3rd SUPPLEMENT

TO THE

OFFERING DOCUMENT OF

FAYSAL ASSET ALLOCATION FUND

MANAGED BY

FAYSAL ASSET MANAGEMENT COMPANY LIMITED

DATED: JANUARY 2, 2013

Third Supplement dated January 2, 2013 to the Offering Document of Faysal Asset Allocation Fund (FAAF) issued on July 13, 2006.
Managed by Faysal Asset Management Company Limited an Asset Management Company Licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

The AMZ Stock Plus Fund (the Fund/the Scheme/the Trust/the Unit Trust/APSF) had established in Karachi as an Open-ended Equity Fund through a Trust Deed dated 31st day of January 2006 entered into between AMZ Asset Management Limited, the Management Company and Central Depository Company of Pakistan Limited, the Trustee and was authorized under Rule 67 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules).

Faysal Asset Management Limited has acquired management right of AMZ Plus Stock Fund and renamed it to Faysal Asset Allocation Fund (FAAF) through a 2nd Supplemental Trust Deed dated February 25, 2010, entered into among Faysal Asset Management Limited, (the Management Company), AMZ Asset Management Limited (the outgoing Management Company) and Central Depository Company of Pakistan Limited, (the Trustee) and is authorized under Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).

Filing of the Offering Document

The Management Company has filed a copy of the third supplemental Offering Document signed by the Chief Executive along with the Trust Deed with the SECP. Certified copies of these documents along with SECP's approvals in favor of Trust Deeds and supplemental Offering Documents can be inspected at the registered office of the Management Company or the place of business of the Trustee:

Effective from January 2, 2013, the Offering Document have been amended to read in their entirety as follows:

(I) Amendment in Clause 5.2

Addition of Clause 5.2 (iii)

The Scheme shall also invest in future Contracts **(Equity/Debt)** including equity linked Index Future contracts. These contracts shall be used for investment purpose and to limit or hedge potential losses associated with stock markets and return/mark-up rates. This process is called "hedging". Future Contracts **(Equity/Debt)** shall also be used for non-hedging purposes - to reduce transaction costs, achieve greater liquidity, create effective exposure to financial markets or increase speed and flexibility in making portfolio changes.

All positions in the futures contracts **(Equity/Debt)** shall be subject to the single entity/sector limits as prescribed in Regulations as well as position limits stipulated in Schedule 4 of the Risk Management Regulations of Karachi Stock Exchange or any amendment issued by above mentioned authorities. In case of investment in Index Future contracts the Scheme shall follow the guidelines issued by SECP.

Exposure in futures contract shall be marked to market on a daily basis as per requirement of the stock exchange on which it is listed. For the purpose of reporting to the commission exposure shall be calculated by converting the derivative position into equivalent position in the underlying security.

Maximum exposure of Scheme shall not at any time exceed 100% of its net assets to curb any gearing / leverage by Scheme. For this purpose the preserved cash i.e the difference between the contract price and upfront margin shall be blocked in an earmarked account for settlement purposes and the management company along with Trustee shall ensure timely payment of settlement amount/margin calls on behalf of the Scheme within the time period stipulated by the exchange

Sale position in futures contract without pre-existing interest shall be strictly prohibited and Spread transaction shall be accounted for in calculating exposure limits.

Addition of Clause 5.2 (iv)

Sr. No.	**Instruments / Securities**	**Minimum Exposure as % of Net Asset**	**Maximum Exposure as % of Net Asset**	**Minimum Ratings**
1	Cash & Cash Equivalents	0%	100%	Investment Grade
2	Government Securities	0%	100%	Investment Grade
3	Money Market Placements	0%	50%	Investment Grade
4	Bank Deposits	0%	100%	Investment Grade
5	Certificate of Deposits	0%	50%	Investment Grade
6	Certificate of Musharkas (COM)	0%	50%	Investment Grade
7	TDRs	0%	50%	Investment Grade
8	Commercial Papers	0%	25%	Investment Grade
9	Reverse Repo	0%	50%	Investment Grade

10	TFCs / Sukuks	0%	25%	Investment Grade
11	MTS	0%	40%	Investment Grade
12	Spread Transactions	0%	50%	Investment Grade
13	Future Contracts**(Equity/Debt)** including equity linked Index Future Contracts	0%	100%	Nil
14	Preference Shares	0%	50%	Investment Grade
15	Listed Equity Securities	0%	100%	Investment Grade

* Rating of any NBFC and Modaraba with which funds are placed shall not be lower than Investment Grade
* Rating of any bank and DFI with which funds are placed shall not be lower than AA - (Double A Minus)
* Rating of any security in the portfolio shall not be lower than Investment Grade
* 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

(II) Amendment in Clause 5.7.3

Deletion of sub-clause 5.7.3 (d)

- Securities on Margin

(III) Amendment in Clause 5

Amendment in sub-clause 5.11(IV)

- **Derivative Risk -** Derivatives may be used to limit or hedge potential losses associated with stock markets and return/mark-up rates. This process is called "hedging". Derivatives may also be used for non-hedging purposes - to reduce transaction costs, achieve greater liquidity, create effective exposure to financial markets or increase speed and flexibility in making portfolio changes. Any use of derivatives has risks, including:

a) The hedging strategy may not be effective.

b) There is no guarantee that a market will exist when a Fund wants to buy or sell the derivative contract.

c) A large percentage of the assets of a Fund may be placed on deposit with one or more counter parties, which exposes the Fund to the credit risk of those counterparties.

d) There is no guarantee that an acceptable counterpart will be willing to enter into the derivative contract.

e) The counter-party to the derivative contract may not be able to meet its obligations.

f) The Exchanges on which the derivative contracts are traded may set daily trading limits, preventing a Fund from closing out a particular contract.

g) If an Exchange halts trading in any particular derivative contract, a Fund may not be able to close out its position in that contract.

h) The price of a derivative may not accurately reflect the value of the underlying security or index.

(IV) Addition of following statement in clause 5.12

FAML shall use future contracts as an investment tool to meet investment objective of the Scheme as well as for hedging and risk management purpose. The FAML shall adopt adequate risk management system (daily VAR based mechanism) to reduce risk associated with future contracts.

The Scheme has maintained provisions against Workers' Welfare Fund liability to the tune of Rs. 2,507,097 till September 30, 2012, if the same were not made the NAV per unit / return of the Scheme would have been higher by Rs. 0.28 (0.40%). For details investors are advised to read financial Statement of Faysal Asset Allocation Fund.

(V) Addition of following statement in clause 20.8

- Future contracts **(Equity/Debt)** including equity linked Index Future Contracts.
- Derivative instruments (excluding Future contract) such as warrants, options etc are subject to prior approval of Commission. The Investment in these asset classes shall be for hedging purposes only and subject to such other terms and conditions as may be notified by the Commission from time to time.

(VI) Addition of new clause 20.34

20.34 "Futures contract" – a futures contract is a contractual agreement to purchase or sell a commodity or financial instrument at a pre-determined price in the future. Futures contracts detail the quality and quantity of the underlying asset; they are standardized to facilitate trading on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash.

(VII) Clause 20.34 to onward are renumbered accordingly