

**4th SUPPLEMENTAL TO THE
OFFERING DOCUMENT OF
FAYSAL ISLAMIC ASSET ALLOCATION FUND
(FIAAF)**

**(An Open Ended Shariah Compliant Asset
Allocation Scheme)**

Category of CIS/Plan	Risk Profile	Risk of Principal Erosion
Shariah Compliant Asset Allocation Fund	High	Principal at high risk

**(Wakalatul Istithmar based fund) Duly vetted by Shariah
Advisor namely Mufti Abdul Zahid Farooqi for and on
behalf of
Faysal Asset Management Limited**

MANAGED BY

FAYSAL ASSET MANAGEMENT LIMITED

The FAYSAL ISLAMIC ASSET ALLOCATION FUND (the Fund/the Scheme/the Trust/the Unit Trust/FIAAF) has been established through a Trust Deed (the Deed) dated May 18, 2015, 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 Islamic Asset Allocation 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 30, 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
01	Shariah Compliant Government Securities not exceeding 90 days maturity and Cash in Bank Accounts (excluding term deposits) with licensed Islamic Banks and licensed Islamic Banking windows of conventional Banks.	A-	10%	100%
02	Deposits / Placements with Islamic Banks and licensed Islamic Banking Windows of Commercial Banks	A-	0%	90%
03	Shariah Compliant Listed and Unlisted/ Rated Sukuk (Perpetual and fixed maturity)	A-	0%	90%
04	Ijarah Sukuk & other Shariah Compliant Government Securities (Perpetual and fixed maturity)	NA	0%	90%
05	Shariah Compliant Money Market Instruments i.e., Certificate of Deposits, Certificate of Musharika and Certificate of Islamic Investments	NA	0%	90%
06	Shariah Compliant Listed Equity Securities	NA	0%	90%

07	Shariah Compliant Commercial paper	A-	0%	90%
08	Shariah Compliant Preference Shares	N/A	0%	90%
09	Placement of Funds including TDR, PLS Saving Account, COD, COM, COI, Money Market Placements, and other clean placements with Islamic Micro Finance Banks, Islamic NBFCs and Modarabas.	A-	0%	25%
10	Investment in Units of Shariah Compliant Real Estate Investment Trusts (REITs)	NA	0%	90%
11	Spread Transactions approved by Shariah advisor in eligible securities declared by stock Exchanges and the SECP.	NA	0%	40%
12	Investments Outside Pakistan. The above or any other Investments available outside Pakistan	A-	0%	30% of Fund size or USD \$ 15 Million whichever is lower (with SECP and SBP approval)
13	Any other Shariah Compliant instrument / securities that maybe allowed by the SECP from time to time and is in accordance with the guidelines of Shariah Advisor of the Scheme.	A-	0%	90%
<ul style="list-style-type: none"> • In case the Entity is not rated, Instrument Rating shall apply; • 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. 				

2) The following clause 2.3 of Investment Restriction has been replaced to the offering document and read as follow:

- (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
 - xix. Place funds where rating of NBFC and Modaraba is lower than A-.
 - xx. Place funds where rating of bank and DFI is lower than A-.
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- (d) Exposure of the Scheme to any single entity shall not exceed an amount equal to fifteen percent (15%) of the total Net Assets of the Scheme.
 - (e) Exposure to any debt issue of a company shall not exceed fifteen percent (15%) of that issue.
 - (f) Exposure to Equity Securities of a company shall not exceed fifteen percent (15%) of the issued capital of that company.
 - (g) The Management Company, on behalf of the Scheme, shall not take Exposure of more than thirty five percent (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.
 - (h) The Management Company shall not invest more than - thirty five percent (35%) or index weight, whichever is higher, subject to maximum of forty percent (40%) of the Net Assets of the Scheme in securities of any one sector as per classification of the stock exchange.
 - (i) Where the Exposure of the Scheme exceeds the limits specified in sub-clause (d), (e), (f), (g) or (h) of this Clause because of corporate actions including taking up rights or bonus issue or due to market price increase or decrease in Net Assets of the Scheme due to redemption, the excess Exposure shall be regularized within Four (4) months of the breach of limits.
 - (j) The Management Company, on behalf of the Scheme, shall not take Exposure of more than ten per cent (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 the secondary market.
 - (k) 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.
 - (l) The Management Company on behalf of the Scheme shall maintain at all-time minimum cash and near cash instruments subject to applicable Regulations, Circulars or Directives issued by the Commission. The present limit for the Scheme is 10% of the total Net Assets of the Scheme. Cash and near cash instruments include cash in bank accounts (excluding TDRs) GOP Ijarah Sukuk, treasury bills not exceeding ninety (90) days to maturity.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/AMCW/FIAAF/303/2020

April 30, 2020

Mr. Khaldoon Bin Latif,
Chief Executive Officer,
Faysal Asset Management Limited,
7th Floor, Faysal House, ST-02,
Main Shahrah-e-Faisal, Karachi.

Subject: Approval of the Fourth Supplement to the Offering Document of Faysal Islamic Asset Allocation Fund

Dear Sir,

Please refer to email dated April 22, 2020 from your office subsequent to earlier correspondence on the subject noted above.

In this regard, I am directed to inform you that the amendments proposed by Faysal Asset Management Limited (FAML) in the 4th Supplemental Offering Document of Faysal Asset Islamic Allocation Fund found enclosed with the above email, have been acceded to by the Securities and Exchange Commission of Pakistan subject to the condition that FAML shall comply with the requirements of the Regulation 44(7) of the Non-Banking Finance Companies & Notified Entities Regulations, 2008.

Yours truly,

Raja Ateeq Ahmed
Assistant Director

"Say no to Corruption"

Cc: **The Chief Executive Officer**
Central Depository Company of Pakistan limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi.