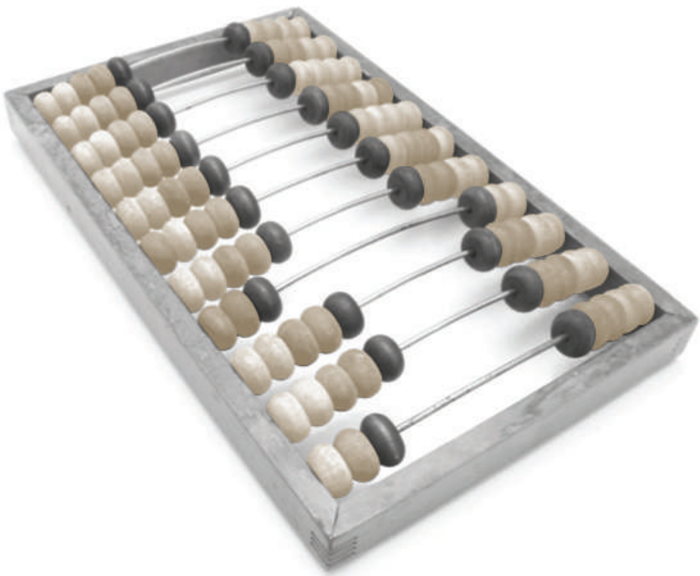
Faysal AssetManagement

Financial Sector Opportunity Fund

Condensed Interim Financial Statements for
For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)



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FUND INFORMATION

Management Company
Faysal Asset Management Limited

Board of Directors of the Management Company
Mr. Salman Ahmed Usmani, Chairman
Mr. Osman Asghar Khan, Director
Mr. Mian Salman Ali, Director
Syed Muhammad Fraz Zaidi, Director
Mr. Tahir Yaqoob Bhatti, Director
Mr. Nadir Rehman, Director
Mr. Khaldoon Bin Latif, Director/CEO

Chief Executive Officer
Mr. Khaldoon Bin Latif

Chief Financial Officer Company Secretary of the Management Company
Mr. Faisal Ali Khan

Audit Committee
Mr. Osman Asghar Khan, Chairman
Mr. Mian Salman Ali, Member
Syed Muhammad Fraz Zaidi, Member

HR Committee
Mr. Nadir Rehman, Chairman
Mr. Salman Ahmed Usmani, Member
Mr. Osman Asghar Khan, Member

Trustee to the Fund
Central Depository Company of Pakistan Limited,
CDC House, 99B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi.

Bankers to the Fund
Soneri Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
United Bank Limited
Allied Bank Limited
JS Bank Limited
Zarai Taraqiati Bank Limited
Habib Bank Limited

Auditors
A.F. Ferguson & Co. Chartered Accountants

Legal Advisor
Mohsin Tayebaly & Co.
2nd Floor, Dime Centre,
BC-4 Block-9, KDA-5,
Clifton, Karachi.

Registrar
ITMinds Limited
Central Depository Company of Pakistan Limited,
CDC House, 99B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi.

MISSION AND VISION

To provide world class investment management and advisory services for the benefit of clientele looking to maximize their financial returns while minimizing risk.

To amplify our client-centricity by inspiring innovation, championing customer service, generating competitive returns, and honoring the utmost ethical and professional standards.

MISSION STATEMENT

Faysal Financial Sector Opportunity Fund seeks to provide a competitive rate of return to its investors by investing in money market and debt instruments with major exposure in financial sector.

