a)(iv) are renumbered as 1.7(a)(i) to 1.7(iii) respectively.

17.a(i) Class “A” Units being offered, issued and may be charged with applicable Front-end and/or Back-end Load.”

2. Clause 1.7(b)(ii) of the Offering Document is hereby amended in its entirety to read as follows:

“ii. Amdan Units: *The Unit Holders exercise the option of redeeming certain number of Units for fulfilling their requirement of certain cash amount at regular intervals (i.e. monthly, quarterly, semi-annually or annually, hereinafter referred to as “Regular Intervals”). Such instructions shall be given in writing at the beginning of each regular interval or at the time of purchase of Units. Such units will be entitled to receive dividends in the form of bonus units only as and when declared. Depending upon the instructions given by the Amdan-Unit holders (“Amdan Unit Holders”), the Amdan Units are further classified into two types:*

- ***Asaan Amdan Units*** - *The Asaan Amdan Unit Holders, at the time of purchase or beginning of an interval, authorize the Management Company to decide the quantum of part redemption of their unit holdings at the end of every regular interval based on the performance (NAV growth) of the Scheme during that regular interval.*
- *If the value of investment increases (due to growth in NAV) during an interval, the Management Company will calculate the number of units to be redeemed in such a manner that the total redemption value of such units is equal to the increase in the value of investment during that interval.*
- *If the value of investment falls (due to fall in NAV) during an interval, the Management Company will not redeem any units at the end of that interval.*

- **Yaksaan Amdan Units** - The Yaksaan Amdan Unit Holders, at the time of purchase or beginning of an interval, 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.

As a result of operation of this Clause, the capital invested may deplete in case sufficient returns are not earned to cover the amount required by the Unit Holder.

The Management Company shall, calculate the redemption value to be paid to the unit holder(s) based on the Redemption Price of the 25th calendar day (on next Business Day in case 25th calendar day is not a Business Day, however, if the next Business Day after 25th calendar day falls later than 28th calendar day, on the Business Day preceding the 25th calendar day) of the month or the regular interval as specified by the investor.”

3. Table under Clause 2.2.2 of the Offering Document is hereby amended in its entirety to read as follows:

	“Asset Class	Minimum Entity Rating	Minimum Instrument Rating	Min. Exposure Limit (% of Net Assets)	Max. Exposure Limit (% of Net Assets)
i.	<i>Bank Deposits in licensed Islamic Banks and licensed Islamic Banking Windows of Conventional Banks (Current accounts and Shariah Complaint Profit Bearing accounts).</i>	<i>Investment Grade</i>	<i>Investment Grade</i>	<i>0%</i>	<i>100%</i>
ii.	<i>Placement of funds (other than bank deposits) under Mudarabah and Musharikah arrangements. Provided that, not more than 15% of the net assets shall be placed with maturity exceeding 6 months.</i>	<i>Investment Grade</i>	<i>Investment Grade</i>	<i>0%</i>	<i>35%</i>
iii.	<i>Spread Transactions. (provided the two transactions resulting in the spread are independent Shariah Compliant transactions and are not contractually</i>	<i>Investment Grade</i>	<i>Investment Grade</i>	<i>0%</i>	<i>40%</i>

	<i>interlinked)</i>				
iv.	<i>For the purposes of liquidity management, the Management Company may open accounts at various Islamic Banks and licensed Islamic Banking windows of conventional Banks having minimum investment grade rating. Such accounts may be either current accounts, or Shariah compliant profit bearing accounts. At least 25% of the net assets shall be invested in cash and near cash instruments which include cash in bank account (excluding TDRs) and Shariah compliant Government Securities not exceeding 90 days maturity.</i>	<i>Investment Grade</i>	<i>Investment Grade</i>	<i>25%</i>	<i>100%</i>
v.	<i>Shariah compliant fixed income Government issued/Government backed securities/instruments.</i>	<i>N/A</i>	<i>N/A</i>	<i>40% (based on quarterly average investment calculated on daily basis)</i>	<i>100%</i>
vi.	<i>Secured (listed and/or privately placed) Shariah compliant income instruments/securities including Sukuk issued by private and or public sector entities and / or Financial Institutions. In the case of secured Privately Placed Shariah Compliant income instruments/ securities, a minimum investment grade rating of either the entity, or the instrument, by an approved credit rating agency should be</i>	<i>Investment Grade</i>	<i>Investment Grade</i>	<i>0%</i>	<i>60%</i>

