

Faysal Asset Management

Asset Allocation Fund

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



CONTENTS

Fund Information	02
Mission Statement	03
Condensed Interim Statement of Assets and Liabilities	04
Condensed Interim Income Statement	05
Condensed Interim Statement of Comprehensive Income	06
Condensed Interim Statement of Movement in Unit Holders' Fund	07
Condensed Interim Cash Flow Statement	08
Notes to the Condensed Interim Financial Statements	09

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

Bank Alfalah Limited
Faysal Bank Limited
United Bank Limited
JS Bank Limited
Allied 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 Shahra-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 Asset Allocation Fund endeavors to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments.

Condensed Interim Statement of Assets and Liabilities

As at March 31, 2021

	Note	(Un-Audited) March 31, 2021	(Audited) June 30, 2020
		----- (Rupees) -----	
Assets			
Balances with banks	4	66,286,211	49,778,998
Investments	5	203,190,050	65,669,371
Deposits, prepayments and other receivables		5,345,487	3,369,434
Receivable from the Management Company	7	320,000	880,000
Receivable against sale of investments		14,386,732	-
Total assets		289,528,480	119,697,803
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	8	2,092,770	471,846
Payable to Central Depository Company of Pakistan Limited - Trustee		56,155	17,604
Payable to the Securities and Exchange Commission of Pakistan		32,317	17,978
Accrued and other liabilities	9	11,618,809	5,495,736
Total liabilities		13,800,051	6,003,164
Net assets		<u>275,728,429</u>	<u>113,694,639</u>
Unit holders' fund (as per statement attached)		<u>275,728,429</u>	<u>113,694,639</u>
Contingencies and commitments	10		
		---- (Number of units) ----	
Number of units in issue		<u>3,700,605</u>	<u>2,622,425</u>
		----- (Rupees) -----	
Net assets value per unit		<u>74.51</u>	<u>43.35</u>

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 Nine Months And Quarter Ended March 31, 2021 (Un-audited)

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2021	2020	2021	2020
		------(Rupees)-----		------(Rupees)-----	
Income					
Profit on balances with banks		1,220,447	3,444,482	417,259	808,627
Dividend income		2,429,362	2,352,918	1,403,900	441,448
Realised gain / (loss) on sale of investments - net		44,131,974	(309,906)	17,089,475	(7,570,961)
Unrealised appreciation/ (diminution) on re-measurement of investments classified as 'fair value through profit or loss'	5.2	41,179,641	(9,017,642)	10,449,015	(10,535,227)
Total income / (loss)		88,961,424	(3,530,148)	29,359,649	(16,856,113)
Expenses					
Remuneration of Faysal Asset Management Limited - Management Company	8.1	1,604,637	1,144,794	595,864	232,917
Sindh sales tax on remuneration of the Management Company	8.2	208,603	148,823	77,463	30,279
Remuneration to Central Depository Company of Pakistan Limited - Trustee		320,927	132,674	119,172	41,486
Sindh sales tax on remuneration of the Trustee		41,721	17,248	15,493	5,394
Annual fee to the Securities and Exchange Commission of Pakistan		32,343	13,267	11,918	4,148
Transaction costs		2,540,885	1,681,940	579,676	663,655
Auditors' remuneration		497,310	352,788	163,350	131,404
Fees and subscription		130,624	114,493	42,903	37,886
Printing charges		18,632	19,500	6,120	-
Bank Charges		10,700	17,566	2,181	9,097
Allocated expenses	8.3	161,715	66,337	59,587	20,743
Selling and marketing expenses	8.4	1,617,146	181,943	595,864	181,943
Reimbursement of expenses from the Management Company	7	(320,000)	(705,000)	-	(415,000)
Total operating expenses		6,865,243	3,186,373	2,269,591	943,952
Net profit / (loss) from operating activities		82,096,181	(6,716,521)	27,090,058	(17,800,065)
Provision for Sindh Workers Welfare Fund	9.1	1,641,924	-	541,801	-
Net profit / (loss) for the period before taxation		80,454,257	(6,716,521)	26,548,257	(17,800,065)
Taxation	11	-	-	-	-
Net (loss) / profit for the period after taxation		80,454,257	(6,716,521)	26,548,257	(17,800,065)
Earnings per unit	12				
Allocation of net income for the period					
Net income for the period after taxation		80,454,257		26,548,257	
Income already paid on units redeemed		(31,438,153)		(30,453,713)	
		49,016,104		(3,905,456)	
Accounting income available for distribution					
- Relating to capital gains		49,016,104		(3,905,456)	
- Excluding capital gains		-		-	
		49,016,104		(3,905,456)	

