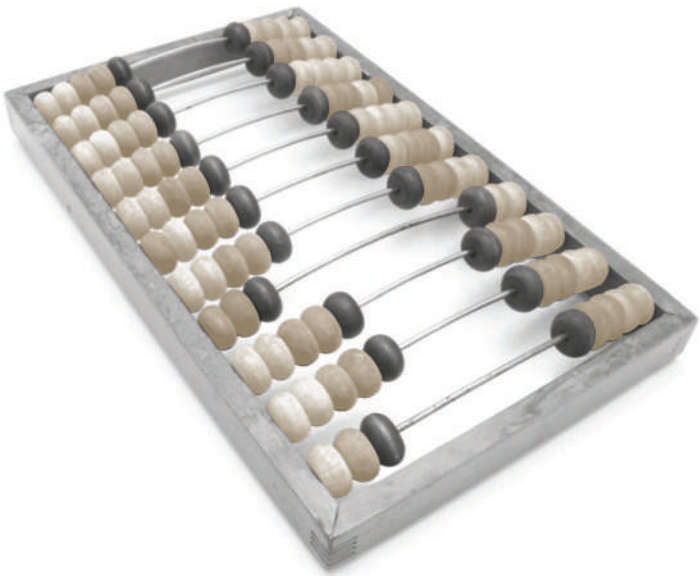
Faysal Funds

Financial Sector Opportunity Fund

Condensed Interim Financial Statements
For The Half Year Ended December 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
Mr. Faisal Ali Khan

Company Secretary of the Management Company
Muhammad Umer Ilyas

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

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.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

FAYSAL FINANCIAL SECTOR OPPORTUNITY FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Faysal Financial Sector Opportunity Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 25, 2022

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Faysal Financial Sector Opportunity Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2021. The Management Company (Faysal Asset Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Afferguson&Co

Chartered Accountants

Engagement Partner: **Shahbaz Akbar**

Dated: February 28, 2022

Karachi

Condensed Interim Statement of Assets and Liabilities
As at December 31, 2021 (Un-Audited)

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		---------- (Rupees) ---------	
Assets			
Balances with banks	4	496,165,567	776,353,361
Investments	5	75,425,454	166,157,444
Deposits, prepayments and other receivables		6,974,904	11,426,562
Total assets		578,565,925	953,937,367
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	6	262,266	1,213,714
Payable to Central Depository Company of Pakistan Limited - Trustee	7	70,999	82,992
Payable to the Securities and Exchange Commission of Pakistan	8	77,102	207,442
Payable against redemption of units		-	42,510,670
Dividend payable		-	1,049,206
Accrued and other liabilities	9	2,006,096	13,171,182
Total liabilities		2,416,463	58,235,206
Net assets		576,149,462	895,702,161
Unit holders' fund (as per the statement attached)		576,149,462	895,702,161
Contingencies and commitments	10		
		--------- (Number of units) ---------	
Number of units in issue		5,379,008	8,761,557
		------------- (Rupees) -------------	
Net asset value per unit		107.11	102.23

The annexed notes from 1 to 18 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 Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