Condensed Interim Statement of Assets and Liabilities

As at March 31, 2021

	Note	March 31 2021 (Un-audited)	June 30 2020 (Audited)
		---------- (Rupees) ---------	
Assets			
Balances with banks	4	759,109,661	953,519,777
Investments	5	116,826,291	144,618,913
Advances, deposits, prepayments and other receivables		19,874,835	11,350,543
Total assets		895,810,787	1,109,489,233
Liabilities			
Payable to Faysal Asset Management Limited - the Management Company	6	1,141,341	7,643,043
Payable to Central Depository Company of Pakistan Limited - the Trustee		74,425	101,906
Payable to the Securities and Exchange Commission of Pakistan		160,173	278,772
Accrued and other liabilities	7	8,293,995	19,466,820
Total liabilities		9,669,933	27,490,541
Net assets		886,140,854	1,081,998,692
UNIT HOLDERS' FUND (AS PER THE STATEMENT ATTACHED)		886,140,854	1,081,998,692
Contingencies and commitments	8		
		--------- (Number of units) ---------	
Number of units in issue		8,286,020	10,610,073
		------------- (Rupees) -------------	
Net assets value per unit		106.94	101.98

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer   Chief Executive Officer   Director

Condensed Interim Income Statement

For The Nine Months And Quarter Ended March 31, 2021

	Note	Nine month ended March 31, 2021	Nine month ended March 31, 2020	Quarter ended March 31, 2021	Quarter ended March 31, 2020
		---------- (Rupees) ---------		---------- (Rupees) ---------	
Income					
Profit earned on Government, debt securities and commercial papers		12,652,711	31,870,518	2,113,898	17,509,182
Profit on balances with banks		45,468,107	111,620,818	16,489,020	40,924,060
Realised (loss) / gain on sale of investments - net		(561,237)	352,872	(416,858)	(1,743,457)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.5	174,237	(183,009)	218,272	23,806
Total income		57,733,818	143,661,199	18,404,332	56,713,591
Operating expenses					
Remuneration of Faysal Asset Management Limited - the Management Company	6.1	2,173,243	4,296,287	510,261	1,278,599
Sindh sales tax on remuneration of the Management Company	6.2	282,521	558,517	66,334	165,154
Allocated expenses	6.3	832,069	1,025,981	255,130	424,672
Selling and marketing expenses	6.4	1,048,283	844,762	-	844,762
Remuneration to Central Depository Company of Pakistan Limited - the Trustee		600,743	772,557	191,348	318,504
Sindh sales tax on remuneration of the Trustee		78,224	100,432	25,003	42,720
Auditor's remuneration		221,392	113,025	72,720	37,401
Annual fee to the Securities and Exchange Commission of Pakistan		160,198	205,642	51,026	84,934
Fees and subscription		211,457	192,474	69,456	71,720
Transaction charges		279,600	543,399	93,452	264,543
Printing charges		18,632	-	6,120	-
Legal and Professional charges		88,840	-	88,840	-
Bank charges		4,076	78,942	686	60,373
Total operating expenses		5,999,277	8,732,018	1,430,375	3,593,382
Net profit from operating activities		51,734,541	134,929,181	16,973,957	53,120,209
Provision for Sindh Workers' Welfare Fund	7.1	(1,034,691)	(2,698,584)	(339,479)	(1,062,203)
Net profit for the period before taxation		50,699,850	132,230,597	16,634,478	52,058,006
Taxation	10	-	-	-	-
Net profit for the period after taxation		50,699,850	132,230,597	16,634,478	52,058,006
Earnings per unit	11				
Allocation of net profit for the period:					
Net profit for the period after taxation		50,699,850	132,230,597	16,634,478	52,058,006
Income already paid on units redeemed		(22,687,004)	(65,831,140)	(6,653,823)	(40,927,845)
		28,012,846	66,399,457	9,980,655	11,130,161
Accounting income available for distribution					
- Relating to capital gains		-	169,863	-	-
- Excluding capital gains		28,012,846	66,229,594	9,980,655	11,130,161
		28,012,846	66,399,457	9,980,655	11,130,161

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer Chief Executive Officer Director

Condensed Interim Statement of Comprehensive Income

For The Nine Months And Quarter Ended March 31, 2021

	Nine month ended March 31,		Quarter ended March 31,	
	2021	2020	2021	2020
	---------- (Rupees) ---------		---------- (Rupees) ---------	
Net income for the period after taxation	50,699,850	132,230,597	16,634,478	52,058,006
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	50,699,850	132,230,597	16,634,478	52,058,006