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 Nine Months And Quarter Ended March 31, 2021 (Un-audited)

	Nine Months ended March 31,		Quarter ended March 31,	
	2021	2020	2021	2020
	------(Rupees)-----		------(Rupees)-----	
Net profit / (loss) for the period after taxation	80,454,257	(6,716,521)	26,548,257	(17,800,065)
Other comprehensive (loss) / income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>80,454,257</u>	<u>(6,716,521)</u>	<u>26,548,257</u>	<u>(17,800,065)</u>

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 Nine Months And Quarter Ended March 31, 2021 (Un-audited)

	Nine month ended March 31, 2021			Nine month ended March 31, 2020		
	Capital value	Undistributed loss	Total	Capital value	Undistributed loss	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the period	410,088,174	(296,393,535)	113,694,639	393,930,044	(298,876,499)	95,053,545
Issuance of 11,391,963 (March 31, 2020: 1,797,570) units						
- Capital value (at net assets value per unit at beginning of the period)	482,335,734	-	482,335,734	76,522,577	-	76,522,577
- Element of income / (loss)	204,062,986	-	204,062,986	2,428,037	-	2,428,037
Total proceeds on issuance of units	686,398,720	-	686,398,720	78,950,614	-	78,950,614
Redemption of 10,313,783 (March 31, 2020: 1,759,847) units						
- Capital value (at net assets value per unit at beginning of the period)	(436,685,583)	-	(436,685,583)	(74,916,772)	-	(74,916,772)
- Element of (income) / loss	(134,046,802)	(31,438,153)	(165,484,955)	(1,941,211)	(1,160,353)	(3,101,564)
Total payments on redemption of units	(570,732,385)	(31,438,153)	(602,170,538)	(76,857,983)	(1,160,353)	(78,018,336)
Total comprehensive income / (loss) for the period	-	80,454,257	80,454,257	-	(6,716,521)	(6,716,521)
Final cash distribution for the year ended June 30, 2020 @ Rs 1.01 per unit (declared on July 01, 2020)	-	(2,648,649)	(2,648,649)	-	-	-
Net assets at end of the period	525,754,509	(250,026,080)	275,728,429	396,022,675	(306,753,373)	89,269,302
Accumulated loss brought forward						
Undistributed loss brought forward						
- Realised		(297,529,846)			(293,891,326)	
- Unrealised		1,136,311			(4,985,173)	
		(296,393,535)			(298,876,499)	
Accounting income available for distribution						
- Relating to capital gains	49,016,104			(7,876,874)		
- Excluding capital gains	-			-		
	49,016,104			(7,876,874)		
Distribution during the period		(2,648,649)			-	
Accumulated loss carried forward		(250,026,080)			(306,753,373)	
Accumulated income carried forward						
- Realized		(291,205,721)			(297,735,731)	
- Unrealized		41,179,641			(9,017,642)	
		(250,026,080)			(306,753,373)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		43.35			42.57	
Net assets value per unit at end of the period		74.51			39.31	

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 Nine Months And Quarter Ended March 31, 2021 (Un-audited)