	Note	Half year ended December 31, 2021	Half year ended December 31, 2020	Quarter ended December 31, 2021	Quarter ended December 31, 2020
		---------- (Rupees) ---------		---------- (Rupees) ---------	
Income					
Profit on Term Finance Certificates (TFCs)		794,833	1,080,144	354,765	609,174
Income on Market Treasury Bills		1,096,798	4,824,515	1,039,614	1,187,727
Profit on Pakistan Investment Bonds		1,813,318	2,594,627	-	1,562,148
Income on commercial papers		1,621,376	2,039,527	1,165,364	2,039,527
Profit on balances with banks		25,788,829	28,979,087	14,772,298	15,091,921
Realised (loss) / gain on sale of investments - net		(461,976)	(144,379)	(23,640)	70,962
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.5	389,131	(44,035)	276,904	(183,924)
Total income		31,042,309	39,329,486	17,585,305	20,377,535
Expenses					
Remuneration of Faysal Asset Management Limited - Management Company	6.1	1,157,829	1,662,982	605,478	876,797
Sindh sales tax on remuneration of the Management Company	6.2	150,518	216,187	78,713	119,101
Allocated expenses	6.3	-	576,939	-	294,614
Selling and marketing expenses		-	1,048,283	-	483,632
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	289,457	409,395	151,370	220,948
Sindh sales tax on remuneration of the Trustee	7.2	37,629	53,221	19,586	28,597
Annual fee to the Securities and Exchange Commission of Pakistan	8.1	77,102	109,172	40,279	58,919
Auditor's remuneration		280,784	148,672	206,448	74,336
Fees and subscription		160,632	142,001	89,633	71,001
Legal and professional charges		159,559	-	-	-
Transaction charges		73,593	186,148	3,847	87,128
Printing charges		17,304	12,512	11,048	6,256
Bank charges		3,633	3,390	2,246	1,584
Total expenses		2,408,040	4,568,902	1,208,648	2,322,913
Net income from operating activities		28,634,269	34,760,584	16,376,657	18,054,622
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	9.1	6,172,924	(695,212)	-	(361,094)
Net income for the period before taxation		34,807,193	34,065,372	16,376,657	17,693,528
Taxation	12	-	-	-	-
Net income for the period after taxation		34,807,193	34,065,372	16,376,657	17,693,528
Earnings per unit	13				
Allocation of net income for the period					
Net income for the period after taxation		34,807,193	34,065,372		
Income already paid on units redeemed		(13,007,693)	(16,033,181)		
		21,799,500	18,032,191		
Accounting income available for distribution					
- Relating to capital gains		-	-		
- Excluding capital gains		21,799,500	18,032,191		
		21,799,500	18,032,191		

The annexed notes from 1 to 18 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 Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

	Half year ended December 31,		Quarter ended December 31,	
	2021	**2020**	**2021**	**2020**
	---------- (Rupees) ---------		---------- (Rupees) ---------	
Net income for the period after taxation	34,807,193	34,065,372	16,376,657	17,693,528
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	34,807,193	34,065,372	16,376,657	17,693,528

The annexed notes from 1 to 18 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 Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

	Half year ended December 31, 2021			Half year ended December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the period (audited)	887,051,753	8,650,408	895,702,161	1,074,800,178	7,198,514	1,081,998,692
Issuance of 16,807,904 (2020: 29,136,188) units						
- Capital value (at net asset value per unit at beginning of the period)	1,718,272,026	-	1,718,272,026	2,971,308,452	-	2,971,308,452
- Element of income	64,887,180	-	64,887,180	65,330,186	-	65,330,186
Total proceeds on issuance of units	1,783,159,206	-	1,783,159,206	3,036,638,638	-	3,036,638,638
Redemption of 20,190,453 (2020: 30,733,334) units						
- Capital value (at net asset value per unit at beginning of the period)	(2,064,070,010)	-	(2,064,070,010)	(3,134,185,401)	-	(3,134,185,401)
- Element of loss	(60,441,395)	(13,007,693)	(73,449,088)	(54,052,800)	(16,033,181)	(70,085,981)
Total payments on redemption of units	(2,124,511,405)	(13,007,693)	(2,137,519,098)	(3,188,238,201)	(16,033,181)	(3,204,271,382)
Total comprehensive income for the period	-	34,807,193	34,807,193	-	34,065,372	34,065,372
Net assets at end of the period (un-audited)	545,699,554	30,449,908	576,149,462	923,200,615	25,230,705	948,431,320
Undistributed income brought forward						
- Realised income		8,559,260			7,386,610	
- Unrealised income / (loss)		91,148			(188,096)	
		8,650,408			7,198,514	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		21,799,500			18,032,191	
		21,799,500			18,032,191	
Undistributed income carried forward		30,449,908			25,230,705	
Undistributed income carried forward						
- Realised income		30,060,777			25,274,740	
- Unrealised income / (loss)		389,131			(44,035)	
		30,449,908			25,230,705	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			102.23			101.98
Net asset value per unit at the end of the period			107.11			105.23

