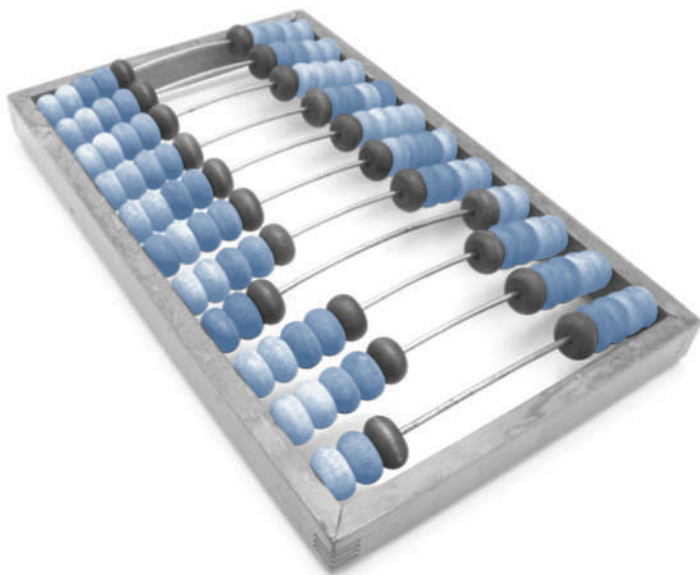


Faysal Asset Management

MTS Fund

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



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FUND INFORMATION

Management Company

Faysal Asset Management Limited

Board of Directors of the Management Company

Mr. Salman Ahmed Usmani, Chairman

Mr. Osman Asghar Khan, Director

Mr. Mian Salman Ali, Director

Syed Muhammad Fraz Zaidi, Director

Mr. Tahir Yaqoob Bhatti, Director

Mr. Nadir Rehman, Director

Mr. Khaldoon Bin Latif, Director/CEO

Chief Executive Officer

Mr. Khaldoon Bin Latif

Chief Financial Officer

Company Secretary of the Management Company

Mr. Faisal Ali Khan

Audit Committee

Mr. Osman Asghar Khan, Chairman

Mr. Mian Salman Ali, Member

Syed Muhammad Fraz Zaidi, Member

HR Committee

Mr. Nadir Rehman, Chairman

Mr. Salman Ahmed Usmani, Member

Mr. Osman Asghar Khan, Member

Trustee to the Fund

Central Depository Company of Pakistan Limited,

CDC House, 99B, Block B, S.M.C.H.S.,

Main Shahrah-e-Faisal, Karachi.

Bankers to the Fund

Soneri Bank Limited

Bank Alfalah Limited

Faysal Bank Limited

Habib Bank Limited

JS Bank Limited

Zarai Taraqiati Bank Limited

Allied 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 STATMENT

Faysal MTS Fund (FMTSF) endeavours to provide investors competitive returns primarily through investment into MTS market.

Condensed Interim Statement of Assets and Liabilities

As at March 31, 2021 (Un-audited)

		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	Note	----- (Rupees) -----	
Assets			
Balances with banks	4	582,770,775	92,091,386
Investments	5	494,054,500	99,709,100
Deposits, prepayments and other receivables		64,514,150	15,576,597
Receivable against Margin Trading System (MTS)	6	3,489,326,959	820,523,657
Preliminary expenses and floatation costs		7,660	169,022
Total assets		<u>4,630,674,043</u>	<u>1,028,069,762</u>
Liabilities			
Payable to Faysal Asset Management Limited - the Management Company	7	18,192,289	8,557,805
Payable to Central Depository Company of Pakistan Limited - the Trustee		392,728	84,501
Payable to the Securities and Exchange Commission of Pakistan		492,577	203,705
Accrued and other liabilities	8	17,838,123	18,588,405
Total liabilities		<u>36,915,717</u>	<u>27,434,416</u>
Net assets		<u>4,593,758,326</u>	<u>1,000,635,346</u>
UNIT HOLDERS' FUND (AS PER THE STATEMENT ATTACHED)		<u>4,593,758,326</u>	<u>1,000,635,346</u>
Contingencies and commitments	9		
		----- (Number of units) -----	
Number of units in issue		<u>42,936,784</u>	<u>9,907,051</u>
		----- (Rupees) -----	
Net assets value per unit		<u>106.99</u>	<u>101.00</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Income Statement