	Note	Nine Months ended March 31,	
		2021	2020
		------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period before taxation		80,454,257	(6,716,521)
Adjustments for:			
Provision for Sindh Workers' Welfare Fund (SWWF)		1,641,924	309,906
Unrealised (appreciation)/ diminution on re-measurement of investments classified as 'fair value through profit or loss'		(41,179,641)	9,017,642
		(39,537,717)	9,327,548
(Increase) / decrease in assets			
Investments - net		(96,341,038)	(18,130,918)
Deposits, prepayments and other receivables		(1,976,053)	2,196,583
Receivable from the Management Company		560,000	-
Receivable against sale of investments		(14,386,732)	-
		(112,143,823)	(15,934,335)
Increase / (decrease) in liabilities			
Payable against purchase of investments		-	5,741,050
Payable to Faysal Asset Management Limited - Management Company		1,620,924	160,715
Payable to Central Depository Company of Pakistan Limited - Trustee		38,551	(43,405)
Payable to the Securities and Exchange Commission of Pakistan		14,339	(120,852)
Accrued and other liabilities		4,481,149	437,260
		6,154,963	6,174,768
Net cash used in operating activities		(65,072,320)	(7,148,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issuance of units		686,398,720	78,950,614
Payments made against redemption of units		(602,170,538)	(78,018,336)
Dividend paid		(2,648,649)	-
Net cash generated from financing activities		81,579,533	932,278
Net increase / (decrease) in cash and cash equivalents during the period		16,507,213	(6,216,262)
Cash and cash equivalents at beginning of the period		49,778,998	55,276,385
Cash and cash equivalents at end of the period	4	66,286,211	49,060,123

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 Nine Months And Quarter Ended March 31, 2021 (Un-audited)

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Asset Allocation Fund (the Fund) was established under a trust deed executed between Faysal Asset Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on January 31, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

The Management Company of the Fund has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Faysal House, ST-02, Main Shahrah-e-Faisal, Karachi, Pakistan. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

- 1.2** The Fund has been categorised as an 'Asset Allocation 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 24, 2006 and are transferable and redeemable by surrendering them to the Fund.
- 1.3** The principal activity of the fund is to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments and any other instruments as may be allowed by the Offering Document and the SECP from time to time.
- 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, 2021 (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 "2-star" improved rating to Faysal Asset Allocation Fund as of August 28, 2020 (2019: "1-star" as of August 30, 2019)

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:

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

- 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 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.

- 2.2** "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."
- 2.3** 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 is 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.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

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, 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.

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, 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	(Un-Audited) March 31, 2021	(Audited) June 30, 2020
		----- (Rupees) -----	
4			
BALANCES WITH BANKS			
Savings accounts	4.1	<u>66,286,211</u>	<u>49,778,998</u>

- 4.1 These savings accounts carry mark-up at rates ranging from 7.50% to 8.80% (June 30, 2020: 6.50% to 8.00%) per annum. Deposits in savings accounts also include Rs. 3.81 million (June 30, 2020: Rs. 1.96 million) maintained with Faysal Bank Limited, a related party, and carry mark up at the rate of 5.50% (June 30, 2020: 5.50%) per annum.

	Note	(Un-Audited) March 31, 2021	(Audited) June 30, 2020
		----- (Rupees) -----	
5			
INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Listed equity securities	5.1	<u>203,190,050</u>	<u>65,669,371</u>
		<u>203,190,050</u>	<u>65,669,371</u>

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

5.1 Listed equity securities

Name of the Investee Company	Note	As at July 01, 2020	Purchased during the period	Bonus / right shares received during the period	Disposed off during the period	As at March 31, 2021	As at March 31, 2021			Market Value as a percentage of		Investment as a percentage of
							Carrying Value	Market Value	Unrealised appreciation/ (diminution)	Net assets of the Fund	Total investments of the Fund	Investee company paid-up capital
Number of shares							(Rupees)			%		
CHEMICAL												
Berger Paints Pakistan Limited	-	28,000	-	28,000	-	-	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	1,047,000	-	711,000	336,000	15,546,780	18,476,640	2,929,860	6.70	9.09	0.04	-
ICI Pakistan Limited	3,040	-	-	3,040	-	-	-	-	-	-	-	-
Ittehad Chemicals Limited	75,000	100,000	-	75,000	100,000	4,120,960	3,446,000	(674,960)	1.25	1.70	0.12	-
Nimir Industrial Chemicals Limited	-	30,000	-	14,500	15,500	1,242,038	2,101,800	859,762	0.76	1.03	0.01	-
Nimir Resins Limited	-	160,500	-	7,000	153,500	2,178,572	1,779,065	-	0.65	0.88	-	-
Descon Oxychem Limited	100,000	50,000	-	100,000	50,000	1,484,355	1,348,500	(135,855)	0.49	0.66	0.03	-
Ghani Global Holdings Limited	-	319,000	-	319,000	-	-	-	-	-	-	-	-
							24,572,705	27,152,005	2,978,807	10	13	0.20
COMMERCIAL BANKS												
Bank Alfalah Limited	-	50,000	-	50,000	-	-	-	-	-	-	-	-
United Bank Limited	-	125,000	-	125,000	-	-	-	-	-	-	-	-
Habib Bank Limited	49	25,000	-	25,049	-	-	-	-	-	-	-	-
							-	-	-	-	-	-
TEXTILE COMPOSITE												
Nishat (Chunian) Limited	38,000	-	-	38,000	-	-	-	-	-	-	-	-
Interloop Limited	-	35,000	-	35,000	-	-	-	-	-	-	-	-
Nishat Mills Limited	48,800	122,000	-	170,800	-	-	-	-	-	-	-	-
							-	-	-	-	-	-
AUTOMOBILE ASSEMBLER												
Honda Atlas Cars (Pakistan) Limited	-	60,700	-	60,700	-	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	94,000	-	94,000	-	-	-	-	-	-	-	-
							-	-	-	-	-	-
AUTOMOBILE PARTS AND ACCESSORIES												
Panther Tyres Limited	-	35,000	-	-	35,000	2,419,900	2,255,750	(164,150)	0.82	1.11	0.83	-
							2,419,900	2,255,750	(164,150)	1	1	1
Investment Bank												
Jahangir Siddiqui and Company Limited	-	177,500	-	177,500	-	-	-	-	-	-	-	-
							-	-	-	-	-	-
CEMENT												
Cherat Cement Company Limited	32,500	191,500	-	120,400	103,600	16,104,808	16,638,160	533,352	6.03	8.19	0.05	-
D.G. Khan Cement Company Limited	5.1.2	61,500	112,919	-	107,169	67,250	7,007,671	8,104,298	1,096,627	2.94	3.99	0.02
Kohat Cement Company Limited	-	6,500	1,500	-	8,000	-	-	-	-	-	-	-
Lucky Cement Limited	5.1.2	11,100	27,700	-	24,456	14,344	9,945,893	11,727,511	1,781,618	4.25	5.77	0.00
Maple Leaf Cement Factory Limited	-	86,500	400,000	-	486,500	-	-	-	-	-	-	-
Pioneer Cement Limited	5.1.2	62,000	307,000	-	178,500	190,500	18,838,104	23,202,900	4,364,796	8.42	11.42	0.08
							51,896,477	59,672,868	7,776,392	22	29	0.16
GLASS & CERAMICS												
Tariq Glass Industries Ltd	27,500	-	-	27,500	-	-	-	-	-	-	-	-
							-	-	-	-	-	-
FERTILIZER												
Engro Corporation Limited	18,545	50,000	-	68,545	-	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	310,500	780,500	-	1,091,000	-	-	-	-	-	-	-	-

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

FOODS & PERSONAL CARE PRODUCTS

FrieslandCampina Engro Pakistan Limited	-	58,000	-	58,000	-	-	-	-	-	-	-	-
Unity Foods Limited	1,604,000	-	1,281,000	323,000	-	8,645,856	9,606,020	960,164	3.48	4.73	0.03	-
The Organic Meat Company Limited	-	38,000	-	38,000	-	-	-	-	-	-	-	-
						8,645,856	9,606,020	960,164	3	5	0.03	-

POWER GENERATION & DISTRIBUTION

The Hub Power Company Limited	-	129,913	-	129,913	-	-	-	-	-	-	-	-
K-Electric Limited	50,000	-	-	50,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-

PAPER & BOARD

Century Paper & Board Mills Limited	-	91,000	-	31,000	60,000	7,252,727	5,678,400	(1,574,327)	2.06	2.79	0.03	-
						7,252,727	5,678,400	(1,574,327)	2	3	0.03	-

VANASPATI & ALLIED INDUSTRIES

Unity Foods Limited - LOR (Freeze)	-	300,000	-	300,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-