The annexed notes from 1 to 18 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 Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

	Note	Half year ended December 31, 2021	Half year ended December 31, 2020
		---------- (Rupees) ---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		34,807,193	34,065,372
Adjustments for non-cash and other items:			
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.5	(389,131)	44,035
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	9.1	(6,172,924)	695,212
		28,245,138	34,804,619
Decrease in assets			
Investments		91,121,121	73,421,894
Deposits, prepayments and other receivables		4,451,658	3,324,131
		95,572,779	76,746,025
(Decrease) / increase in liabilities			
Payable to Faysal Asset Management Limited - Management Company		(951,448)	(6,160,938)
Payable to Central Depository Company of Pakistan Limited - Trustee		(11,993)	5,798
Payable to the Securities and Exchange Commission of Pakistan		(130,340)	(169,625)
Accrued and other liabilities		(4,992,162)	(12,564,049)
		(6,085,943)	(18,888,814)
Net cash generated from operating activities		117,731,974	92,661,830
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issuance of units		1,783,159,206	3,036,638,638
Payments made against redemption of units		(2,180,029,768)	(3,204,271,382)
Dividend paid		(1,049,206)	-
Net cash used in financing activities		(397,919,768)	(167,632,744)
Net decrease in cash and cash equivalents during the period		(280,187,794)	(74,970,914)
Cash and cash equivalents at the beginning of the period		776,353,361	953,519,777
Cash and cash equivalents at the end of the period	14	496,165,567	878,548,863

The annexed notes from 1 to 18 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 Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

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 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 the 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.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely “Sindh Trusts Act, 2020” (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

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 December 31, 2021 (June 30, 2021: 'AM2' dated December 31, 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 to Financial Sector Opportunity Fund dated October 18, 2021 (June 30, 2021: AA-(f) dated April 16, 2021).

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;

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

- 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.

Where 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 the 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, 2021.

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 December 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, 2021.

3.2 The preparation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the 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, 2021. 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, 2021.

3.3 Standards, interpretations and 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, 2021. 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 Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

3.4 Standards, interpretations and 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, 2022. 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	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
			---------- (Rupees)	---------
4	**BALANCES WITH BANKS**			
	Savings accounts	4.1	496,165,567	776,353,361

4.1 These carry mark-up ranging from 7% to 12.45% (June 30, 2021: 5.50% to 7.35%) per annum. Deposits in savings accounts also include Rs. 6.953 million (June 30, 2021: Rs. 10.223 million) with Faysal Bank Limited, a related party, and carry mark-up at the rate of 7% (June 30, 2021: 5.50%) per annum.

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
5	**INVESTMENTS**		---------- (Rupees)	---------
	At fair value through profit or loss			
	Term Finance Certificates (TFCs)	5.1	16,084,080	20,952,460
	Commercial papers	5.2	59,341,374	-
	Government securities - Pakistan Investment Bonds	5.3	-	145,204,984
	Government securities - Market Treasury Bills	5.4	-	-
			75,425,454	166,157,444

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

5.1 Term Finance Certificates (TFCs)

Term Finance Certificates (TFCs)

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchased during the period	Sold during the period	As at December 31, 2021	Balance as at December 31, 2021			Percentage in relation to	
								Carrying value	Market value	Unrealised apprecia-tion	Net assets of the Fund	Total market value of investment
				(Number of certificates)				(Rupees)			%	
Commercial banks												
JS Bank Limited TFC (A+, PACRA, Non-Traded) (Face value of 4,990 per certificate)	Semi-annually	December 14, 2023	6 months KIBOR plus base rate of 1.40%	800	-	800	-	-	-	-	-	-
The Bank of Punjab TFC (AA , PACRA, Traded) (Face value of 99,800 per certificate)	Semi-annually	December 23, 2026	6 months KIBOR plus base rate of 1%	90	-	-	90	9,071,822	9,354,753	282,931	1.62%	12.40%
Investment banks / Investment companies												
Jahangir Siddiqui & Company Limited TFC XI (AA+, PACRA, Non-Traded) (Face value of 3,333 per certificate)	Semi-annually	March 6, 2023	6 months KIBOR plus base rate of 1.40%	2,000	-	-	2,000	6,623,127	6,729,327	106,200	1.17%	8.92%
Total as at December 31, 2021								15,694,949	16,084,080	389,131	2.79%	21.32%
Total as at June 30, 2021								20,669,903	20,952,460	282,557		