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer | Chief Executive Officer | Director

Condensed Interim Statement of Movement in Unit Holders' Fund

For The Nine Months And Quarter Ended March 31, 2021

	Period ended March 31, 2021			Period ended March 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistribute d income	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the period	1,074,800,178	7,198,514	1,081,998,692	697,249,798	5,185,830	702,435,628
Issuance of 35,769,757 units (2020: 42,304,235 units)						
- Capital value (at net assets value per unit at beginning of the period)	3,647,799,866	-	3,647,799,866	4,306,134,610	-	4,306,134,610
- Element of income	93,474,469	-	93,474,469	231,677,323	-	231,677,323
Total proceeds on issuance of units	3,741,274,335	-	3,741,274,335	4,537,811,933	-	4,537,811,933
Redemption of 38,093,811 units (2020: 36,740,995 units)						
- Capital value (at net assets value per unit at beginning of the period)	(3,884,806,863)	-	(3,884,806,863)	(3,739,866,049)	-	(3,739,866,049)
- Element of income	(80,338,156)	(22,687,004)	(103,025,160)	(169,624,817)	(65,831,140)	(235,455,957)
Total payments on redemption of units	(3,965,145,019)	(22,687,004)	(3,987,832,023)	(3,909,490,866)	(65,831,140)	(3,975,322,006)
Total comprehensive income for the period	-	50,699,850	50,699,850	-	132,230,597	132,230,597
Cash distribution @ Rs. 3.50 per unit (date of declaration: July 09, 2018)	-	-	-	-	-	-
Net assets at end of the period	850,929,494	35,211,360	886,140,854	1,325,570,865	71,585,287	1,397,156,152
Accumulated undistributed income income brought forward						
- Realised income		7,386,610			5,268,397	
- Unrealised (loss) / income		(188,096)			(82,567)	
		7,198,514			5,185,830	
Accounting income available for distribution						
- Relating to capital gains		-			169,863	
- Excluding capital gains		28,012,846			66,229,594	
		28,012,846			66,399,457	
Cash distribution @ Rs. 3.50 per unit (date of declaration: July 09, 2018)		-			-	
Undistributed income carried forward		35,211,360			71,585,287	
Undistributed income carried forward:						
- Realised income		35,037,123			71,768,296	
- Unrealised loss		174,237			(183,009)	
		35,211,360			71,585,287	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the period			101.98			101.79
Net assets value per unit at the end of the period			106.94			112.10

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer Chief Executive Officer Director

Condensed Interim Cash Flows Statement

For The Nine Months And Quarter Ended March 31, 2021

	Note	Nine month ended March 31, 2021	2020
		---------- (Rupees) ---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before taxation		50,699,850	132,230,597
Adjustments for non-cash and other items:			
Realised loss / (gain) on sale of investments - net		561,237	(352,872)
Unrealised (gain) / loss on re-measurement of investments classified as 'at fair value through profit or loss' - net		(174,237)	183,009
		51,086,850	132,060,734
Decrease / (increase) in assets			
Investments		27,405,621	(64,399,208)
Advances, deposits, prepayments and other receivables		(8,524,292)	(11,254,113)
		18,881,330	(75,653,321)
(Decrease) / increase in liabilities			
Payable to Faysal Asset Management Limited - the Management Company		(6,501,702)	2,087,276
Payable to Central Depository Company of Pakistan Limited - the Trustee		(27,481)	11,743
Payable to the Securities and Exchange Commission of Pakistan		(118,599)	(137,034)
Accrued and other liabilities		(11,172,825)	280,548
		(17,820,608)	2,242,533
Net cash generated from operating activities		52,147,572	58,649,946
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issuance of units		3,741,274,335	4,537,811,933
Payments made against redemption of units		(3,987,832,023)	(3,975,322,006)
Dividends paid		-	(433,756)
Net cash (used in) / generated from financing activities		(246,557,688)	562,056,171
Net (decrease) / increase in cash and cash equivalents during the period		(194,410,116)	620,706,117
Cash and cash equivalents at beginning of the period		953,519,777	567,674,328
Cash and cash equivalents at end of the period	4	759,109,661	1,188,380,445

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer   Chief Executive Officer   Director

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Faysal Financial Sector Opportunity Fund (the Fund) was established under a Trust Deed executed between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on May 28, 2013 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules and NBFC Regulations, 2008 through a certificate of registration issued by SECP. The registered office of the Management Company of the Fund is situated at West Wing, 7th Floor, Faysal House, ST-02, Shahrah-e-Faisal, Karachi, Pakistan.