Industrial Engineering

Aisha Steel Mills Limited	-	838,000	-	681,000	157,000	2,339,484	3,728,750	1,389,266	1.35	1.84	0.02	-
Amreli Steels Limited	-	23,500	-	23,500	-	-	-	-	-	-	-	-
International Industries Limited	18,200	207,000	-	159,300	65,900	11,435,494	13,388,903	1,953,409	4.86	6.59	0.05	-
International Steels Limited	5.1.2	244,500	-	170,308	74,192	5,747,227	6,349,351	602,124	2.30	3.12	0.02	-
Mughal Iron And Steel Industries Ltd	-	60,000	-	-	60,000	6,078,630	5,584,800	(493,830)	2.03	2.75	-	-
Mughal Iron And Steel Industries Ltd - LOR	-	-	-	-	4,480	-	101,338	101,338	0.04	0.05	-	-
						25,600,835	29,153,142	3,552,307	11	14	0.09	-

TECHNOLOGY & COMMUNICATION

Avanceon Limited	-	610,500	-	587,000	23,500	1,672,107	2,076,695	404,588	0.75	1.02	0.01	-
Systems Limited	35,700	139,200	5,650	137,000	43,550	15,762,754	20,491,582	4,728,827	7.43	10.08	0.04	-
TRG Pakistan Limited - Class A	100,000	2,250,500	-	2,079,500	271,000	17,674,337	40,706,910	23,032,573	14.76	20.03	0.05	-
Netsol Technologies Limited	-	118,000	-	118,000	-	-	-	-	-	-	-	-
						35,109,198	63,275,187	28,165,988	23	31	0.10	-

OIL & GAS EXPLORATION INDUSTRIES

Pakistan Petroleum Limited	38,000	13,000	-	51,000	-	-	-	-	-	-	-	-
Mari Petroleum Company Limited	1,400	460	-	1,860	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-

OIL & GAS MARKETING COMPANIES

Pakistan State Oil Company Limited	12,500	66,500	-	79,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-

REFINERY

Attock Refinery Limited	-	50,000	-	25,000	25,000	6,502,229	6,384,500	(117,729)	2.32	3.14	2.36	-
National Refinery Limited	-	12,500	-	12,500	-	-	-	-	-	-	-	-
						6,502,229	6,384,500	(117,729)	2.32	3.14	2	-

TRANSPORT

Pakistan International Bulk Terminal Limited	-	2,150,000	-	2,150,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-

PHARMACEUTICALS

AGP Limited	8,500	83,000	-	91,500	-	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	5,600	5,000	1,640	12,200	40	10,479	12,178	1,699	0.0	0.01	0.00	-
Glaxosmithkline Consumer Healthcare Pakistan Limited	-	27,700	-	27,700	-	-	-	-	-	-	-	-
Glaxosmithkline Pakistan Limited	1,800	-	-	1,800	-	-	-	-	-	-	-	-
The Searle Company Limited	-	36,800	-	36,800	-	-	-	-	-	-	-	-
The Searle Company Limited - LOR (Freeze)	-	-	-	2,249	-	-	-	-	-	-	-	-
						10,479	12,178	1,699	0.00	0.01	0.00	-

Total as at March 31, 2021

162,010,405 203,190,050 41,579,152 73.69 100.00

Total as at June 30, 2020

64,533,060 65,669,371 1,136,311 57.76 100.00

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

5.1.1 All shares have a face value of Rs 10 each except for the shares of K-Electric Limited which have a face value of Rs 3.5.

5.1.2 Investments include the following securities, which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

	March 31, 2021 (Un-audited) ----- (Number of shares) -----	June 30, 2020 (Audited)	March 31, 2021 (Un-audited) ----- (Rupees) -----	June 30, 2020 (Audited)
Engro Corporation Limited	-	18,000	-	5,272,560
Berger Paints Pakistan Limited	-	-	-	-
D.G. Khan Cement Company Limited	60,000	-	7,230,600	-
K-Electric Limited	-	50,000	-	150,500
Pak Suzuki Motor Company Limited	-	-	-	-
Descon Oxychem Limited	-	100,000	-	2,985,000
International Steels Limited	60,000	-	5,134,800	-
Fauji Fertilizer Bin Qasim Limited	-	120,000	-	1,915,200
Lucky Cement Limited	4,000	4,000	3,270,360	1,846,320
Mari Petroleum Company Limited	-	1,400	-	1,731,310
Maple Leaf Cement Factory Limited	-	85,000	-	2,208,300
Pioneer Cement Limited	76,500	60,000	9,317,700	3,782,400
ICI Pakistan Limited	-	40	-	27,788
	<u>200,500</u>	<u>438,440</u>	<u>24,953,460</u>	<u>19,919,378</u>

		March 31, 2021 (Un-audited) ----- (Rupees) -----	June 30, 2020 (Audited)
5.2	Unrealised appreciation on re-measurement of investments classified as 'financial assets 'at fair value through profit or loss' - net		
	Market value of investments	5.1 203,190,050	65,669,371
	Less: carrying value of investments	5.1 <u>162,010,405</u>	<u>64,533,060</u>
		<u>41,179,645</u>	<u>1,136,311</u>

6 Investments - non-compliance

The Securities and Exchange Commission of Pakistan (SECP), vide its Circular No. 16 dated July 07, 2010, prescribed certain disclosures for the schemes holding investments that were non compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The Securities and Exchange Commission of Pakistan vide Circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the Circular. Faysal Asset Management Limited (the Management Company) classified Faysal Asset Allocation Fund (the Fund) as an 'Asset Allocation Scheme' in accordance with the said Circular.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

The following are the details of non-compliant investments held by the Fund:

- 6.1** As per regulation 55(5) of the NBFC Regulations, the exposure of collective investment scheme to any single entity shall not exceed the lower of an amount equal to 10% of the total net assets of the collective investment scheme or 10% of the debt issue. As at March 31, 2021 the following investment exceeds 10% of net assets value of the Fund.

Name of non-compliant investment	Exposure Limit Range	Actual Holding
TRG Pakistan Limited	10.00%	14.76%

7 RECEIVABLE FROM THE MANAGEMENT COMPANY

As per the SECP's direction No. SCD/PRDD/Direction/18/2016, all AMCs are required to calculate the TER in respect of each CIS to ensure that the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in Regulation 60(5) of the NBFC Regulations.

During the period ended March 31, 2021, the Fund was in breach of the TER ratio of 4.5% as prescribed under NBFC Regulations for a collective investment scheme recognised as an equity scheme. As a result, the Fund has recorded receivable from the Management Company to comply with the TER.

8. PAYABLE TO MANAGEMENT COMPANY	Note	(Un-Audited) March 31, 2021	(Audited) June 30, 2020
		----- (Rupees) -----	
Management Fee	8.1	248,472	77,894
Sindh sales tax on management fee	8.2	32,301	10,126
Allocated expenses	8.3	161,687	148,312
Selling and marketing expenses payable	8.4	595,864	235,514
Sales load payable		1,054,446	-
		<u>2,092,770</u>	<u>471,846</u>

- 8.1** 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 its remuneration at the rate of 1% per annum of the average annual net assets of the Fund for the period ended March 31, 2021 % (June 30, 2020: 1%)

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

8.2 During the period, Sindh sales tax on management remuneration has been charged at the rate of 13% (June 30, 2020: 13%).

8.3 In accordance with Regulation 60 of the NBFC Regulations, 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. The Management Company has, therefore, charged allocated expenses at the rate of 0.1% of average annual net assets of the Fund for the period ended March 31, 2021.

8.4 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.

The Management Company has, therefore, charged selling and marketing expenses at the rate of 1% of average annual net assets of the Fund for the period ended March 31, 2021.

	Note	(Un-Audited) March 31, 2021	(Audited) June 30, 2020
		----- (Rupees) -----	
9. ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	2,312,358	686,616
Auditor's remuneration		507,045	603,558
Printing charges payable		156,030	160,788
Withholding and capital gain tax payable		3,901,508	81,958
Zakat payable		9,753	9,753
Brokerage payable		903,207	117,298
Other liabilities		331,449	338,306
Provision for Federal Excise Duty (FED) and related Sindh sales tax on management fee	9.2	3,497,459	3,497,459
		<u>11,618,809</u>	<u>5,495,736</u>

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, 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

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has 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, the 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.

