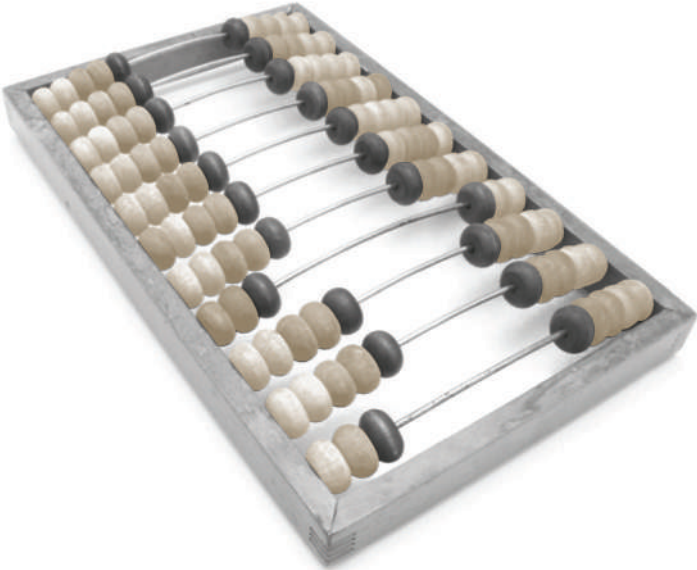


# Faysal Funds

## Financial Sector Opportunity Fund

Condensed Interim Financial Statements  
For The Quarter Ended September 30, 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. Osman Asghar Khan, Member

Mr. Salman Ahmed Usmani, Member

Mr. Nadir Rehman, Chairman

### **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 Taraqati Bank Limited

Habib Bank Limited

### **Auditors**

A.F. Ferguson & Co. Chartered Accountants

### **Legal Advisor**

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

### **Registrar**

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

## **MISSION AND VISION**

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

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

## **MISSION STATEMENT**

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

## Condensed Interim Statement of Assets and Liabilities

As at September 30, 2021

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
	<b>Note</b>	----- (Rupees) -----	
<b>Assets</b>			
Balances with banks	5	542,382,466	776,353,361
Investments	6	73,976,859	166,157,444
Advances, deposits, prepayments and other receivables	7	12,048,947	11,426,562
<b>Total assets</b>		<u>628,408,272</u>	<u>953,937,367</u>
<b>Liabilities</b>			
Payable to Faysal Asset Management Limited - Management Company	8	581,466	1,213,714
Payable to Central Depository Company of Pakistan Limited - Trustee	9	48,857	82,992
Payable to the Securities and Exchange Commission of Pakistan	10	36,736	207,442
Accrued expenses and other liabilities	11	2,327,632	13,171,182
Payable against redemption of units		-	42,510,670
Dividend payable		1,049,206	1,049,206
Payable against purchase of investments		-	-
<b>Total liabilities</b>		<u>4,043,897</u>	<u>58,235,206</u>
<b>Net assets</b>		<u>624,364,375</u>	<u>895,702,161</u>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<u>624,364,375</u>	<u>895,702,161</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<u>5,946,857</u>	<u>8,761,557</u>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<u>104.99</u>	<u>102.23</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 Quarter Ended September 30, 2021 (Un-Audited)

		Quarter Ended September 30	
		2021	2020
	Note	(Rupees)	
<b>Income</b>			
Interest on term finance certificates		440,068	609,174
Profit on sukuk certificates		-	2,039,527
Interest on Pakistan investment bonds		1,813,318	1,562,148
Interest on market treasury bills		57,184	929,388
Profit on commercial papers		456,012	-
Profit on balances with banks		11,016,531	13,887,166
Net capital loss on sale of investments		(438,336)	(215,341)
Net unrealised appreciation on re-measurement of investments classified as "financial assets at fair value through profit or loss"		112,227	139,889
<b>Total income</b>		<b>13,457,004</b>	<b>18,951,951</b>
<b>Expenses</b>			
Remuneration of Faysal Asset Management Limited - Management Company	8.1	552,351	786,185
Sindh Sales Tax on remuneration of the Management Company	8.2	71,805	97,086
Allocated expenses		-	282,325
Selling and marketing expenses		-	564,651
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	138,087	188,447
Sindh Sales Tax on remuneration of the Trustee		18,043	24,624
Annual fees to Securities and Exchange Commission of Pakistan	10.1	36,823	50,253
Transaction charges		69,746	99,020
Bank charges		1,391	1,806
Auditors' remuneration		74,336	74,336
Printing Charges		6,256	6,256
Fee and subscription		70,999	71,000
<b>Total expenses</b>		<b>1,039,837</b>	<b>2,245,989</b>
<b>Net income from operating activities</b>		<b>12,417,167</b>	<b>16,705,962</b>
(Reversal) / Provision for Sindh Workers Welfare Fund	11.1	(6,172,920)	334,118
<b>Net income for the period before taxation</b>		<b>18,590,087</b>	<b>16,371,844</b>
Taxation	13	-	-
<b>Net income for the period after taxation</b>		<b>18,590,087</b>	<b>16,371,844</b>
<b>Earnings per unit</b>		-	-
<b>Allocation of net income for the period</b>			
Net income for the period after taxation		18,590,087	16,371,844
Income already paid on units redeemed		(2,615,630)	(3,898,423)
		<b>15,974,457</b>	<b>12,473,421</b>
<b>Accounting income available for distribution</b>			
Relating to capital gains		-	-
Excluding capital gains		15,974,457	12,473,421
		<b>15,974,457</b>	<b>12,473,421</b>

