

4th SUPPLEMENTAL
OFFERING DOCUMENT OF
FAYSAL FINANCIAL SECTOR
OPPORTUNITY FUND
(FFSOF)
(An Open Ended Income Scheme)

Category of Fund	Risk Profile	Risk of Principal Erosion
Income Scheme	Low	Principal at Low

MANAGED BY

FAYSAL ASSET MANAGEMENT LIMITED

The FAYSAL FINANCIAL SECTOR OPPORTUNITY FUND (the Fund/the Scheme/the Trust/the Unit Trust/FFSOF) has been established through a Trust Deed (the Deed) dated May 28, 2013, entered into and between Faysal Asset Management Limited, the Management Company, and Central Depository Company of Pakistan Limited, the Trustee, and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the “Rules”) and Non-Banking Finance Companies and Notified Entities Regulation, 2008 (“Regulations”).

REGULATORY APPROVAL AND CONSENT

Approval of the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP) has authorized the offer of Units of Faysal Financial Sector Opportunity Fund under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008. The SECP has approved this Offering Document, under Regulation 54 of the NBFC & NE Regulations 2008.

Effective from **May 21, 2020** following amendments have been made to the Offering Document.

- 1) **The following clause 2.2.1 of Authorized Investment table has been replaced to the offering document and read as follow:**

The maximum and minimum weightings of the Fund at any time in the Authorized Investments shall be as follows:

S. No	Asset Classes	Entity/ Instrument Rating	Minimum Exposure as % of Net Assets	Maximum Exposure as % of Net Assets
1	Cash and near cash instruments which include cash in Bank Accounts (excluding TDRs) GOP Ijara Sukuk & Treasury Bills not exceeding 90 days maturity	Investment Grade	25%	100%
2	Government Securities.	Not Applicable	0%	30%
3	Deposits (Current / Saving / term deposits), Certificate of Deposits, Certificate of Investments, Certificate of Musharka with NBFCs and Modarabas.	Investment Grade	0%	25%
4	Deposits (Current/ Saving/ term deposits), Certificate of Deposits, Certificate of Investments, Certificate of Musharka with Microfinance Banks.	Investment Grade	0%	
5	** Letter of Placement, Certificate of Deposit/ Investments& Certificate of Musharaka with banks/DFIs	Investment Grade	0%	75%
6	Term deposits receipt with banks	Investment Grade	0%	75%
7	Commercial Papers issued by Financial Sector	Investment Grade	0%	75%

8	Commercial Papers issued other than Financial Sector	Investment Grade	0%	20%
9	**Reverse repo transactions against government securities.	Investment Grade	0%	75%
10	Term Finance Certificates/ Sukuks issued by financial sector.	Investment Grade	0%	75%
11	Term Finance Certificates/ Sukuks issued other than financial sector.	Investment Grade	0%	20%
12	Spread Transactions	Not Applicable	0%	20%
13	Investments Outside Pakistan The above or any other Investments available outside Pakistan	Investment Grade	0%	30% of Funds Size or USD 15 million Whichever is lower (with SECP and SBP approval)
14	Any other securities or instruments that may be permitted by the Commission	Investment Grade	0%	20%

- Rating of any Security/Entity in the portfolio shall not be lower than Investment Grade;
- **Not more than 15% of the net assets shall be invested in non-traded securities including reverse repos, bank deposits, Certificate of investment (COI), Certificate of Musharaka (COM) and anything over 6 months maturity which is not a marketable security;
- Weighted average time to maturity of the net assets shall not exceed 4 years and this condition shall not apply to securities issued by the Federal Government;
- The investment in asset classes 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.;
- At least 70% of the Fund's Net Asset shall remain invested in Financial Sector (Listed Debt instruments or may make deposits with banks/DFIs) during the year based on quarterly average (rolling basis) investment calculated on daily basis; and
- 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 the Fund with all microfinance banks, non-bank finance companies and Modarabas.