For The Nine Months And Quarter Ended March 31, 2021

	Note	Nine Months ended March 31,		Quarter ended March 31,	
		2021	2020	2021	2020
		----- (Rupees) -----		----- (Rupees) -----	
Income					
Profit earned on government securities		23,035,348	11,898,648	7,831,970	4,857,545
Income from Margin Trading System (MTS)		201,573,178	51,921,604	111,945,390	29,668,863
Profit on balances with banks		35,175,302	44,802,038	16,684,471	15,033,896
Realised (loss) / gain on sale of investments - net		(41,067)	684,294	23,069	(1,516,467)
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'at fair value through profit or loss' - net	5.2	(8,661)	122,718	(17,141)	133,771
Total income		259,734,101	109,429,302	136,467,760	48,177,608
Operating expenses					
Remuneration of Faysal Asset Management Limited - the Management Company	7.1	21,765,429	6,397,939	10,814,188	2,321,835
Sindh sales tax on remuneration of the Management Company	7.2	2,821,170	831,732	1,397,509	301,838
Selling and marketing charges to be reimbursed to the Management Company	7.4	9,216,322	843,308	5,595,244	843,308
Remuneration to Central Depository Company of Pakistan Limited - the Trustee		1,847,259	543,094	873,007	237,386
Sindh sales tax on remuneration of the Trustee		240,856	70,602	114,073	30,853
Annual fee to the Securities and Exchange Commission of Pakistan		492,602	144,825	232,802	63,303
Auditor's remuneration		268,246	150,700	88,110	49,868
Fees and subscription		238,317	207,993	78,279	68,827
Transaction charges		19,175,609	4,083,000	9,562,173	2,098,708
Bank charges		14,914	56,859	1,565	53,831
Printing charges and other expenses		18,632	26,301	6,120	-
Legal and Professional Charges		88,840	-	88,840	-
Accounting and Operational Charges	7.3	3,101,589	-	-	-
Amortisation of preliminary expenses and floatation costs		161,362	159,595	53,003	53,591
Total operating expenses		59,451,148	13,515,948	28,904,913	6,123,348
Net profit from operating activities		200,282,953	95,913,354	107,562,847	42,054,260
Provision for Sindh Workers' Welfare Fund	8.1	(4,005,660)	(1,918,267)	(2,115,808)	(841,085)
Net profit for the period before taxation		196,277,293	93,995,087	105,447,039	41,213,175
Taxation	11	-	-	-	-
Net profit for the period after taxation		196,277,293	93,995,087	105,447,039	41,213,175
Earnings per unit	12				
Allocation of net profit for the period:					
Net profit for the period after taxation		196,277,293	93,995,087	105,447,039	41,213,175
Income already paid on units redeemed		(88,432,757)	(24,142,293)	(49,022,624)	(16,916,523)
		107,844,536	69,852,794	56,424,415	24,296,652
Accounting income available for distribution					
- Relating to capital gains		-	807,012	-	-
- Excluding capital gains		107,844,536	69,045,782	56,424,415	24,296,652
		107,844,536	69,852,794	56,424,415	24,296,652

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income

For The Nine Months And Quarter Ended March 31, 2021

	Nine Months ended March 31,		Quarter ended March 31,	
	2021	2020	2021	2020
	----- (Rupees) -----		----- (Rupees) -----	
Net profit for the period after taxation	196,277,293	93,995,087	105,447,039	41,213,175
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>196,277,293</u>	<u>93,995,087</u>	<u>105,447,039</u>	<u>41,213,175</u>

The annexed notes from 1 to 17 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

	Nine Months ended March 31, 2021			Nine Months ended March 31, 2020		
	Capital value	(Accumulated loss) / undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the period	1,001,998,213	(1,362,867)	1,000,635,346	844,416,039	(2,707,981)	841,708,058
Issuance of 112,178,330 units (2020: 11,202,131 units)						
- Capital value (at net assets value per unit at beginning of the period)	11,330,011,349	-	11,330,011,349	1,129,677,068	-	1,129,677,068
- Element of income	310,393,826	-	310,393,826	69,365,411	-	69,365,411
Total proceeds on issuance of units	11,640,405,175	-	11,640,405,175	1,199,042,479	-	1,199,042,479
Redemption of 79,148,596 units (2020: 8,989,060 units)						
- Capital value (at net assets value per unit at beginning of the period)	(7,994,008,251)	-	(7,994,008,251)	(906,031,839)	-	(906,031,839)
- Element of income	(161,118,480)	(88,432,757)	(249,551,237)	(30,807,361)	(24,142,293)	(54,949,654)
Total payments on redemption of units	(8,155,126,731)		(8,243,559,488)	(936,839,200)		(960,981,493)
Total comprehensive income for the period	-	196,277,293	196,277,293	-	93,995,087	93,995,087
Cash distribution @ Rs. 2.10 per unit (declaration date: July 09, 2018)	-	-	-	-	-	-
Net assets at end of the period	4,487,276,657	106,481,669	4,593,758,326	1,106,619,318	67,144,813	1,173,764,131
Accumulated (loss) / undistributed income brought forward						
- Realised (loss) / income		(2,664,860)			(2,664,860)	
- Unrealised loss		(43,121)			(43,121)	
		(2,707,981)			(2,707,981)	
Accounting income available for distribution						
- Relating to capital gains		-			807,012	
- Excluding capital gains	107,844,536			69,045,782		
	107,844,536			69,852,794		
Cash distribution @ Rs. 2.10 per unit (declaration date: July 09, 2018)		-			-	
Undistributed income carried forward	105,136,555			67,144,813		
Undistributed income carried forward:						
- Realised income	105,145,216			67,022,095		
- Unrealised income / (loss)	(8,661)			122,718		
	105,136,555			67,144,813		
	(Rupees)			(Rupees)		
Net assets value per unit at the beginning of the period	101.00			100.80		
Net assets value per unit at the end of the period	106.99			111.11		

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Cash Flows Statement

For The Nine Months And Quarter Ended March 31, 2021

	Note	Nine Months ended March 31,	
		2021	2020
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period before taxation		196,277,293	93,995,087
Adjustments for non-cash and other items:			
Realised loss / (gain) on sale of investments - net		41,067	(684,294)
Unrealised loss / (gain) on re-measurement of investments classified as 'at fair value through profit or loss' - net		8,661	(122,718)
Amortisation of preliminary expenses and floatation costs		161,362	159,595
		<u>196,488,383</u>	<u>93,347,670</u>
(Increase) / Decrease in assets			
Investments		(394,395,128)	(117,696,329)
Deposits, prepayments and other receivables		(48,937,553)	560,914
Receivable against Margin Trading System (MTS)		<u>(2,668,803,302)</u>	<u>(190,610,746)</u>
		<u>(3,112,135,982)</u>	<u>(307,746,161)</u>
Increase / (Decrease) in liabilities			
Payable to Faysal Asset Management Limited - the Management Company		9,634,484	(2,835,621)
Payable to Central Depository Company of Pakistan Limited - the Trustee		308,227	(40,957)
Payable to the Securities and Exchange Commission of Pakistan		288,872	(322,825)
Accrued and other liabilities		<u>(750,282)</u>	<u>(609,455)</u>
		<u>9,481,301</u>	<u>(3,808,858)</u>
Net cash used in operating activities		<u>(2,906,166,298)</u>	<u>(218,207,349)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issuance of units		11,640,405,175	1,199,042,479
Payments made against redemption of units		(8,243,559,488)	(960,981,493)
Dividends paid		-	(1,267,907)
Net cash generated from financing activities		<u>3,396,845,687</u>	<u>236,793,079</u>
Net decrease in cash and cash equivalents during the period		<u>490,679,389</u>	<u>18,585,730</u>
Cash and cash equivalents at beginning of the period		<u>92,091,386</u>	<u>676,334,499</u>
Cash and cash equivalents at end of the period	4	<u><u>582,770,775</u></u>	<u><u>694,920,229</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Faysal MTS Fund (the Fund) is an open-end collective investment scheme constituted under a trust deed entered into on November 17, 2015 between Faysal Asset Management Limited (FAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The investment activities and administration of the Fund are managed by the Management Company.
- 1.2** The Management Company of the Fund has been licensed 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).
- 1.3** The Fund is categorised as an '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 are being offered for public subscription on a continuous basis from April 09, 2016 and are transferable and redeemable by surrendering them to the Fund.
- 1.4** The objective of the Fund is to provide competitive returns primarily through investment in Margin Trading System (MTS) market.
- 1.5** The Management Company has been assigned a quality rating of 'AM2' by VIS Credit Rating Company Limited dated December 31, 2020 (2019: 'AM2' dated February 18, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Pakistan Credit Rating Agency Limited (PACRA) has assigned a 'AA-(f)' stability rating to fund as of October 16, 2020 (2019: 'AA-(f)' stability as of April 17, 2020).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