Considering the above, the fund has made provision against SWWF amounting to 2.312 million as at March 31, 2021. Had the provision for SWWF not been recorded in these condensed interim financial statements, the net asset value of the Fund as at March 31, 2021 would have been higher by Re. 0.624 per unit (June 30, 2020: Re. 0.262 per unit)

- 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 of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 3.497 million is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been retained, the NAV per unit of the Fund as at March 31, 2021 would have been higher by Rs 0.945 per unit (June 30, 2020: Rs 1.33 per unit).

10 CONTINGENCIES AND COMMITMENTS

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

11 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 year 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.

12 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.

13 EXPENSE RATIO

The total expense ratio (TER) of the Fund as at March 31, 2021 is 5.29% which includes 1.36% 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 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation scheme.

14 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

14.1 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 units / net assets of the Fund.

14.2 Transactions with connected persons are executed on an arm's length basis and 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 market rates.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

14.3 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:

	(Un-Audited)	
	Nine Months ended March 31,	
	2021	2020
	----- (Rupees) -----	
Transactions during the period		
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,604,637	1,144,794
Sindh sales tax on remuneration of the Management Company	208,603	148,823
Allocated expenses	161,715	-
Selling & marketing expenses	1,617,146	181,943
Reimbursement of expenses from the Management Company	(320,000)	-
Units issued: 15,777 units (2020: 1,253,619 units)	668,006	54,999,354
Units redeemed: 464,961 units (2020: 475,511)	35,000,000	20,000,000
Central Depository Company of Pakistan Limited (Trustee of the Fund)		
Remuneration of the Trustee	320,927	132,674
Sindh sales tax on remuneration of the Trustee	41,721	17,248
Faysal Bank Limited (Group company / Associated company)		
Return on PLS accounts	157,606	219,066
Bank charges	6,950	-
Directors and key management personnel of the Management Company		
Units issued: 372,937 units (2020: Nil units)	26,357,428	-
Units redeemed: 200,633 units (2020: Nil units)	14,750,000	-
Unit holder holding 10% or more units		
Units issued: 537,845 units (2020: Nil units)	39,585,697	-
Units redeemed: Nil units (2020: Nil units)	-	-

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

	(Un-Audited) March 31, 2021	(Audited) June 30, 2020
Amounts / balances outstanding as at period / year end	----- (Rupees) -----	
Faysal Asset Management Limited (Management Company)*		
Remuneration payable to the Management Company	248,472	77,894
Sindh sales tax on remuneration payable to the Management Company	32,301	10,126
Allocated expenses	161,687	148,312
Selling and marketing expenses payable	595,864	235,514
Sales load payable	1,054,446	-
Receivable from the Management Company	320,000	880,000
Units in issue: 328,924 (June 30, 2020: 778,107) units	24,508,127	33,730,959
Central Depository Company of Pakistan Limited (Trustee of the Fund)		
Remuneration payable to the Trustee	49,695	15,579
Sales tax payable on Trustee fee	6,460	2,025
Faysal Bank Limited (Group company / Associated company)		
Balance in savings accounts	3,810,536	1,962,979
Profit receivable on balance with bank	78,846	13,440
Directors and key management personnel of the management company		
Units in issue 184,199 units (June 30, 2020: 11,894 units)	13,724,667	515,611
Unit holder holding 10% or more units		
Units in issue: 971,420 (June 30, 2020: 665,420) units	72,380,508	28,845,957

14.4 Other balances due to / from related parties / connected persons are included in the respective notes to these condensed interim financial statements.

15. 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.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

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.

15.1 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: 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:

March 31, 2021 (Un-Audited)				
	Level 1	Level 2	Level 3	Total
(Rupees)				
Financial assets 'at fair value through profit or loss'				
Listed equity securities	203,190,050	-	-	203,190,050
June 30, 2020 (Audited)				
	Level 1	Level 2	Level 3	Total
(Rupees)				
Financial assets 'at fair value through profit or loss'				
Listed equity securities	65,669,371	-	-	65,669,371

16 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.

17 GENERAL

17.1 Figures have been rounded off to the nearest rupee.

17.2 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

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021 (Un-audited)

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) has 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 expiring 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.

18 DATE OF AUTHORISATION FOR ISSUE

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

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

faysalfunds.com

facebook.com/faysalasset

twitter.com/faysalasset