	<i>applicable.</i>				
vii.	<i>Shariah compliant Authorized Investments in overseas markets (including Shariah Compliant closed-end and open end income schemes).</i>	<i>Investment Grade</i>	<i>Investment Grade</i>	<i>0%</i>	<i>30% subject to a cap of US\$15 million at the time of investment</i>
viii.	<i>Any other Shariah Compliant Instruments that may be allowed by the Commission, from time to time, and is as per the guidelines of the Fund's Shariah Advisor and under such parameters as mentioned in the Risk Management Policies of the Management Company.</i>	<i>Investment Grade</i>	<i>Investment Grade</i>	<i>0%</i>	<i>100% unless otherwise restricted by the SECP at the time of granting permission</i>

If the instrument is guaranteed by the Government of Pakistan, the instrument rating will be deemed as AAA and the entity rating will be ignored. Where ratings are mentioned for both entity and instrument, both the entity and instrument rating is noted depending upon transaction.”

4. Clause 4.2.1 of the Offering Document is hereby amended in its entirety to read as follows:

“4.2.1 Classes of Units

Clause 4.2.1 (i) is hereby deleted and existing clauses 4.2.1(ii) to 4.2.1 (iv) are renumbered as 4.2.1(i) to 4.2.1(iii) respectively.

Class “A” Units which shall be offered, issued and may be charged with applicable Front-end and/or Back-end Load.

All Class A Units, Class B Units and Class C Units issued before the date of coming into effect of the first Supplemental Offering Document shall be deemed to have been issued as Class A Units on the date of coming into effect of this first Supplemental Offering Document. However, no Back-end Load shall be charged to such existing Unit Holders which are registered as the holders of the Class A and Class B Units of the Scheme before the date of coming into effect of this first Supplemental Offering Document.”

5. Clause 4.2.2(ii) of the Offering Document is hereby amended in its entirety to read as follows:

“(ii) Amdan Units: The Unit Holders, based on their own consent & instructions and with prior intimation to the Management Company, exercise the option of

redeeming a certain number of Units for fulfilling their requirements of a certain cash amount at Regular Intervals (i.e. monthly, quarterly, semi-annually or annually). Such units will be entitled to receive dividends in the form of bonus units only, as and when declared. Such instructions shall be given in writing at the beginning of any regular interval or at the time of purchase of Units.”

6. Clause 4.2.2.3 of the Offering Document is hereby amended in its entirety to read as follows:

“4.2.2.3 The Management Company shall, on 25th calendar day of the month (on next Business Day in case 25th calendar day is not a Business Day, however, if the next Business Day after 25th calendar day falls later than 28th calendar day, on the Business Day preceding the 25th calendar day) or the regular intervals as specified by the investor calculate the redemption value to be paid to the Amdan Unit Holder(s) based on the Redemption Price of that day.”

7. Clause 4.2.2.5 of the Offering Document is hereby amended in its entirety to read as follows:

“4.2.2.5 The Transfer Agent shall send an account statement to the Unit Holder each time (except at the time of issuance of Bonus Units) there is an activity in the account. Such statement or report may be sent by electronic means or ordinary mail to the Unit Holder’s address recorded in the register.”

8. Clause 4.2.2.8 of the Offering Document is hereby amended in its entirety to read as follows:

“4.2.2.8 Certificates representing Amdan Units shall not be issued.”

9. Clause 4.4.4 of the Offering Document is hereby amended in its entirety to read as follows:

“4.4.4 Joint Holders

In case of application for redemption by joint Unit Holders, such application should be signed by the signatory(ies) as per the operating instruction submitted by the joint Unit Holders from time to time.”

