SECOND SUPPLEMENTAL

TO THE

OFFERING DOCUMENT OF

AKD ISLAMIC INCOME FUND (AKDISIF)

MANAGED BY

AKD INVESTMENT MANAGEMENT LIMITED

Dated: 22 February, 2022

DIGITAL
CUSTODIAN
COMPANY

This Second Supplemental dated 22 February, 2022 to the Offering Document of AKD Islamic Income Fund which was approved on January 1, 2018.

Managed by AKD Investment Management Limited, an Asset Management Company managing Collective Investment Schemes, registered with the Securities and Exchange Commission of Pakistan (SECP) and regulated under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008)

AKD Islamic Income Fund (the Fund/the Scheme/the Trust/the Unit Trust/AKDISIF) has been established in Pakistan as an Open-ended unit trust scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations") and registered under the Trust Act 1882 (11 of 1882) by a Trust Deed dated August 30, 2017 and subsequently registered through Sindh Act, 2020 on 23 August, 2021, entered into and between AKD Investment Management Limited, as the Management Company and the Digital Custodian Company Limited, as the Trustee of the Scheme.

Sub clause 2.1.1 to the Offering Document have been amended and to read in their entirety as follows:

2.1.1. Investment Policy

AKD Investment Management Limited shall manage the Fund on purely Shariah compliance basis by investing in designated Authorized Investments approved by the Shariah Advisory and thus providing Shariah compliant returns to the investors of the Fund. No portion of the Fund property shall be invested in any investment which as per the opinion of Shariah Advisory is non Shariah compliant.

AKD ISLAMIC INCOME FUND, in line with its Investment Objectives, will invest in Authorized Investments.

Authorized Investments -

Description	**Maximum Exposure**	**Minimum Exposure**	**Minimum Rating**
Shariah Compliant Government Securities with maturity equal to and greater than 90 days.	75%	0%	N/A
Cash at Bank (excluding TDRs) with licensed Islamic Banks or Islamic Branches/Windows of Conventional Banks and GoP Ijarah Sukuk not exceeding 90 days maturity	100%	25%	Investment Grade
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	75%	0%	Investment Grade

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arrangements with banks, NBFCs, Mudarabahs and DFIs			
MTS and Spread Transactions as approved by the Shariah Advisor, Murabaha Share Financing or any other Shariah compliant form of securities leveraging product	40%	0%	N/A
Shariah Compliant secured and unsecured (listed and / or privately placed) debt securities/Sukuk	75%	0%	Investment Grade
Shariah compliant non-traded securities with maturity of greater than 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	15%	0%	Investment Grade
Authorized Shariah compliant investments in overseas markets including Islamic Mutual Funds. Overseas investments would be subject to prior approvals/guidelines of SECP and SBP.	30% (subject to a cap of USD 15 Million)	0%	Investment Grade
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.	As allowed by the SECP.	0%	As allowed by the SECP.

The fund shall not place funds (including TDR, PLS saving deposit, COD, COM, COI, money market placements and other clean placements of funds) of more than 25% of net assets of that CIS with microfinance banks, non-bank finance companies and Modarabas. Provided further that all investments shall be shariah compliant.

The Investment in Authorized Investments mentioned above will be subject to such Exposure limits and minimum ratings as specified herein and/or otherwise as specified in the Regulations/ Directives/Circulars issued by the Commission from time to time.

Benchmark

The performance of the Fund shall be compared against a benchmark based on six (6) months average deposit rates of three (3)A Rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP.

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