5.2 Commercial papers

Name of the security	Date of Maturity	Rate of return per annum	(Face value)				Balance as at December 31, 2021			Percentage in relation to	
			As at July 1, 2021	Purchased during the period	Sold / matured during the period	As at December 31, 2021	Carrying value	Market value	Unrealised appreciation/ (diminution)	Net assets of the Fund	Total market value of the investment
			(Rupees)							%	
K-Electric Limited - CP 1 (AA / A1+, PACRA)	February 22, 2022	8.01%	-	60,000,000	-	60,000,000	59,341,374	59,341,374	-	10.30%	78.68%
Total as at December 31, 2021							59,341,374	59,341,374	-	10.30%	78.68%
Total as at June 30, 2021							-	-	-		

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

5.3 Government securities - Pakistan Investment Bonds

Particulars	Issue date	Face value: As at July 01, 2021	Face value: Purchased during the period	Face value: Sold / matured during the period	Face value: As at December 31, 2021	Balance as at December 31, 2021: Carrying value	Balance as at December 31, 2021: Market value	Balance as at December 31, 2021: Unrealised diminution	Percentage in relation to: Net assets of the Fund	Percentage in relation to: Total market value of investment
		(Rupees)							%	
Pakistan Investment Bonds - 03 years	August 20, 2021	150,000,000	250,000,000	400,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - 03 years	August 5, 2021	-	100,000,000	100,000,000	-	-	-	-	-	-
Total as at December 31, 2021						-	-	-	-	-
Total as at June 30, 2021						145,396,393	145,204,984	(191,409)		

Market Treasury Bills

Particulars	Issue date	Face value: As at July 01, 2021	Face value: Purchased during the period	Face value: Sold / matured during the period	Face value: As at December 31, 2021	Balance as at December 31, 2021: Carrying value	Balance as at December 31, 2021: Market value	Balance as at December 31, 2021: Unrealised diminution	Percentage in relation to: Net assets of the Fund	Percentage in relation to: Total market value of investment
		(Rupees)							%	

5.4 Government securities - Market Treasury Bills

Total as at December 31, 2021						-	-	-	-	-
Total as at June 30, 2021						145,396,393	145,204,984	(191,409)		

Market Treasury Bills

Particulars	Issue date	Face value: As at July 01, 2021	Face value: Purchased during the period	Face value: Sold / matured during the period	Face value: As at December 31, 2021	Balance as at December 31, 2021: Carrying value	Balance as at December 31, 2021: Market value	Balance as at December 31, 2021: Unrealised diminution	Percentage in relation to: Net assets of the Fund	Percentage in relation to: Total market value of investment
		(Rupees)							%	
Market Treasury Bills - 03 Months	May 6, 2021	-	100,000,000	100,000,000	-	-	-	-	-	-
Market Treasury Bills - 06 Months	April 22, 2021	-	150,000,000	150,000,000	-	-	-	-	-	-
Market Treasury Bills - 06 Months	June 3, 2021	-	300,000,000	300,000,000	-	-	-	-	-	-
Total as at December 31, 2021						-	-	-	-	-
Total as at June 30, 2021						-	-	-		

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
5.5	**Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net**		(Rupees)	
	Market value of investments	5.1, 5.2, 5.3 & 5.4	75,425,454	166,157,444
	Less: carrying value of investments	5.1, 5.2, 5.3 & 5.4	75,036,323	166,066,296
			389,131	91,148

