

**ABL Islamic Income Fund – 1<sup>ST</sup> Supplementary Offering Document**

**1<sup>st</sup> SUPPLEMENT**

**TO THE**

**OFFERING DOCUMENT OF**

**ABL ISLAMIC INCOME FUND**

**( FORMERLY ABL ISLAMIC CASH FUND)**

**MANAGED BY**

**ABL ASSET MANAGEMENT COMPANY**

**LIMITED.**

**DATED: September 27, 2011**

**ABL Islamic Income Fund – 1<sup>st</sup>Supplementary Offering Document**

**1<sup>st</sup> Supplement Dated September 27, 2011 to the Offering Document of ABL Islamic Income Fund (ABL-IIF) issued on 22<sup>th</sup> July 2010.**

**Managed by ABL Asset Management Company Limited an Asset Management Company Licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.**

Established in Pakistan under the Trust Act 1882 (11 of 1882) by a Trust Deed dated April 23, 2009 between ABL Asset Management Company Limited, the Management Company and Central Depository Company of Pakistan Limited, the Trustee and registered under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, on May 26, 2009:

Effective from October 01, 2011, the Offering Document have been amended to read in their entirety as follows:

**1. *Change in Name of Scheme :***

**Name of the Scheme                      ABL Islamic Income Fund**

**Shariah Compliant (Islamic) Income Scheme**

In the entire Offering Document, wherever the term "ABL Islamic Cash Fund (ABL-ICF) " appears, the same shall be replaced with "ABL Islamic Income Fund (ABL-IIF). In the same manner, wherever the term CDC Trustee ABL Islamic Cash Fund appears the same shall be replaced with CDC Trustee ABL Islamic Income Fund

**2. Amendments in Clause No.2.1**

**Investment Objective**

To provide investors with an opportunity to earn higher income over the medium to long-term by investing in a diversified portfolio consisting of different money market and debt instruments permissible under the Shariah principles.

**Benchmark**

The benchmark for the Fund shall be average of six (6) month deposit rates of three (3), rated A+ and above, Islamic Banks (or Islamic windows of qualifying Commercial Banks) for the period of return.

The Fund's performance will be compared to its benchmark after deducting from the return all expenses which are charged to the Fund as per the Regulations.

**3. Amendments in Clause No.2.2 new clause 2.2 will replace the existing clause along with sub clauses**

**Investment Policy**

As per its objective, ABL-IIF will invest in Shariah compliant fixed income securities and money market instruments under the purview of its Authorized Investments providing steady Halal income to investors. It shall be investing in all Shariah Compliant Government Securities, sukuks issued by corporate, cash and near cash instruments which include cash in Shariah compliant bank accounts (excluding terms deposit receipts), Musharika Certificates (COM), Term Deposit Receipts (TDRs), Certificate of Islamic Investment (COIIs) and any other such investments as approved by the Commission from time to time. ABL-IIF shall utilize various research models and analysis techniques before making investments in order to yield higher risk adjusted returns. Allocation among various asset classes will be based on analysis of macro and micro variables. The Management Company shall from time to time diversify the Investments of the Fund in different categories of Authorized Investments based on the risk and return offered and the general economic conditions in the Country.

### **Authorized Investments**

The scheme shall invest in following asset classes:

<b>Sr. No.</b>	<b>Description</b>	<b>Minimum Entity Rating</b>	<b>Minimum Instrument Rating</b>	<b>Exposure Limits (% of NAV)</b>
1.	Shariah Compliant Government Securities;	N/A	N/A	0-75%
2.	Shariah Compliant Government Securities of less than 90 days maturity and Cash in Bank Accounts (excluding term deposits) with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks;	A-	N/A	25-100%
3.	Spread Transactions as approved by the Shariah Advisor in eligible securities as declared by the Stock Exchanges and the SECP;	N/A	N/A	0-40%
4.	Secured (listed and/or privately	A+	A+	0-75%

	placed) Sukuks issued by Government and corporate entities			
5.	Shariah Compliant non-traded securities with maturity of less than and equal to six (6) months including but not limited to Bank Deposits with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks and Placement of funds under Mudarabah, Murabaha, Musharakahs, Istisna'a and Ijarah arrangements with banks, NBFCs, Mudarabahs and DFIs	A	A	0-75%
6.	Shariah Compliant non-traded securities with maturity exceeding six (6) months including but not limited to Bank Deposits with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks and Placement of funds under Mudarabah, Murabaha, Musharakahs, Istisna'a and Ijarah arrangements with banks, NBFCs, Mudarabahs and DFIs;	A	A	0-15%
7.	Authorized investments in overseas markets including mutual funds. Overseas investments would be subject to prior approvals/guidelines of SECP and SBP;	A+	A+	0-30%  (Subject to a cap of USD15 million)
8.	Any other Shariah Compliant instrument / securities that may be allowed by the SECP from time to time and is in accordance with the guidelines of Shariah Advisor of the Scheme;	A+	A+	As maybe allowed by the Commission

#### 4. Amendments in Clause No. 2.4.2(j)

The fund will not invest in any security of a company, if:

- (i) any director or officer of the Management Company owns more than five per cent (5%) of the total amount of securities issued by that company; or
- (ii) the directors and officers of the Management Company collectively own more than ten per cent (10%) of those securities;
- (iii) take Exposure in any other collective investment scheme, except in the case of foreign investment;
- (iv) Exposure to Spreads shall not exceed 40% of the Net Assets;
- (v) the rating of the security is lower than A- (A minus);

At no point shall the fund exceed the limit of four (4) years for the weighted average time to maturity of its Net Assets provided that this condition shall not apply to securities issued by the Federal Government;

#### 5. Amendments in Clause No.3.13.1 (ii)

“The Trustee shall also open additional Bank Account(s) titled “**CDC-Trustee ABL Islamic Income Fund**” at various branches of such other Islamic Banks or Islamic window of Conventional Banks as requested by the Management Company. Further, Management Company may open non-interest bearing accounts with any conventional banks. These accounts shall be temporary collection accounts where collections shall be held prior to their being transferred to the main Bank Account of the Trust on a daily basis”.

#### 6. Amendments in Clause No. 3.13.1 (ix)

The amounts received from the Core Investors (seed capital) and other investors during the Pre-IPO shall be deposited in separate Bank Accounts having title **CDC-Trustee ABL Islamic Income Fund**. Separate bank accounts for Local and Offshore Pre-IPO investors will be opened with a Islamic Banks or Islamic Window of Conventional Banks. The Management Company may from time to time deposit such Pre-IPO amounts with Islamic Banks or Islamic window of Conventional Banks **having a minimum A+ rating**, rated by any credit rating agency listed/approved by the Commission and subsequently transfer such amounts to the main Bank Account of the Fund upon the close of the Initial Period of Offer. Any profit, etc. earned on such Pre-IPO bank deposits up to the close of the Initial Period, after deducting all expenses, shall be paid to the Core Investors and Pre IPO investors based on pro-rata basis of their Pre-IPO

subscription amounts and shall not form part of Fund Property. Such payments shall be made either in the form of cash or additional units as the management may decide.

**7. Addition of New Clause No. 3.13.1 (xii)**

“The Trustee if requested by the Management Company shall also open separate Bank Account(s) titled “**CDC -Trustee ABLAMC Funds**” at various locations for collection of funds pursuant to any centralized funds collection system that may be introduced by the Management Company for all the unit trusts managed by the Management Company. These account(s) shall be a temporary allocation accounts, where collections received on account of subscription of Units by investors of various units trusts and Administrative Plans that are managed by the Management Company and under trusteeship of common Trustee shall be held prior to their being allocated and transferred to the Scheme on a daily basis by the Trustee. The Management Company may also require the Trustee to open separate accounts for temporary parking of redemption funds”.

**8. Clause 4.4.2 xi will be replaced as under :**

Investors will be issued Units based on the Offer (Purchase) Price of the Scheme calculated on the basis of NAV as announced by the Management Company on the Business Day on which subscription amount realized. subject to receipt of correctly filled Investment Form at the Distributor (please refer to Clause 3.9 above) and/or Management Company before cut off time of 4.00 pm. However, the Investor will be provided the account statement within seven (7) Business Days after the said purchase amount of the Units purchased have been credited to the Fund Account and duly filled application form is received.

In the event a cheque is returned unpaid, the Management Company will assume the application for subscription as void and the Investor will be informed accordingly. The investor will be asked to submit new investment form in case of change of payment instrument. Units will only be allotted and issued based on realization of the money. However, offer price shall be based on the NAV announced by the management company on the business day when amount is realized in the Fund’s bank account.

**9. Addition of New Sub Clause**

**It is proposed that new clause to be added as Sub clause No.9.5.7 clause 9.5.**

*“Notwithstanding anything to the contrary contained herein, where the Units are declared as CDS Eligible Securities, all matters concerning issuance, transfer, pledge and redemption of such Units issued in book entry form or deposited in to the CDS shall be dealt with in accordance with the provisions of the Central Depository Company of Pakistan Limited Regulations as amended from time to time.”*

**10. Amendments in Clause No. 14.3**

**“ABL Islamic Income Fund” or "ABL-IIF" or “Trust” or “Unit Trust” or “Fund” or “Scheme”** means the Unit Trust constituted by Trust Deed for continuous offers for sale of Units.

#### **11. Amendments in Clause No.14.6**

##### **“Authorised Investment”**

Authorised Investments” means Shariah compliant (Islamic) investments of following types:

- deposits in licenced Islamic Banks and licenced Islamic banking windows of conventional Banks;
- Shariah compliant “Government Securities”
- Certificates of Musharaka (CoM), Certificates of Deposit (CoD); Placement of funds under, Musharaka, Mudarabah, Murabaha, Ijarah and Istisna arrangements with banks and DFIs; Shariah compliant debt securities issued by private sector entities(f) Certificates of Islamic Investment (COIIs)
- Any other Shariah compliant investment which maybe authorized by the Commission. Provided that all Authorized Investments specified above are subject to the Investment Restrictions specified in the Trust Deed.

#### **12. Amendments in Clause No.14.9**

**“Bank Accounts”** means those account(s) opened and maintained for the Trust by the Trustee at Islamic Banks or Islamic window of the Conventional banks, the beneficial ownerships in which shall vest in the Unit Holder(s). However, Collection Accounts can be opened in conventional banks as well.

#### **13. Amendments in Clause No.14.11**

**“Business Day”** means a day on which Banks are open for business.