

## SIXTH SUPPLEMENTAL OFFERING DOCUMENT

### NAFA ISLAMIC MULTI ASSET FUND

The name of the scheme 'NAFA Islamic Multi Asset Fund' is hereby replaced in entirety and now read as 'NAFA Islamic Asset Allocation Fund'. NAFA Islamic Asset Allocation Fund (NIAAF) shall be Shariah-complaint 'Asset Allocation Scheme' as per the criteria for categorization of open-end collective investment schemes specified in the Regulations or by SECP, 'as amended from time to time.'

1. **Amendment of clause 1.5:**

Clause 1.5 of the Offering Document is hereby stands substituted in its entirety as under:

1.5 Duration

The duration of the Fund is perpetual. However, the SECP or the Management Company may, on the occurrence of certain events, wind it up as stated in Clause 13 of this Offering Document under the heading **"Termination of NAFA Islamic Asset Allocation Fund"**.

2. **Amendment of clause 1.6:**

Sub-clause 1.6.1 of the Offering Document is hereby stands substituted in its entirety as under;

- 1.6.1** The Fund is divided into Units having an initial Offer price of Rs. 10/- (Rupees Ten only) each. This price is applicable to such Units that are issued before or during the Initial Offer period. Thereafter, the Units shall be issued and redeemed on the basis of the Net Asset Value (NAV) of NIAAF, which shall form the base for determining the Offer and Repurchase Prices.

All Units and fractions thereof represent an undivided share in the Fund and rank pari passu as to their rights in the net assets, earnings, and the receipt of the dividends and distributions. Each Unit Holder has a beneficial interest in NIAAF proportionate to the Units held by such Unit Holder. For the convenience of investors, the Management Company may issue Units with different options for different arrangements as chosen by the investor from time to time.

3. **Amendment of clause 2:**

Sub - Clause 2.1 of the Offering Document is hereby stands substituted in its entirety as under;

**2. INVESTMENT OBJECTIVES, INVESTMENT POLICY, RESTRICTIONS, RISK DISCLOSURE AND DISCLAIMER**

**2.1 Investment Objective**

The Objective of the Scheme is to generate capital appreciation by investing in Shariah Compliant equity and equity related securities and income by investing in Shariah Compliant bank deposits, debt & money market securities.

Instruments	Indicative Allocations (% of Total Assets)		Risk Profile
	Maximum	Minimum	High/ Medium/ Low
Shariah Compliant Equity & Equity related securities	90%	0%	High
Shariah Compliant Corporate & Government Debt securities	90%	0%	Medium
Shariah Compliant Money Market instruments & Bank Deposits	90%	0%	Low
Cash and equivalents	100%	10%	

**2.1.1 Investment Policy**

NAFA Islamic Asset Allocation Fund (NIAAF), in line with its Investment Objectives, will invest in Shariah Compliant Authorized Investments.

NIAAF intends to mitigate four key risks in the Fund through Investment Policy parameters which are as under:

**1. Credit Risk:** This risk is mitigated through the Investment Policy parameter whereby NIAAF only invests in Shariah Compliant instruments and bank deposits, which carry a minimum rating of A for Sukuk / Entity and A- for Islamic Banks from a credit rating agency duly approved by the Commission.

**2. Interest Rate Risk:** Mitigation of this risk is through an Investment Policy parameter whereby weighted average duration of NIAAF's non-equity portfolio will not exceed 3 years.

**3. Liquidity Risk:** Mitigation of this risk is through Investment Policy parameters whereby (i) the weighted average time to maturity of the non-equity Portfolio of NIAAF shall not exceed four years (ii) significant part of equity portfolio will be in stocks that have high traded value

**4. Market Risk:** This risk involves volatility in equities and debt instruments resulting from their dependence on market sentiment, supply and demand dynamics for the securities and overall liquidity in the market. The volatility in prices of securities results in volatility in the Unit price of the Fund. The market risk will be mitigated through timely asset allocation decisions.