- 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.

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

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

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

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

applied to the financial statements as at and for the year ended June 30, 2020. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the year ended June 30, 2020.

3.3 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

		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	Note	----- (Rupees) -----	
4	BALANCES WITH BANKS		
	PLS savings accounts	4.1 & 4.2 <u>582,770,775</u>	<u>92,091,386</u>
4.1	These savings accounts carry mark-up ranging between 5.5% and 7.85% (June 30, 2020: 6.50% and 8.80%) per annum. Deposits in savings accounts also include Rs. 46.220 million (June 30, 2020: Rs. 9.376 million) with Faysal Bank Limited, a related party, and carry mark-up at the rate of 5.50% (June 30, 2020: 6.50%) per annum.		
		March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
5	INVESTMENTS	----- (Rupees) -----	
	Financial assets at fair value through profit or loss		
	Government securities - Market Treasury Bills	5.1 <u>494,054,500</u>	<u>99,709,100</u>
		<u>494,054,500</u>	<u>99,709,100</u>

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

5.1 Government securities - 'at fair value through profit or loss'

Particulars	Rate of return per annum	As at July 01, 2020	Purchased during the period	Sold / matured during the period	As at March 31, 2020	Carrying value as at March 31, 2020	Market value as at March 31, 2020	Unrealised gain on revaluation as at March 31, 2020	Market value as a percentage of total investments	Market value as a percentage of total net assets
-----Face value (Rupees)-----					-----Rupees-----		-----Rupees-----		-----%-----	
Market Treasury Bills - 3 months	6.9600% to 7.0700%	100,000,000	2,610,000,000	2,210,000,000	500,000,000	494,063,161	494,054,500	(8,661)	100.00	14.48
Market Treasury Bills - 6 months	6.4666% to 7.0500	-	875,000,000	875,000,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	6.4500% to 7.0200%	-	2,000,000,000	2,000,000,000	-	-	-	-	-	-
Total as at March 31, 2020						494,063,161	494,054,500	(8,661)	100.00	14.48
Total as at June 30, 2020						99,664,262	99,709,100	44,838	100.00	9.96

5.1.1 The above investments have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Fund's trades in terms of Circular No.11 dated October 23, 2007 issued by the SECP.