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
6	**PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY**		(Rupees)	
	Remuneration of the Management Company	6.1	232,094	275,232
	Sindh sales tax on remuneration of the Management Company	6.2	30,172	35,780
	Allocated expenses payable	6.3	-	902,702
			262,266	1,213,714

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:

From July 1, 2021 to December 31, 2021
0.3% of average annual net assets

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

Remuneration of management company

From July 1, 2020 to July 21, 2020	From July 22, 2020 to December 10, 2020	From December 11, 2020 to April 30, 2021	From May 1, 2021 to June 30, 2021
0.20% of average annual net assets	0.35% of average annual net assets	0.20% of average annual net assets	0.30% of average annual net assets

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

6.2 During the period, Sindh sales tax on remuneration of the Management Company has been charged at the rate of 13% (June 30, 2021: 13%).

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).

The Management Company has not charged any amount on account of allocated expenses of the Fund for the period ended December 31, 2021.

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
7	**PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**		---------- (Rupees)	---------
	Remuneration of the Trustee	7.1	63,255	74,039
	Sindh sales tax payable on remuneration of the Trustee	7.2	7,744	8,953
			70,999	82,992

7.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at the rate of 0.075% (June 30, 2021: 0.075%) per annum of net assets.

7.2 During the period, Sindh sales tax on remuneration of the Trustee has been charged at the rate of 13% (June 30, 2021: 13%).

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
8	**PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**		---------- (Rupees)	---------
	Annual fee payable	8.1	77,102	207,442

Notes to and forming part of the Condensed Interim Financial Statements
For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
9	**ACCRUED AND OTHER LIABILITIES**		---------- (Rupees)	---------
	Brokerage payable		146,947	165,147
	Auditors' remuneration payable		354,827	233,236
	Rating charges payable		287,861	128,511
	Legal and professional charges payable		39,560	-
	Annual listing fee payable		1,282	-
	Zakat payable		103,929	103,929
	Withholding tax payable		-	4,973,509
	Capital gain tax payable		229,507	556,056
	Printing charges payable		73,471	69,158
	Provision for Sindh Workers' Welfare Fund	9.1	-	6,172,924
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee		768,712	768,712
			2,006,096	13,171,182

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
8	**PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**		---------- (Rupees)	---------
	Annual fee payable	8.1	77,102	207,442

8.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (June 30, 2021: 0.02%) of average annual net assets of the Fund.

		Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
9	**ACCRUED AND OTHER LIABILITIES**		---------- (Rupees)	---------
	Brokerage payable		146,947	165,147
	Auditors' remuneration payable		354,827	233,236
	Rating charges payable		287,861	128,511
	Legal and professional charges payable		39,560	-
	Annual listing fee payable		1,282	-
	Zakat payable		103,929	103,929
	Withholding tax payable		-	4,973,509
	Capital gain tax payable		229,507	556,056
	Printing charges payable		73,471	69,158
	Provision for Sindh Workers' Welfare Fund	9.1	-	6,172,924
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee		768,712	768,712
			2,006,096	13,171,182

Notes to and forming part of the Condensed Interim Financial Statements
For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

9.1 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these condensed interim financial statements of the Fund.

9.2 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

Notes to and forming part of the Condensed Interim Financial Statements
For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

of abundant caution the provision for FED made for the period from June 13, 2013 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 net asset value per unit of the Fund as at December 31, 2021 would have been higher by Re. 0.143 per unit (June 30, 2021: Re. 0.09 per unit).

10 CONTINGENCIES AND COMMITMENTS

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

11 TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund as at December 31, 2021 is 0.63% (December 31, 2020: 0.97%) which includes 0.08% (December 31, 2020: 0.2%) representing government levies on the Fund such as sales taxes and annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

12 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, 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, 2022 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.

13 EARNINGS PER UNIT

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

	Half year ended December 31,	
	2021	2020
	(Un-audited)	
14 CASH AND CASH EQUIVALENTS	------------ (Rupees) ------------	
Balances with banks	496,165,567	878,548,863

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

15 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

15.1 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 their close family members and officers of the Management Company and the Trustee, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund at period end.