- 1) The stock selection process will be based on a thorough fundamental analysis.
- 2) On the non-equity side, the Fund's Investment Process will be based on fundamental credit analysis of Securities or transaction. Specifically, the Investment Process will consider the following key broad parameters:
  - a) **Sponsor of the issue:** Investments will be made keeping in mind the market reputation and past track record of the issuing entity and its main sponsors.
  - b) **Strength of financials and ability to repay:** The strength and stability of the issuing company's earnings will be taken into consideration and special focus will be made on its cash flows and the resultant ability to repay the debt.
  - c) **Rate of return offered:** Attempt will be made to invest in those securities that offer competitive returns vis-à-vis other similar investments in the market.
  - d) **Industry fundamentals and future outlook:** Industry outlook and its future potential will also be looked into at the time of investing in any company's debt and fixed income instruments.

## Benchmark

The Fund will be managed with the objective to give an absolute or consistent return to the investors, either through investment in debt instruments, equities, money market instruments or a combination of all. Therefore, the bench-mark of the Fund will be comprised by assigning 1/3<sup>rd</sup> weight to each of the following: (i) average 3-month Islamic banks deposit rate (ii) 6-month KIBOR or its Shariah Compliant equivalent (iii) KMI 30 Index.

The 'Authorized Investments' of NIAAF are as follows:

## NAFA ISLAMIC ASSET ALLOCATION FUND – AUTHORIZED INVESTMENTS

S.No.	Investment Type	Entity Rating	Maximum Exposure	Minimum Exposure	Maximum Maturity
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1.	Shariah Compliant Listed Equity Securities	N/A	90%	0%	N/A
2.	Shariah Compliant Debt Securities*	A and above	90%	0%	10 Yrs.
3.	Any other Shariah compliant structure instrument or security including but not limited to Certificate of Deposit (CoD), Musharaka (CoM) Musharaka, Mudaraba, Ijarah Murabahah (including commodity Murabaha) Salam, Istisna etc provided by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous Bodies, public sector entities, private sector entities, licensed Islamic Banks and Licensed Islamic Banking windows of conventional Banks as per the guidelines of the Fund's Shariah Advisor.	A and above	50%	0%	1 year.
4.	Government of Pakistan Shariah Compliant debt securities /GOP Ijara Sukuks	N/A	90%	0%	10 Yrs.
5.	Shariah Compliant deposits with Islamic banks/ Islamic windows of Commercial banks including term deposits	A- and above	100%	0%	6 Months
6.	Shariah Compliant deposits with Islamic banks/ Islamic windows of Commercial banks excluding term deposits	A- and above	100%	10%	n/a
7.	Long, medium and	A- and	50%	0%	6 Months

	short term Shariah Compliant deposits in foreign currencies with Commercial banks after prior approval of the applicable regulatory authority	above			
8.	Shariah Compliant Convertible debt securities issued by corporate/ financial institutions*	A and above	20%	0%	10 Yrs.
9.	Shariah Compliant Convertible and non-convertible preferred shares	N/A	20%	0%	10 Yrs.
10.	Shariah Compliant Asset-backed or mortgage –backed debt securities and Securities Traded Over the Counter Market*	A and above	20%	0%	10 Yrs.
11.	Shariah Compliant Commercial Papers and any other Shariah Compliant money market instrument.	A and above	100%	0%	1 Yr.
12.	Shariah Compliant Spread Transaction;	N/A	50%	0%	N/A
13.	Any other securities or instruments that may be permitted or approved under the SECP Rules, Regulations or any other directive from time to time*	A and above	50%	0%	5 Yrs.

\*If entity is unrated then Entity or instrument rating has to be A.

Investments outside Pakistan will enable the Fund to diversify risk as well as avail opportunities for higher returns in international markets, subject to SECP and other regulatory approvals and in accordance with such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan (SBP) from time to time. Foreign investment by the Fund is subject to the following limits:

1. 30% of the Net Assets of the Fund.
2. The above percentage is subject to a cap of US\$ 15 million.