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 Quarter Ended September 30, 2021 (Un-Audited)

	Quarter Ended September 30	
	2021	2020
	----- (Rupees) -----	
<b>Net income for the year period taxation</b>	18,590,087	16,371,844
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>18,590,087</u>	<u>16,371,844</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 Quarter Ended September 30, 2021 (Un-Audited)

	(Un-audited)			(Un-audited)		
	Quarter Ended September 30, 2021			Quarter Ended September 30, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees)			(Rupees)			
<b>Net assets at beginning of the period</b>	887,051,753	8,650,408	895,702,161	1,074,800,178	7,198,514	1,081,998,692
Issuance of 329,624 units (2020: 6,699,209 units)						
- Capital value (at net assets value per unit at the beginning of period)	33,697,462	-	33,697,462	683,185,323	-	683,185,323
- Element of income	835,535	-	835,535	7,539,333	-	7,539,333
Total proceeds on issuance of units	34,532,997	-	34,532,997	690,724,656	-	690,724,656
Redemption of 3,144,322 units (2020: 6,826,227 units)						
- Capital value (at net assets value per unit at the beginning of period)	(321,444,064)	-	(321,444,064)	(696,138,631)	-	(696,138,631)
- Element of income	(401,176)	(2,615,630)	(3,016,806)	(2,317,700)	(3,898,423)	(6,216,123)
Total payments on redemption of units	(321,845,240)	(2,615,630)	(324,460,870)	(698,456,331)	(3,898,423)	(702,354,754)
Total comprehensive income for the period	-	18,590,087	18,590,087	-	16,371,844	16,371,844
<b>Net assets at end of the period</b>	<b>599,739,510</b>	<b>24,624,865</b>	<b>624,364,375</b>	<b>1,067,068,503</b>	<b>19,671,935</b>	<b>1,086,740,438</b>
<b>Undistributed income brought forward</b>						
- 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		15,974,457			12,473,421	
		15,974,457			12,473,421	
Undistributed income carried forward		24,624,865			19,671,935	
<b>Undistributed income carried forward</b>						
- Realised income		24,512,638			19,532,046	
- Unrealised gain		112,227			139,889	
		24,624,865			19,671,935	
				(Rupees)		(Rupees)
Net assets value per unit at beginning of the period				102.23		101.98
Net assets value per unit at end of the period				104.99		103.67

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 Quarter Ended September 30, 2021 (Un-Audited)

	Quarter Ended September 30	
	2021	2020
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	18,590,087	16,371,844
<b>Adjustments for:</b>		
(Reversal) / Provision against Sindh Workers Welfare Fund	(6,172,920)	334,118
Net capital loss on sale of investments	438,336	215,341
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(112,227)	(139,889)
	(5,846,811)	409,570
<b>Decrease / (increase) in assets</b>		
Investments	91,854,476	(126,558,705)
Advances, deposits, prepayments and other receivables	(622,385)	(152,901,130)
	91,232,091	(279,459,835)
<b>(Decrease) / increase in liabilities</b>		
Payable to Faysal Asset Management Limited - Management Company	(632,248)	(918,074)
Payable to Central Depository Company of Pakistan Limited - Trustee	(34,135)	(43,742)
Payable to the Securities and Exchange Commission of Pakistan	(170,706)	(228,544)
Accrued expenses and other liabilities	(4,670,630)	(13,087,208)
Payable against redemption of units	(42,510,670)	-
Payable against purchase of investments	-	199,728,800
	(48,018,389)	185,451,232
<b>Net cash generated / (used in) from operating activities</b>	55,956,978	(77,227,189)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount received against issuance of units	34,532,997	690,724,655
Amount paid against redemption of units	(324,460,870)	(702,354,753)
Cash distribution	-	-
<b>Net cash used in from financing activities</b>	(289,927,873)	(11,630,098)
<b>Net decrease in cash and cash equivalents during the period</b>	(233,970,895)	(88,857,287)
Cash and cash equivalents at beginning of the period	776,353,361	953,519,777
<b>Cash and cash equivalents at end of the period</b>	542,382,466	864,662,490