15.2 Transactions with connected persons / related parties 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. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with marke rates.

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

15.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

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

15.6 The details of transactions carried out by the Fund with connected persons and related parties during the period and balances with them as at period / year end are as follows:

Transactions during the period	**Half year ended December 31,**	
	2021	**2020**
	(Un-audited)	
	---------- (Rupees) ---------	
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	1,157,829	1,662,982
Sindh sales tax on remuneration of the Management Company	150,518	216,187
Allocated expenses	-	576,939
Selling and marketing expenses	-	1,048,283
Units issued: 11,098 units (December 31, 2020: 5,892,811 units)	1,163,377	609,945,989
Units redeemed: 11,098 units (December 31, 2020: 5,892,811 units)	1,164,938	610,437,624
Faysal Bank Limited (Group / Associated Company)		
Profit on balances with bank	293,081	310,027
Directors, their close family members and Key Management Personnel of the Management Company		
Units issued: 2 units (December 31, 2020: 6,043 units)	248	620,032
Units redeemed: 10,414 units (December 31, 2020: 6,054 units)	1,070,923	623,687
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	289,457	409,395
Sindh sales tax on remuneration of the Trustee	37,629	53,221
Unit holders with more than 10% unit holding		
Units issued: 944,465 units (December 31, 2020: 2,505,100 units)	100,000,000	263,210,906

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

Amounts / balances outstanding as at period / year end:	**December 31, 2021 (Un-audited)**	**June 30, 2021 (Audited)**
	---------- (Rupees)	---------
Faysal Asset Management Limited - Management Company		
Remuneration payable to the Management Company	232,094	275,232
Sindh sales tax payable on remuneration of the Management Company	30,172	35,780
Allocated expenses payable	-	902,702

Amounts / balances outstanding as at period / year end:	**December 31, 2021 (Un-audited)**	**June 30, 2021 (Audited)**
	---------- (Rupees)	---------
Faysal Bank Limited (Group / Associated Company)		
Balance in savings account	6,952,540	10,222,606
Profit receivable on savings account	799,869	835,997
Units in issue: 157,775 units (June 30, 2021: 157,775 units)	16,899,280	16,129,338
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	63,255	74,039
Sindh sales tax payable on remuneration of the Trustee	7,744	8,953
Security deposit	100,000	100,000
Directors, their close family members and Key Management Personnel of the Management Company		
Units in issue: Nil units (June 30, 2021: 9,450 units)	-	966,097
Unit holders with more than 10% unit holding		
Units in issue: 944,465 units (June 30, 2021: 2,465,414 units)	101,161,646	252,039,273

16 FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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 tradable in an open market are revalued at the 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.

16.1 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:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Notes to and forming part of the Condensed Interim Financial Statements
For The Six Month Period and Quarter Ended December 31, 2021 (Un-Audited)

Level 2: 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); and

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

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

	As at December 31, 2021 Un-audited			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees) ---------			
Financial assets 'at fair value through profit or loss'				
Term Finance Certificates (TFCs)	-	16,084,080	-	16,084,080
Commercial papers*	-	59,341,374	-	59,341,374
Pakistan Investment Bonds	-	-	-	-
	-	75,425,454	-	75,425,454

	As at June 30, 2021 Audited			
	Level 1	Level 2	Level 3	Total
Financial assets 'at fair value through profit or loss'				
Term Finance Certificates (TFCs)	-	20,952,460	-	20,952,460
Commercial papers*	-	-	-	-
Pakistan Investment Bonds	-	145,204,984	-	145,204,984
	-	166,157,444	-	166,157,444

* The valuation of commercial papers has 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 is less than six months and they are placed with counterparties which have high credit rating.

17 GENERAL

17.1 Figures have been rounded off to the nearest rupee.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 18, 2022 by the Board of Directors of the Management Company.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer | Chief Executive Officer | Director

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