The Fund's Investment Process will be based on fundamental analysis of economic environment including interest rates, inflation, monetary and fiscal policies, market liquidity including that of the banking sector and strict adherence to the Investment Policy, the risks identified therein and risk parameters established.

Sub - Clause 2.3 of the Offering Document is hereby stands substituted in its entirety as under;

## **2.3 Investment Restrictions and Exposure Limits**

The Trust Property shall be subject to such Exposure limits as are provided in the Regulations (subject to any exemptions that may be specifically given to the Fund by the SECP)

The present investment restrictions for NIAAF are given hereunder:

- The Management Company on behalf of the Scheme shall not:
  - a) Purchase or sell -
    - Bearer securities;
    - Securities on margin;
    - Real estate, commodities or commodity contracts;
    - Securities which result in assumption of unlimited liability (actual or contingent);
    - Anything other than Authorized Investments as defined herein;
  - b) Participate in a joint account with others in any transaction;
  - c) Invest in securities of the Management Company;
  - d) Affect a short sale in a security whether listed or unlisted;
  - e) Purchase any security in a forward contract.
  - f) Take Exposure in any other Collective Investment Scheme.
  - g) Make any investment which will vest with the Management Company or its group the management or control of the affairs of the investee company.
  - h) Invest in any security of a company; if
    - (i) any director or officer of the Management Company owns more than five per cent 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 of those securities;
  - i) Take exposure of more than thirty-five percent (35%) of the Fund Net Assets in securities of any one sector as per classification of the Stock Exchange, if sector weight is more than 35%, then that limit for the relevant sector may exceed 35% but shall remain below 40%;
  - j) Take exposure of more than fifteen percent (15%) of the Fund's Net Assets in a single Company/ person or 15% of the issue size of the debt issued by any company/ person or 15% of the issued capital of the investee company;
  - k) Keep a balance of less than 10% in cash and equivalents
  - l) Invest more than thirty-five (35) percent of its Net Assets in any single group;
  - m) Invest more than ten (10) percent of its Net Assets in listed group companies of the Management Company and such Investment shall only be made through the secondary market; and
  - n) Enter into underwriting or sub-underwriting contracts.
  - o) Take exposure in any security at any time exceeding an amount equal to 15% of the total net assets of the scheme at the time of investment or 15% of the issued capital of the investee company whichever is lower
- The Trust Property shall be subject to such exposure limits as are provided in the Regulations, the Deed, and this Offering Document of the Fund and shall also be subject to any exemptions that may be specifically given to the Fund by the SECP. 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 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 and prescribed by SECP
  - 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
  - In case of redemptions requests are pending for more than the period as stipulated in the Regulations, the Management Company shall not make any investment or rollover of any investment without consent of the Trustee.

- The Management Company shall not net off any investment of the Fund against the investment of the Unit Holder(s) in the Fund.

#### 4. **Amendment of clause 2.4:**

Sub - Clause 2.4 of the Offering Document is hereby stands substituted in its entirety as under;

### **2.4 Risk Disclosure**

Investors must realize that all investments in mutual funds and securities are subject to market risks. Our target return / dividend range cannot be guaranteed and it should be clearly understood that the portfolio of NAFA Islamic Asset Allocation Fund is subject to market price fluctuations and other risks inherent in all such investments. The risks emanate from various factors that include, but are not limited to:

**2.4.1 Equity Risk:** Share prices are generally volatile and may go up or down because of their dependence on market sentiments, speculative activity, supply and demand for the shares and liquidity in the market. Mutual funds that purchase shares become part owners in the companies. The companies' performance, domestic and/or industry out look with respect to technological and consumer behavior dynamics, market activity and the larger economic scenario influence the price of these shares. Moreover, lack of trading in the investee companies' securities may result in liquidity crisis. When the economy is expanding, the outlook for many companies is positive and the value of these shares may rise, and vice versa. Share prices are also affected by the quality of the management of investee companies.