10. Clause 4.6.2 of the Offering Document is hereby amended in its entirety to read as follows:

“4.6.2 Any Unit Holder and / or Joint Unit Holder(s) (as per mandate in Purchase Form or as per the operating instruction submitted by the joint Unit Holders from time to time) may request the Registrar to record a pledge / lien of all or any of his / their Units in favor of any third party legally entitled to invest in such Units in its own right. The Registrar shall register a lien on any Units in favor of any third party with the consent of the Management Company. However, the lien shall be valid only if evidenced by an account statement or letter issued by the Registrar with lien

on such Units marked in favor of the Pledgee. The onus for due process having been followed in registering a lien shall lie with the party claiming the lien.”

11. Clause 4.9.3 of the Offering Document is hereby amended in its entirety to read as follows:

“4.9.3 The Offer (Purchase) Price shall be equal to the sum of:

- a. The Net Asset Value as of the close of the Business Day on which the funds are received in the Bank Account maintained for the Scheme;*
- b. Any Front-end Load;*
- c. Such amount as the Management Company may consider an appropriate provision for Duties, Charges, and other levies, taxes etc;*
- d. Such amount as the Management Company may consider an appropriate provision for Transaction Costs.*

Such sum shall be adjusted to the nearest four decimal places.

The complete and correctly filled purchase of units from means such form which is dully filled with all the required documents mentioned in Clause 4.3.2.

The Management Company may announce different plans under different administrative arrangements with differing levels of Front-end Load. Consequently, the Offer Price may differ for Units issued under differing administrative arrangements.”

12. Clause 4.9.4 of the Offering Document is hereby amended in its entirety to read as follows:

“4.9.4 The Purchase (Offer) Price so determined shall apply to purchase requests, received by the Distributor or the Management Company between 9 a.m. to 4.30 p.m. Monday-Friday and 9 a.m. to 1.00 p.m. on Saturday on the Business Day on which the completely and correctly filled purchase of Units application form along with the funds in the Bank Account of the Scheme are received. Any minor deficiencies in the Units application form need to be removed within seven (7) Business Days. The Purchase (Offer) Price shall also apply to investment made by Private Placement Investors during the Private Placement Period.”

13. Clause 4.9.8 of the Offering Document is hereby amended in its entirety to read as follows:

“4.9.8 During the Initial Period, the Units shall not be redeemed. After the Initial Offer Period, the Redemption (Repurchase) Price shall be equal to the Net Asset Value as of the close of the Business Day less:

- a. Any Back-end Load;*

- b. *Such amount as the Management Company may consider an appropriate provision for Duties and Charges, etc; and*
- c. *Such amount as the Management Company may consider an appropriate provision for Transaction Costs.*

Such amount shall be adjusted to the nearest four decimal places.

The Management Company may announce different plans under different administrative arrangements with differing levels of Back-end Load. Consequently, the Redemption Price may differ for Units issued under differing administrative arrangements.”

14. Clause 4.9.15 of the Offering Document is hereby amended in its entirety to read as follows:

“4.9.15 An application for Redemption of Units shall be made by completing the prescribed Redemption of Units Form and the same is received at the Authorized Branch or office of the Distributor on a Business Day between 9 a.m. to 4.30 p.m. Monday-Friday and 9 a.m. to 1.00 p.m. on Saturday as may be announced by the Management Company from time to time. The Distributor may retain a copy of Redemption of Units Form and a copy may also be supplied to the Registrar, if so required by the management Company. No person shall be entitled to redeem only part of the Units comprised in a Certificate; provided however in case where a Certificate is not issued any number of Units may be redeemed by the Unit Holders thereof. The relevant Certificate shall accompany the application for Redemption of Units, if issued. In case of application for redemption by joint Unit Holders, such application should be signed by the signatory(ies) as per the operating instruction submitted by the joint Unit Holders from time to time.”

15. Clause 4.9.20 of the Offering Document is hereby amended in its entirety to read as follows:

“4.9.20 The receipt of the Unit Holders for any moneys payable in respect of the Units shall be a good discharge to the Trustee. In case of joint Unit Holders, the receipt of payment by the first Holder, unless otherwise instructed by the joint Unit Holders, shall be a good discharge from all the joint Holders.”