1.2 The Fund has been categorised as an open-end 'income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs.100 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from July 06, 2013 and are transferable and redeemable by surrendering them to the Fund.

1.3 The objective of the Fund is to provide a competitive rate of return to its investors by investing in money market and debt instruments with major exposure in financial sector.

1.4 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

1.5 The Management Company has been assigned a quality rating of 'AM2' by VIS Credit Rating Company Limited dated March 31, 2020 (2019: 'AM2' dated February 18, 2020). The rating reflects the Company’s experienced management team, structured investment process and sound quality of systems and processes. The Pakistan Credit Rating Agency Limited (PACRA) has assigned a 'AA-(f)' stability rating Faysal Financial Sector Opportunity Fund as of April 17, 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Wherever provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the

Notes to and forming part of the Condensed Interim Financial Statements
For The Nine Months And Quarter Ended March 31, 2021

requirements of the Trust Deed differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2020.

2.2 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at March 31, 2021.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies applied and the methods of computations of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2020.

3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Fund’s accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2020. The Fund’s financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the year ended June 30, 2020.

3.3 Amendments to the published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

3.4 Amendments to the published accounting and reporting standards that are not yet effective

There are certain new amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			---------- (Rupees)	---------
4	**BALANCES WITH BANKS**			
	PLS savings accounts	4.1	759,109,661	953,519,777

4.1 These carry mark-up ranging from 5.50% to 7.85% (June 30, 2020: 6.50% and 8.80%) per annum. Deposits in savings accounts also include Rs. 2.292 million (June 30, 2020: Rs. 9.891 million) with Faysal Bank Limited, a related party, and carry mark-up at the rate of 5.50% (June 30, 2020: 6.50%) per annum.

		Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
5	**INVESTMENTS**	**Note**	---------- (Rupees)	---------
	Investments at fair value through profit or loss'			
	Term Finance Certificates	**5.1**	20,863,790	22,658,397
	Commercial papers	**5.2**	-	121,960,516
	Pakistan Investment Bonds	**5.3**	95,962,501	-
			116,826,291	144,618,913

5.1 **Term Finance Certificates**

	116,826,291	144,618,913

5.1 **Term Finance Certificates**

	Note		
Commercial paper	5.2	-	121,960,516
Pakistan Investment Bonds	5.3	50,050,000	-
		71,152,984	121,960,516

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

Term Finance Certificates (TFCs)

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the period	Disposed / matured during the period	As at March 31, 2021	Carrying value as at March 31, 2021	Market value as at March 31, 2021	Unrealised appreciation/ (diminution) as at March 31, 2021	Percentage in relation: Net assets of the fund	Percentage in relation: Total market value of the investment
			(Number of certificates)				(Rupees)			------------ % ------------	
BANKS											
JS Bank Limited TFC (A+, PACRA, Traded) (note 5.1.1)	March 14, 2023	6 months KIBOR plus base rate of 1.40%	800	-	-	800	3,919,101	3,948,105	29,003	0.45	3.38
The Bank of Punjab TFC (AA-, PACRA, Non-Traded) (note 5.1.1)	March 23, 2026	6 months KIBOR plus base rate of 1.25%	90	-	-	90	8,816,740	8,985,600	168,860	1.01	7.69
INVESTMENT COMPANIES											
Jahangir Siddiqui & Co. Limited TFC XI (AA+, PACRA, Non-Traded) (note 5.1.1)	March 6, 2023	6 months KIBOR plus base rate of 1.40%	2,000	-	-	2,000	7,936,663	7,930,085	(6,578)	0.89	6.79
Total - March 31, 2021							20,672,504	20,863,790	191,286	2.35	17.86
Total - June 30, 2020							22,846,493	22,658,397	(188,096)		

5.1.1 The nominal value of these term finance certificates is Rs 5,000 each except for The Bank of Punjab TFC having nominal value of Rs 100,000 each.