For smaller companies, start-ups, resource companies and companies in emerging sectors, the risk and potential rewards are usually greater.

**2.4.2 Credit Risk:** Credit risk is comprised of default risk, credit spread risk and downgrade risk. Each can have a negative impact on the value of Shariah Compliant Income investments.

**Default risk** is the risk that the issuer will not be able to meet the obligation, either on time or at all.

**Credit spread risk** is the risk that there will be an increase in the difference between the expected rate of return of an issuer's security and the rate of return of a risk free security. Credit spreads are based on macroeconomic scenario in the domestic and/or global perspective. An increase in credit spread may decrease the value of Shariah Compliant Income investments.

**Downgrade risk** is the risk that a credit rating agency, such as PACRA or JCR-VIS or any other reputed international credit rating agency, may reduce the credit rating of an issuer's securities. Downgrades in credit rating may decrease the value of Shariah Compliant Income investments.



**2.4.3 Currency Risk:** The Fund may be affected favorably or unfavorably by changes in currencies and exchange control regulations. Therefore, the income earned by NIAAF may also be affected by fluctuations in foreign exchange rates.

**2.4.4 Pricing Risk:** The market values of the investments of the Fund may rise or fall due to market factors.

**2.4.5 Risk related to Profit & Loss sharing:** The Fund may invest in Shariah Compliant instruments on a profit/loss basis and there is a possibility that the net result from such investment may be a loss.

**2.4.6 Government Regulation Risk:** Government policies or regulations are more prevalent in some sectors than in others. Funds that invest in these sectors may be affected due to change in these regulations or policies, which directly or indirectly affect the earnings and/or the cash flows and/or any governmental or court orders restraining payment of capital, principal or income.

**2.4.7 Voluminous Purchase/Redemption of Fund Units Risk:** Any significant transaction made by any investor could significantly impact the Fund's cash flow. If a third party buys large amounts of units of the Fund, the Fund could temporarily have a high cash balance. Conversely, if a third party redeems large amounts of units of the Fund, the Fund may be required to finance the redemption by selling securities at an inopportune time. Such unexpected sales or redemptions may have a negative impact on the performance of the Fund.

**2.4.8 Other Risks Involved:**

Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud etc., in the company in which the investment is made. Break down of law and order, war, terrorist activity, natural disasters etc. Senior rights of some stake holders over other stake holders in the event of winding up.

**2.4.9** Under exceptional (extraordinary) circumstances, the Management Company may suspend redemptions, invoke a queue system or announce winding-up of the Fund. In such events, the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request was lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed for more detailed information regarding this clause.

**2.4.10 Risks specific to foreign investments**

The Fund may invest outside Pakistan & such investments may be exposed to additional risks including political, economic & exchange rate risks that may reduce the value of the investments. However, evidence shows that diversifying internationally tends to reduce the overall volatility of the portfolio and thus may reduce risks for investors.

2.4.11 Investment in the Fund is suitable for investors who have the ability to take the risks associated with financial and capital market investments. Capital invested in the financial and capital markets could, in extreme circumstances, lose its entire value. However, diversification of the investment into a number of highly liquid equities, income securities and repurchase transactions tends to reduce the risk substantially. The historical performance of the Funds, the financial and capital market or that of any one security or transaction included in the Fund's portfolio does not indicate the future performance.

5. **Amendment of clause 3:**

Sub - Clause 3.11.1 of the Offering Document is hereby stands substituted in its entirety as under;

1. The Trustee, at the request of the Management Company, shall open Bank Account(s) titled **“CDC-Trustee NAFA Islamic Asset Allocation Fund”** for the Unit Trust at designated Bank(s) inside or outside Pakistan, subject to the relevant laws and regulations, for collection, investment, redemption or any other use of the Trust's funds.
2. The Management Company may also require the Trustee to open a separate Bank Account(s) as Distribution Account(s) for each dividend distribution out of the Unit Trust. Notwithstanding anything in the Deed, the beneficial ownership of the balances in the Accounts shall vest in the Unit Holders.
3. All bank charges for opening and maintaining Bank Accounts for the Trust shall be charged to the Fund.
4. All income, profit etc. earned in the Distribution Account(s), including those accruing on unclaimed dividends, shall form part of the Fund Property for the benefit of the Unit Holders and shall be transferred periodically from the Distribution Account(s) to the main Bank Account of the Trust.