16. Clause 5.2 of the Offering Document is hereby amended in its entirety to read as follows:

“5.2 Declaration of Dividend

The Management Company shall decide as soon as possible but not later than forty-five days after the annual Accounting Date whether to distribute wholly or in part among Unit Holders, profits, either in form of bonus Units or cash dividend, if any, available for the distribution and shall advise the Trustee of the amount of such distribution per Unit. The Management Company shall be entitled to issue distributable income for any interim period (other than annual distribution) as

deemed appropriate. The Fund will comply with regulatory and taxation requirements and the distribution policy may be amended accordingly.”

17. Clause 5.3.1 of the Offering Document is hereby amended in its entirety to read as follows:

“5.3.1 The amount available for distribution in respect of any Accounting Period or any interim period (as the case may be) shall be determined by the Management Company and shall be the sum total of:

(a) The total income earned on the Fund Property during such period including all amounts received in respect of dividend, markup, profits, etc;

(b) Net realized appreciation as set out in sub-clause 5.3.2, from which shall be deducted expenses as set out in sub-clause 5.3.3 and such other adjustments as the Management Company may determine in consultation with the Auditors, subject to the Regulations and the provisions of the Income Tax Ordinance and the rules there under.”

18. Clause 5.5 of the Offering Document is hereby amended in its entirety to read as follows:

“5.5 Bonus Units

In case of distribution in the form of bonus Units on each distribution date the Management Company shall determine the amount available for distribution as bonus Units and inform the Trustee of the same. Such Units shall be added to the holding of the Unit Holders within the book closure period. A Unit Holder may receive the cash value of the bonus Units provided such Unit Holder opts for such an arrangement at the time of applying for the Units or requests the Registrar by completing any other form as prescribed by the Management Company prior to the dividend declaration for any relevant period. In such case the bonus Units issued to the credit of such Unit Holder(s) shall be redeemed at the ex-dividend NAV as calculated on the Business Day immediately following the last day of the book closure announced for such purpose and proceeds shall be credited in accordance with the normal procedure already detailed above for Redemption of Units.”

19. Clause 9.6 of the Offering Document is hereby amended in its entirety to read as follows:

“9.6 Account Statement

The Transfer Agent will send directly to each Unit Holder a non-transferable account statement, either by electronic means or through post, each time there is a transaction in the account (except at the time of issuance of Bonus Units), i.e., Units are (1) subscribed, (2) redeemed, (3) transferred in favor of a third person, (4) pledged, (5) transferred from a third person, and (6) consolidated/split. An account statement will be posted/sent within 7 Business Days after each relevant transaction. However, the frequency of

statements may vary under different administrative plans governed by the respective Supplementary Offering Documents.”

20. Sun-clause (iii) of the definition of “Authorized Investments in clause 15 (“GLOSSARY”) of the Offering Document is hereby amended in its entirety to read as follows:

“iii. For the purposes of liquidity management, the Management Company may open accounts at various Islamic Banks and licensed Islamic Banking windows of conventional banks having minimum investment grade rating. Such accounts may be either current accounts or Shariah compliant profit bearing accounts. At least 25% of the net assets shall be invested in cash and near cash instruments which include cash in bank account (excluding TDRs) and Shariah compliant Government Securities not exceeding 90 days maturity.”

21. Definition of “Class “B” Units” and “Class “C” Units” under clause 15 (“GLOSSARY”) of the Offering Document shall stand deleted.

22. Annexure - A of the Offering Document is hereby amended in its entirety to read as follows:

“ANNEXURE “A”

Current Level of Front-end and Back-end Loads and Management Fee Effective from Close of Initial Public Offer

Class “A” Units:

Front-end Load – upto 1.0% of NAV

Back-end Load – 1.0% of NAV

Management fee:

A remuneration of an amount not exceeding 1.5% of average annual net assets.

Provided that the remuneration so calculated shall not exceed the maximum remuneration allowed under the Regulations.

Any change in the load and fee structure, provided it is within the maximum limit disclosed in Section 6, shall be notified through an addendum to this annexure and/or by publication in a widely circulated newspaper, as and how the SECP may direct.”