5.2 Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net

	March 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	----- (Rupees) -----	
Market value of investments	5.1 494,054,500	99,709,100
Less: carrying value of investments	5.1 494,063,161	99,664,262
	<u>(8,661)</u>	<u>44,838</u>

6 RECEIVABLE AGAINST MARGIN TRADING SYSTEM (MTS) - (Non-compliance)

6.1 As per the offering document the total exposure of the Fund's net assets in MTS or any other similar instruments will range between 70% to 90%. Furthermore, a minimum exposure of 70% will be maintained based on quarterly average investment calculated on daily basis. In lieu of above, the Fund held an average exposure of 66.04% (June 30, 2020: 35.64%) during the period ended March 31, 2020. The above exposure is in deficit of the limit prescribed by the offering document and disclosure for breach of exposure limit is made as required by Circular No. 16 of 2010 dated July 07, 2010 issued by SECP.

For the period ended March 31, 2020	Actual	Required	Excess / (Shortfall)
Quarter 1 - July 1, 2020 to September 30, 2020	65.29%	70%	-4.71%
Quarter 2 - October 1, 2020 to December 31, 2020	63.05%	70%	-6.95%
Quarter 3 - January 1, 2021 to March 31, 2021	69.77%	70%	-0.23%

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

7.	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - THE MANAGEMENT COMPANY	Note	March 31, 2021	June 30, 2020
			(Un-audited) ----- (Rupees) -----	(Audited)
	Management remuneration payable	7.1	4,777,136	695,417
	Sindh sales tax on remuneration of the Management Company	7.2	593,773	90,404
	Allocated expenses payable	7.3	2,956,063	312,651
	Sales load payable		4,270,073	6,576,138
	Selling and marketing charges to be reimburse to the Management Company	7.4	5,595,244	883,195
			<u>18,192,289</u>	<u>8,557,805</u>

- 7.1 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 following rates:

From July 1, 2020 to July 21, 2020	From July 22, 2020 to February 18, 2021	From February 19, 2021 to March 31, 2021
0.70% of average annual assets	0.85% of average annual assets	1.00% of average annual assets

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

- 7.2 During the period, Sindh sales tax on management remuneration has been charged at the rate of 13% (March 31, 2020: 13%)
- 7.3 In accordance with Regulation 60 of the NBFC Regulations, 2008, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

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

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

- 7.4 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.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

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

Selling & Marketing	
From July 1, 2020 to July 21, 2020	From July 22, 2020 to October 22, 2020
0.30% of average annual assets	0.20% of average annual assets
From October 23, 2020 to February 18, 2021	From February 19, 2021 to March 31, 2021
0.35% of average annual assets	0.6% of average annual assets

	Note	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
		----- (Rupees) -----	-----
8. ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund	8.1	8,190,556	4,184,897
Other accrued liabilities		1,149,697	156,386
Auditors' Remuneration		219,687	187,464
Brokerage expenses payable		-	90,254
Settlement charges payable		2,921,714	436,029
Withholding tax and capital gain tax payable		5,290,232	13,467,137
Provision for federal excise duty (FED) on management fee	8.2	66,237	66,238
		<u>17,838,123</u>	<u>18,588,405</u>

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

Considering the above, the fund has made the provision against SWWF amounting to Rs. 8,190,556 as at March 31, 2020. Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at March 31, 2020 would have been higher by Re. 0.1908 per unit (June 30, 2020: Re. 0.4224 per unit).

- 8.2** 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.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from the date of commencement of its operations till June 30, 2016 amounting to Rs. 0.07 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 made, the net asset value of the Fund as at March 31, 2020 would have been higher by Re 0.002 (June 30, 2020: Re 0.007) per unit.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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

9.2 Commitments

Margin Trading System (MTS) transactions entered into by the Fund which have not been settled as at year end:

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
	----- (Rupees) -----	
Purchase transactions	1,088,677,502	49,584,132
Sale transactions	1,026,453,986	84,664,980

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

10 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund as at March 31, 2020 is 2.57% which includes 0.31% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund and annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

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 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 13.1** 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.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

13.2 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. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

13.3 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:

Transactions during the period	March 31, 2021 (Un-audited) ----- (Rupees) -----	March 31, 2020 (Un-audited) -----
Faysal Asset Management Limited (the Management Company)		
Remuneration of Faysal Asset Management Limited		
- the Management Company	21,765,429	6,397,939
Sindh sales tax on remuneration of the Management Company	2,821,170	831,732
Allocated expenses payable	3,101,589	-
Selling and marketing charges to be reimburse to the Management Company	5,595,244	843,308
Units issued: 5,717,837 units (2020: 741,283 units)	584,820,872	79,000,000
Units redeemed: 5,964,702 units (2020: 741,430 Units)	611,393,893	80,307,534
Faysal Bank Limited (group company)		
Return on balances with bank	1,421,936	1,250,641
Units in issue: 1,953,506 (June 30, 2020: Nil) units	200,000,000	-
Units in redemption: 1,952,172 (June 30, 2020: Nil) units	200,000,000	-
Central Depository Company of Pakistan Limited (the Trustee)		
Remuneration to Central Depository Company of Pakistan		
Limited - the Trustee	1,847,259	543,094
Sindh sales tax on remuneration of the Trustee	240,856	70,602
Directors and key management personnel of the Management Company		
Units in issue: 86,243 (June 30, 2020: Nil) units	9,107,553	-
Units in Redemption: 76,263 (June 30, 2020: Nil) units	8,064,900	-
Unit holders with more than 10% holding		
Issue of NIL (2020: 1,309,238) units	-	142,000,000

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
-----	-----
(Rupees)	

Amounts / balances outstanding as at period end:

Faysal Asset Management Limited (the Management Company)

Management remuneration payable	4,777,136	695,417
Sindh sales tax on remuneration payable to the Management Company	593,773	90,404
Allocated expenses payable	2,956,063	312,651
Sales load	4,270,073	6,576,138
Selling and marketing expenses payable	5,595,244	883,195
Units in issue: Nil (June 30, 2020: 246,866) units	-	24,933,449

Faysal Bank Limited (group company)

Balance in savings accounts	46,220,464	9,376,415
Profit receivable on savings account	178,042	190,811
Units in issue: 1,335 (June 30, 2020: Nil) units	142,805	-

Unit holders with more than 10% holding

Units in issue: NIL units (June 30, 2020: 1,067,461 units)	-	107,813,541
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Central Depository Company of Pakistan Limited (the Trustee)

Security deposit	100,000	100,000
Remuneration payable to the Trustee	346,646	74,509
Sindh sales tax on remuneration payable to the Trustee	46,082	9,992

Directors and key management personnel of the Management Company

Units in issue: 9,980 (June 30, 2020: Nil) units	1,067,759	-
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Unit holders holding 10% or more

Units in issue: 4,408,501 (June 30, 2020: 1,067,461) units	471,665,522	107,813,561
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* Current year figure has not been presented as the person is not classified as a related party / connected person of the Fund as at March 31, 2020.

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

14 FAIR VALUE MEASUREMENTS

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.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

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

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

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

The market values of government securities are determined using the interpolated PKRV rates as published by the Mutual Funds Association of Pakistan.

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

As at March 31, 2021 (Un-audited)				
Level 1	Level 2	Level 3	Total	
----- (Rupees) -----				
ASSETS				
Financial assets 'at fair value through profit or loss'				
Government securities - Market				
Treasury Bills	-	494,054,500	-	494,054,500
Receivable against MTS*	-	3,489,326,959	-	3,489,326,959
	-	3,983,381,459	-	3,983,381,459

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

As at June 30, 2020 (Audited)			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
ASSETS			
Financial assets 'at fair value through profit or loss'			
Government securities - Market			
Treasury Bills	99,709,100		99,709,100
Receivable against MTS*	820,523,657	-	820,523,657
	920,232,757	-	920,232,757

- * The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

15 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.

16 GENERAL

16.1 Figures have been rounded off to the nearest rupee.

16.2 Impact of COVID-19

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

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

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to th 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.

Notes to and forming part of the Condensed Interim Financial Statements

For The Nine Months And Quarter Ended March 31, 2021

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.

17 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.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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