6. **Amendment of clause 4:**

Sub – Clauses 4.2.1, 4.2.2 and 4.2.6 of the Offering Document is hereby stands substituted in its entirety as under;

- 4.2.1 An investor shall, at the time of opening an account, select the type(s) of Unit(s) in which the investor wishes to invest, i.e. Growth Unit and/ or Income Unit.
- 4.2.2 The minimum amount of investment to open and maintain an account is Rs. 10,000 for Growth Units and Rs. 100,000 for Income Units. The Management Company reserves the right to alter the minimum amounts stated hereinabove. If the investment in any investor's account falls below the minimum level as a result of revised limits, changes in valuation, redemption, transfer or transmission, the Management Company may instruct the Transfer Agent, under intimation to that investor, to close the account by redeeming the Units at the close of any accounting period at the price applicable to redemptions on

such date. For Income Units, in case the amount falls below Rs. 100,000, funds may be transferred to Growth Units.

After the initial investment, Unit Holders of NAFA Islamic Asset Fund may add a minimum of Rs. 1,000 per transaction at their convenience. Units of NIAAF (including fractions thereof) shall be issued against the amount received from the Unit Holder(s) in accordance with the procedure laid down in this Offering Document. The Management Company may alter the minimum amount required for opening, maintaining or adding to the account. Provided that in case of an upward change in the minimum amount required for maintaining the account or adding funds, the Management Company shall give seven days notice to Unit Holders.

(i) **Growth Units:** The Unit value grows in line with the growth in the NAV, and the Unit Holders shall have the option to receive distribution income in the form of cash or bonus units. The Unit Holders shall choose one of the following two options:

a) Growth Units with the option of receiving a Cash Dividend at the time of distribution.

b) Growth Units with the option of receiving bonus Units at the time of distribution.

(ii) **Income Units:** The Unit Holders, based on their own consent & instructions and with prior intimation to the Management Company, exercise the option of redeeming a certain number of Units for fulfilling their requirement of a certain cash amount at Regular Intervals (i.e. monthly, quarterly, semi-annually or annually). Such instructions shall be given in writing at the beginning of any regular interval or at the time of purchase of Units.

4.2.6 In case the Management Company announces a suspension of further issue of Units of NIAAF, it may allow existing Unit Holders to continue acquiring Units out of any dividend declared on Units held under this option.

4.2.9 All Units and fractions thereof (up to four or more decimal places) represent an undivided share in the Scheme and rank pari passu as to their rights in net assets, earnings and receipt of dividends and distributions. Each Unit Holder has a beneficial interest in NIAAF proportionate to the Units held by such Unit Holder. However, while maintaining the integrity of each Unit's pari passu rights, the Management Company may, for the convenience of investors, issue Units with different features from time to time.

Sub – Clauses 4.4.4 of the Offering Document is hereby stands substituted in its entirety as under;

### **Purchase of Units**

An application for purchase of Units may be lodged with any authorized Distributor or presented to the Management Company directly or through an Investment Facilitator. The application shall be in the form prescribed by the Management Company. Account Opening Forms/Investment Forms are available with Distributors or Investment Facilitators (Facilitators) or may be obtained from the Management Company or its web site. Units shall be issued based on the Purchase (Offer) Price that is determined as per Clause 4.10.3.