2) The following clause 2.5 has been replaced to the offering document and read as follow:

Investment Restrictions

- (a) The Trust Property shall be subject to such exposure limits or other prohibitions as are provided in the Regulations, Trust Deed, this Offering Document of the Fund, circulars and directives and shall also be subject to any exemptions that may be specifically given to the Fund by SECP and are explicitly

mentioned under the heading Exceptions to Investment Restriction in this offering document or subsequently in writing. If and so long as the value of the holding in a particular company or sector shall exceed the limit imposed by the Regulations, the Management Company shall not purchase any further Investments in such company or sector. In the event Exposure limits are exceeded due to corporate actions including taking up rights or bonus issue and/or owing to appreciation or depreciation in value of any Investment, disposal of any Investment or Redemption of Units, the excess exposure shall be regularized in such manner and within such time as specified in the Regulations, circular or notification issued by SECP from time to time.

- (b) The Management Company, on behalf of the Fund, shall not enter into transactions with any broker that exceeds the limit provided in the Regulations and or circulars and notifications issued by the Commission from time to time.

Transactions relating to money market instruments and debt securities do not fall under this clause.

- (c) The Management Company on behalf of the Scheme shall not:

- i. Purchase or sell -
 - a. Bearer securities;
 - b. Securities on margin;
 - c. Real estate, commodities or commodity contracts;
 - d. Securities which result in assumption of unlimited liability (actual or contingent); and
 - e. Anything other than Authorized Investments as defined herein;
- ii. Participate in a joint account with others in any transaction;
- iii. Securities which result in assumption of unlimited liability (actual or contingent)
- iv. Affect a short sale in a security whether listed or unlisted;
- v. Take Exposure in any other Collective Investment Scheme.
- vi. Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person as specified in the Regulation;
- vii. Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
- viii. invest in securities of the Management Company;
- ix. issue a senior security which is either stock or represents indebtedness, without the prior written approval of the Commission;
- x. Apply for de-listing from stock exchange, unless it has obtained prior written approval of the Commission;
- xi. sell or issue Units for consideration other than cash unless permitted by the Commission on the basis of structure and investment policy of the Scheme;
- xii. Merge with, acquire or take over any scheme, unless it has obtained the prior approval of the SECP in writing to the scheme of such merger, acquisition or take over;

- xiii. invest the subscription money until the closure of initial offering period;
 - xiv. enter on behalf of the Scheme, into underwriting or sub-underwriting contracts;
 - xv. subscribe to an issue underwritten, co-underwritten or sub-underwritten by group companies of the Management Company;
 - xvi. pledge any of the securities held or beneficially owned by the Scheme except as allowed under the Regulations;
 - xvii. accept deposits;
 - xviii. make a loan or advance money to any person from the assets of the Scheme
- (d) The Management Company, on behalf of the Scheme, shall not take Exposure of more than ten percent (10%) of the total Net Assets of the Scheme in listed group companies of the management Company and such Exposure shall only be made through secondary market.
- (e) The Management Company, on behalf of the Scheme, shall not take Exposure of more than thirty five per cent (35%) of the total Net Assets of the Scheme in any single group. For this purpose, “group” means persons having at least 30% or more shareholding in any other company, as per publicly disclosed information.
- (f) Rating of any bank or DFI with which funds of the Scheme are placed shall not be lower than investment grade.
- (g) Rating of any debt security in the portfolio of the Scheme shall not be lower than investment grade.
- (h) Rating of any NBFC and Modaraba with which Funds are placed shall not be lower than Investment grade.
- (i) In case of redemptions requests are pending due to constraint of liquidity in the Fund, for more than the period as stipulated in the Regulations, the Management Company shall not make any fresh investment or rollover of any investment.
- (j) Exposure of the Scheme to any single entity shall not exceed an amount equal to twenty percent (20%) of the total Net Assets of the Scheme.
- (k) Exposure to any debt issue of a company shall not exceed twenty percent (20%) of that issue.

The restriction mentioned in (j) and (k) above shall be complied subject to the lower of net assets of a scheme or issued securities of a company. However, the same is subject to change in line with the change in the regulation.

3) The following definition in the glossary has been added to the offering document and read as follow:

“Financial Sector/Segment/Industry” mean companies which engage in the following businesses:

- a. Banks

- b. DFIs
- c. Modarabas
- d. Insurance & Takaful companies
- e. Leasing
- f. Investment Banks/Investment & Securities Companies.
- g. Any change in the financial sector/segment/industry will be done through supplemental offering document without the need to amend the trust deed and with the approval of commission.