5.2 Commercial papers

5.2 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2020	Purchases during the period	Disposed during the period	As at March 31, 2021	Carrying value as at March 31, 2021	Market value as at March 31, 2021	Unrealised appreciation/ (diminution) as at March 31, 2021	Percentage in relation: Net assets of the fund	Percentage in relation: Total market value of the investment
			(Face value)				(Rupees)			------------ % ------------	
K-Electric Limited ICP 5 (A-1+, VIS, Non-Traded)	August 13, 2020	6 months KIBOR plus base rate of 1.15%	124,000,000	-	124,000,000	-	-	-	-	-	-
Total - March 31, 2021							-	-	-	-	-
Total - June 30, 2020							121,960,516	121,960,516	-		

5.3 Pakistan Investment Bonds

Issue date	Tenor	As at July 1, 2020	Purchases during the period	Disposed during the period	As at March 31, 2021	Carrying value as at March 31, 2021	Market value as at March 31, 2021	Unrealised appreciation/ (diminution) as at March 31, 2021	Percentage in relation to: Net assets of the Fund	Percentage in relation to: Total market value of investments
		------------ (Face value) ------------				------------ (Rupees in '000) ------------			------------ % ------------	
Pakistan Investment Bonds -	3 years	-	50,000,000	50,000,000	-	-	-	-	-	-
Pakistan Investment Bonds -	5 years	-	100,000,000	-	100,000,000	95,979,550	95,962,501	(17,049)	10.83	82.14
Total as at March 31, 2021						95,979,550	95,962,501	(17,049)	10.83	82.14
Total as at June 30, 2020						-	-	-		

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

5.4 Market Treasury Bills

Tenor	As at July 1, 2020	Purchases during the period	Disposed / matured during the period	As at March 31, 2021	Carrying value as at March 31, 2021	Market value as at March 31, 2021	Unrealised appreciation/ (diminution) as at March 31, 2021	Percentage in relation to Net assets of the Fund	Percentage in relation to Total market value of investments
	------------ (Face value) ------------				------------ (Rupees in '000) ------------			------------ % ------------	
Market treasury bills - 3 months	-	1,275,000,000	1,275,000,000	-	-	-	-	-	-
Market treasury bills - 6 months	-	525,000,000	525,000,000	-	-	-	-	-	-
Market treasury bills - 12 months	-	600,000,000	600,000,000	-	-	-	-	-	-
Total - March 31, 2021					-	-	-	-	-
Total - June 30, 2020					-	-			

Government securities - Pakistan Investment Bonds

5.5	Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			--------------- (Rupees)	----------------
	Market value of investments	5.1, 5.2, 5.3, 5.4	116,826,291	144,618,913
	Less: carrying value of investments	5.1, 5.2, 5.3, 5.4	116,652,054	144,807,009
			174,237	(188,096)

6.	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - THE MANAGEMENT COMPANY	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
			---------- (Rupees)	---------
	Management remuneration payable	6.1	178,461	243,615
	Sindh sales tax on remuneration of the Management Company	6.2	35,224	43,694
	Allocated expenses payable	6.3	832,068	1,791,254
	Selling and marketing expenses payable	6.4	-	1,097,324
	Sales load payable		95,587	4,467,156
			1,141,341	7,643,043

From July 1, 2020 to July 21, 2020	From July 22, 2020 to March 10, 2021	From March 11, 2020 to March 31, 2021
0.20% of average annual net assets	0.35% of average annual net assets	0.20% of average annual net assets

6.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit.

Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the following rates:

Notes to and forming part of the Condensed Interim Financial Statements
For The Nine Months And Quarter Ended March 31, 2021

The remuneration is payable to the Management Company monthly in arrears.

6.2 During the period, an amount of Rs 0.283 million was charged on account of sales tax @ 13% (June 30, 2020: 13%) on management fee levied through the Sindh Sales Tax on Services Act, 2011.

6.3 In accordance with Regulation 60 of the NBFC Regulations, 2008, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

During the year ended June 30, 2020, the Board of Directors of the Management Company, in its 106th meeting held on April 17, 2020, had given Management Company the discretion for charging allocated expenses on the Fund as it may decide. The Management Company has, therefore, charged allocated expenses keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the following rates:

From July 1, 2020 to July 21, 2020	From July 22, 2020 to March 31, 2021
0.15% of average annual net assets	0.10% of average annual net assets

6.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion (duly authorised by the Board of Directors) while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the following rates:

From July 1, 2020 to July 21, 2020	From July 22, 2020 to November 22, 2020	From November 23, 2020 to December 10, 2020
0.30% of average annual net assets	0.20% of average annual net assets	0.40% of average annual net assets

No amount of selling and marketing expenses were charged from March 11, 2020 till period end.

7. ACCRUED AND OTHER LIABILITIES	**Note**	**March 31, 2021 (Un-audited)**	**June 30, 2020 (Audited)**
		---------- (Rupees) ---------	
Brokerage payable		252,721	347,180
Auditors' remuneration payable		197,129	174,110
Rating charges payable		83,729	389,065
Zakat payable		103,929	103,929
Withholding tax payable		1,096,249	12,894,079
Printing charges payable		67,716	-
Provision for Sindh Workers' Welfare Fund	7.1	5,824,432	4,789,745
Provision for Federal Excise Duty	7.2	668,090	768,712
		8,293,995	19,466,820

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

7.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at March 31, 2021 would have been higher by Re. 0.703 per unit (June 30, 2020: Re. 0.451 per unit).

7.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a civil petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from the date of commencement of its operations till June 30, 2016 amounting to Rs. 0.769 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund as at March 31, 2021 would have been higher by Re 0.081 (June 30, 2020: Re 0.072) per unit.

Notes to and forming part of the Condensed Interim Financial Statements
For The Nine Months And Quarter Ended March 31, 2021

8 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2021 and June 30, 2020.

9 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at March 31, 2021 is 0.88% which includes 0.20% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

10 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, 2008, the Fund is required to distribute not less than 90 percent of its accounting income for the period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

12 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

12.1 Connected persons and related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, Faysal Asset Management Limited - Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund, Faysal Bank Limited, Faysal Bank Limited - Staff Provident Fund, Faysal Bank Limited - Staff Gratuity Fund and other entities under common management and / or directorship and the directors and officers of the Management Company and the Trustee, key management personnel, other associated undertakings and unit holders holding more than 10 percent or more units / net assets of the Fund.

12.2 Transactions with connected persons are executed on an arm's length basis essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Notes to and forming part of the Condensed Interim Financial Statements
For The Nine Months And Quarter Ended March 31, 2021

12.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

12.4 Remuneration to the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

12.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

12.6 The details of transactions carried out by the Fund with connected persons during the period and balances with them as at period end are as follows:

	Nine month ended March 31,	
	2021	**2020**
	(Un-audited)	**(Un-audited)**
	---------- (Rupees) ---------	
Details of transaction with related parties / connected persons during the period are as follows:		
Faysal Asset Management Limited (the Management Company)		
Remuneration of Faysal Asset Management Limited - the Management Company	2,173,243	4,296,287
Sindh sales tax on remuneration of the Management Company	282,521	558,517
Units issued: 5,892,811 units (2020: 3,655,462 units)	609,945,989	384,351,418
Units redeemed: 3,655,888 units (2020: 3,655,888 Units)	610,437,624	390,105,347
Reimbursement of selling and marketing charges to the Management Company	1,048,283	844,762
Faysal Bank Limited (group company)		
Return on balances with bank	425,331	2,058,676
Units issued: NIl (2020: 1,903,674 units)	-	200,000,000
Units redeemed: Nil (2020: 3,275,576 units)	-	340,000,000
Cash dividend paid	-	-
Directors and Key Management Personnel of Management Company		
Units issued: 6,043 (2020 : 32,793) units	620,032	3,520,165
Units redeemed: 6,054 (2020: 103,785) units	623,687	10,930,448
Central Depository Company of Pakistan Limited (the Trustee)		
Remuneration to Central Depository Company of Pakistan Limited - the Trustee	600,743	772,557
Sindh sales tax on remuneration of the Trustee	78,224	100,432
Unit holders with more than 10% holding		
Units issued: 5,417,956 (2020: 5,577,487) units	570,548,712	599,778,791
Units redeemed: 4,584,412 units (2020: 2,054,224 units)	477,885,680	227,791,222

Notes to and forming part of the Condensed Interim Financial Statements
For The Nine Months And Quarter Ended March 31, 2021

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	---------- (Rupees) ---------	
Amounts / balances outstanding as at period end:		
Faysal Asset Management Limited (the Management Company)		
Management remuneration payable	178,461	243,615
Sindh sales tax on remuneration payable to the Management Company	35,224	43,694
Allocated expenses payable	832,068	1,791,254
Selling and marketing expenses payable	-	1,097,324
Sales load payable	95,587	4,467,156
Faysal Bank Limited (group company)		
Balance with bank	2,292,497	9,891,027
Bank profit receivable on PLS savings account	474,578	50,013
Units in issue: 157,775 units (June 30, 2020: 157,775 units)	16,872,459	16,089,895
Central Depository Company of Pakistan Limited (the Trustee)		
Security deposit	100,000	100,000
Remuneration payable to the Trustee	66,565	90,997
Sindh sales tax on remuneration payable to the Trustee	7,860	10,909
Directors and Key Management Personnel of Management Company		
Units in issue: 17,376 units (June 30, 2020: 17,387 units)	1,858,189	1,773,123
Unit holder with more than 10% holding		
Units in issue: 2,902,147 units (June 30, 2020: 2,068,603 units)	310,355,600	210,956,158

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

13.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Notes to and forming part of the Condensed Interim Financial Statements
For The Nine Months And Quarter Ended March 31, 2021

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at March 31, 2021 and June 30, 2020, the Fund held the following financial instruments measured at fair value:

	As at March 31, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
ASSETS	---------- (Rupees) ---------			
Financial assets 'at fair value through profit or loss'				
Term finance certificates	-	20,863,790	-	20,863,790
Pakistan investment bonds	-	95,962,501	-	95,962,501
	-	116,826,291	-	116,826,291

	As at June 30, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
ASSETS	---------- (Rupees) ---------			
Financial assets 'at fair value through profit or loss'				
Term finance certificates	-	22,658,397	-	22,658,397
Commercial papers*	-	121,960,516	-	121,960,516
	-	144,618,913	-	144,618,913

*The valuation of commercial papers had been done based on amortisation of commercial paper to its face value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment was less than six months and they were placed with counterparties which had high credit rating.

14. CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the period.

15. GENERAL

15.1 Figures have been rounded off to the nearest rupee.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

15.2 Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided the following relaxation to CISs operating in Pakistan for classification of debt security for a specified period of time commencing from April 9, 2020 and expired on March 31, 2021.

- The timeline for classification of debt security as non performing has been extended from 15 days to 180 days overdue.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

16. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 19 April 2021. by the Board of Directors of the Management Company.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer	Chief Executive Officer	Director

Head Office

West wing, 7th Floor,Faysal House, ST-02,
Shahrah-e-Faisal,Karachi, Pakistan.

Karachi
U 92 21 111329725
F **92 21 38657800**

Lahore
T 92 42 35785558
F 92 42 35755196

Islamabad
T 92 51 2605721 / 23
F 92 51 2275252

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