Payment for the Fund Units can be made in the form of:  
Demand draft or Pay order in favor of **CDC-Trustee NAFA Islamic Asset Allocation Fund**

Online transfer to Bank Account(s) of **CDC-Trustee NAFA Islamic Asset Allocation Fund**

Cheque (account payee only marked in favor of **CDC-Trustee NAFA Islamic Asset Allocation Fund**)

The Management Company may also notify, from time to time, arrangements or other forms of payment within such limits and restrictions considered fit by it. The aforesaid payments must be handed over to a Distributor who will acknowledge the receipt on the Investment Form. Such payments will only be deposited in the bank account of the Fund titled “**CDC – Trustee NAFA Islamic Asset Allocation Fund**” maintained with the designated banks and their branches.

Notwithstanding the above, nothing contained herein shall be construed as limiting or otherwise restricting the Management Company’s liability under Rule 65 of the Rules.

7. **Amendment of clause 7:**

Sub – Clauses 7.1.2 of the Offering Document is hereby stands substituted in its entirety as under;

**Zakat**

NIAAF is Saheb-e-Nisab under the Zakat and Ushr Ordinance, 1980. The balance in the credit of savings bank account, or similar account with a bank standing on the first day of Ramzan-ul-Mubarak will be subjected to Zakat deduction @ 2.5%

8. **Amendment of clause 8:**

Sub – Clauses 8.1 of the Offering Document is hereby stands substituted in its entirety as under;

**8.1 Financial Year of NAFA Islamic Asset Allocation Fund**

The Accounting Period will commence from the date on which the fund property is first paid or transferred to the trustee to June 30, and from July 01 to June 30 for all the following years.

9. **Amendment of clause 11:**

Sub – Clauses 11.3 of the Offering Document is hereby stands substituted in its entirety as under

**11.3 Warning and Disclaimer**

**Warning**

If you are in any doubt about the contents of this Offering Document, you should consult your legal advisor or other financial advisor. The price of the units of this Fund and the income of this Fund (from which distribution to Unit Holders is made) may increase or decrease. Price of Units and income from them may go up or down.

Investment in this Fund is suitable for investors who have the ability to take risks associated with financial market investments. Capital invested in the financial markets could, in extreme circumstances, lose its entire value. The historical performance of this Fund, other Funds managed by the Management Company, the financial markets or that of any one security or transaction included in the Fund's portfolio will not necessarily indicate future performance.

## **Disclaimer**

The Units of NIAAF are not bank deposits and are not issued by, insured by, obligation of, or otherwise supported by the SECP, any Government Agency, Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institution. The portfolio of NIAAF is subject to market risks and risks inherent in all such investments.

NIAAF's target return or dividend range cannot be guaranteed. NIAAF's Unit price is neither guaranteed nor administered/managed. It is based on the NAV that may go up or down depending upon the factors and forces affecting the capital markets.

**Investors are advised to read risk disclosure as mentioned in this document in Clause 2.4 and Clause 2.5 above for more information concerning risk.**

### **10. Amendment of clause 13:**

Clauses 13 of the Offering Document is hereby stands substituted in its entirety as under

## **13. TERMINATION OF NAFA ISLAMIC ASSET ALLOCATION FUND**

### **13.1 By the Management Company**

The Fund may be terminated by the Management Company by giving three (3) months notice in writing to the Unit Holders and Trustee on the grounds given in the Trust Deed and Clause 4.8.4 and 4.9 of this Offering Document. The grounds on which termination is made shall be mentioned in the notice to the Unit Holders.

### **13.2 By the Securities and Exchange Commission of Pakistan**

If the SECP considers that further continuation of the authorization of the Fund will not be in the interest of Unit Holders, it will give a three months notice to the Unit Holders and the Trustee about its intention not to maintain such authorization, provided that no notice shall be served without offering an opportunity of hearing to the Management Company.

### 13.3 Winding up

In case of the termination of the Fund, the Management Company shall be required to wind-up the Fund and refund the net proceeds to the Unit Holders in proportion to the number of units held by them within such time as may be specified by the SECP.

