



IIRA Assigns its first Shari'ah Compliance and Fiduciary Rating for Asset Management Companies to Faysal Asset Management Limited ('FAML')

Manama, February 27, 2026 – Islamic International Rating Agency (“IIRA”) has assigned the Shari’ah Compliance and Fiduciary Rating of Faysal Asset Management Limited (‘FAML’ or ‘the company’ or ‘the AMC’) incorporated in Pakistan, at “**SCFR (FM) 1+**” on the international scale, which denotes “Very high level of conformance to global standards in terms of fulfilling fiduciary obligations of Shari’ah compliant fund management”. FAML is the first AMC internationally to be awarded such a rating, as IIRA expands its coverage of financial institutions in capital market segments, globally.

The asset management company (AMC) has been fully Shari’ah Compliant as of 1st January 2025 since its Islamic transformation, with all funds being Islamic schemes and conventional funds previously managed by FAML having been disposed off. Separately Managed Accounts (tailored portfolios) are also governed by Shari’ah principles. While fund management operates on the principle of shared risk and rewards and is as such inherently Shari’ah compliant, asset selection, purification of dividend income standards, largely follow Shari’ah guidelines of Securities and Exchange Commission of Pakistan (SECP), which ensure stringent application of business and financial screens. The application of standardized, Shari’ah aligned benchmarks further allows for fair discrimination on the basis of performance. Allocation to Charity Fund mostly constitutes a portion of dividend income which is a note-worthy amount for several of the AMC’s equity and asset allocation funds. While this reflects a stringent purification methodology, minimizing the same would lead to higher efficiency in fund performance.

The Shari’ah governance framework is aligned with regulatory requirements with a qualified Shari’ah Board having been instituted with some members of FAML Shari’ah Board also part of Shari’ah Board of Faysal Bank (FBL). FAML has instituted the compliance function (including Shari’ah compliance) which issues detailed compliance reports periodically; moreover, the AMC has access to parent bank resources for other supervisory roles such as Shari’ah audit. The policy framework tailored to the now fully Shari’ah compliant fund manager has been implemented. FAML follows certain applicable international Shari’ah governance standards from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Gradual enhancement to policies, incorporating emerging trends in investing, would be an ongoing process. Further enhancement of staff resources in dedicated control units for Shari’ah risks and training of staff maybe warranted.

Overall FAML has an adequate governance structure and oversight, and reflects the stringent regulatory environment. The policy framework for fund accounting, reporting, whistle blowing, insider trading and investor protection are in line with market norms and conform with best practices in asset management, domestically as well as internationally. Additional board committees have been instituted to supplement Board operations and ensuring strong governance, which is responsible for overall oversight on company controls including compliance with Shari’ah.

Disclosure standards are driven by intense competition in the local market, as well as regulatory requirements, and as such indicate a high level of transparency. Shari’ah opinions are adequately disclosed and presented on the website. Shari’ah specific disclosures may be improved with zakat disclosures and key policies like income purification methodology.



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FAML has adopted a code of conduct for its business operations to minimize compromise of interests. While adoption of ESG principles on fund-wide investment is limited, FAML has documented a policy for sustainability and social welfare which embeds faith-based principles for environment conservation and social welfare.

FAML has adequately discharged its fiduciary responsibility with adequate returns above benchmarks, reasonable and competitive management fees, and comprehensive complaint handling SOPs.

For further information on this rating announcement, please contact IIRA at iira@iirating.com.

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