#### 11. Amendment of clause 14:

Sub - clauses 14.5 of the Offering Document is hereby stands substituted in its entirety as under

#### 14.5 “Authorized Investments”

NAFA Islamic Asset Allocation Fund is an Asset Allocation Scheme and its “Authorized Investments” would comprise of diversified Portfolio of Shariah-Compliant investments including Shariah-Compliant investments available outside Pakistan. The allocation between various investments will depend on prevailing market conditions and opportunities and will comprise the following investments:

S.No.	Investment Type	Entity Rating	Maximum Exposure	Minimum Exposure	Maximum Maturity
14.	Shariah Compliant Listed Equity Securities	N/A	90%	0%	N/A
15.	Shariah Compliant Debt Securities*	A and above	90%	0%	10 Yrs.
16.	Any other Shariah compliant structure instrument or security including but not limited to Certificate of Deposit (CoD), Musharaka (CoM) Musharaka, Mudaraba, Ijarah Murabahah (including commodity Murabaha) Salam, Istisna etc provided by Federal Government, Provincial Government, Local Government, Government Agencies, Autonomous Bodies, public sector entities, private sector entities,	A and above	50%	0%	1 year.

	licensed Islamic Banks and Licensed Islamic Banking windows of conventional Banks as per the guidelines of the Fund's Shariah Advisor.				
17.	Government of Pakistan Shariah Compliant debt securities /GOP Ijara Sukuks	N/A	90%	0%	10 Yrs.
18.	Shariah Compliant deposits with Islamic banks/ Islamic windows of Commercial banks including term deposits	A- and above	100%	0%	6 Months
19.	Shariah Compliant deposits with Islamic banks/ Islamic windows of Commercial banks excluding term deposits	A- and above	100%	10%	n/a
20.	Long, medium and short term Shariah Compliant deposits in foreign currencies with Commercial banks after prior approval of the applicable regulatory authority	A- and above	50%	0%	6 Months
21.	Shariah Compliant Convertible debt securities issued by corporate/ financial institutions*	A and above	20%	0%	10 Yrs.
22.	Shariah Compliant Convertible and non-convertible preferred shares	N/A	20%	0%	10 Yrs.
23.	Shariah Compliant Asset-backed or mortgage –backed debt securities and Securities Traded Over the Counter Market*	A and above	20%	0%	10 Yrs.
24.	Shariah Compliant	A and above	100%	0%	1 Yr.

	Commercial Papers and any other Shariah Compliant money market instrument.				
25.	Shariah Compliant Spread Transaction;	N/A	50%	0%	N/A
26.	Any other securities or instruments that may be permitted or approved under the SECP Rules, Regulations or any other directive from time to time*	A and above	50%	0%	6 Yrs.

\*If entity is unrated then Entity or instrument rating has to be A.

Investments outside Pakistan will enable the Fund to diversify risk as well as avail opportunities for higher returns in international markets, subject to SECP and other regulatory approvals and in accordance with such terms, guidelines and directions as may be issued by SECP and the State Bank of Pakistan (SBP) from time to time. Foreign investment by the Fund is subject to the following limits:

3. 30% of the Net Assets of the Fund.
4. The above percentage is subject to a cap of US\$ 15 million.

The Fund's Investment Process will be based on fundamental analysis of economic environment including interest rates, inflation, monetary and fiscal policies, market liquidity including that of the banking sector and strict adherence to the Investment Policy, the risks identified therein and risk parameters established.

Sub - clauses 14.25 of the Offering Document is hereby stands substituted in its entirety as under

14.25 **“Exchange of Units Form”** means a standardized form prescribed by the Management Company to be duly filled by the investors for shifting from NIAAF to any other Fund managed by the Management Company and will be stated in the Offering Document.

Sub - clauses 14.71 of the Offering Document is hereby stands substituted in its entirety as under

14.71 **“Trust” or “Unit Trust” or “Fund” or “NIAAF” “NAFA Islamic Asset Allocation Fund” or “Scheme”** means the Unit Trust constituted by the Trust Deed for continuous offers for sale of Units.