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 Quarter Ended September 30, 2021 (Un-Audited)

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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.

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.

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.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a "AA-(f)" fund stability rating to Faysal Financial Sector Opportunity Fund on April 16, 2021 (2019: AA-(f) dated April 17, 2020). The Management Company has been assigned a quality rating of AM2+ by VIS dated August 10, 2021 (2020: AM2 dated December 31, 2020).

### 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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 the Fund's affairs as at September 30, 2021.

### 3 BASIS OF PREPARATION

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2021.

## Notes to and forming part of the Condensed Interim Financial Statements

### For The Quarter Ended September 30, 2021 (Un-Audited)

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at September 30, 2021 have been extracted from the annual published audited financial statements of the Fund for the year ended June 30, 2021, whereas, comparatives report in the 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 are extracted from the condensed interim financial statements for the Quarter ended September 30, 2020.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of 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 as at and for the year ended June 30, 2021.

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
	Note	----- (Rupees) -----	
<b>5 BALANCES WITH BANKS</b>			
Balances with banks in saving accounts	5.1	<u>542,382,466</u>	<u>776,353,361</u>
<b>5.1</b>	These carry mark-up ranging from 5.50% to 8.10% (2021 : 5.50% to 7.35%) per annum and includes balance of Rs. 5.998 million (June 30, 2021: Rs. 10.223 million) held with Faysal Bank Limited, a related party.		

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
	Note	----- (Rupees) -----	
<b>6 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Term Finance Certificates (TFCs)	6.1	15,800,847	20,952,460
Commercial papers	6.2	58,176,012	-
Pakistan Investment Bonds		-	145,204,984
		<u>73,976,859</u>	<u>166,157,444</u>
<b>6.1</b>	<b>Term Finance Certificates (TFCs)</b>		

Name of Security	As at July 1, 2021	Purchases during the period	Disposed / matured during the period	As at September 30, 2021	Carrying value as at September 30, 2021	Market value as at September 30, 2021	Unrealised gain as at September 30, 2021	Percentage in relation to	
								Net Assets of the Fund	Total market value of investments
					----- (Rupees in '000) -----		----- % -----		
JS Bank Limited	800	-	800	-	-	-	-	-	-
The Bank of Punjab	90	-	-	90	9,073,638	9,163,476	89,838	1.47	12.39
Jahangir Siddiqui & Company Limited	2,000	-	-	2,000	6,624,468	6,637,371	12,903	1.06	8.97
<b>Total</b>					<u>15,698,106</u>	<u>15,800,847</u>	<u>102,741</u>	<u>2.53</u>	<u>21.36</u>

## Notes to and forming part of the Condensed Interim Financial Statements

### For The Quarter Ended September 30, 2021 (Un-Audited)

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

#### 6.2 Commercial papers

Name of the security	Date of Maturity	Rate of return per annum	Face value				Carrying value as at September 30, 2020	Market Value as at September 30, 2020	Unrealised appreciation September 30, 2020	Market value as a percentage of net assets	Market value as a percentage of total investment
			Opening	Purchased during the period	Matured / sold during the period	As at September 30, 2020					
K-Electric Limited			-	60,000,000	-	60,000,000	58,176,012	58,176,012	-	9.32	78.64
<b>Total</b>							<b>58,176,012</b>	<b>58,176,012</b>			

#### 6.3 Government Securities - Pakistan Investment Bonds

Tenor	As at July 1, 2021	Purchases during the period	Disposed / matured during the period	As at September 30, 2021	Carrying value as at September 30, 2021	Market value as at September 30, 2021	Unrealised loss as at September 30, 2021	Percentage in relation to	
								Net Assets of the Fund	Total market value of investments
----- (Face value) -----					----- (Rupees in '000) -----		----- % -----		
03 Years	150,000,000	350,000,000	500,000,000	-	-	-	-	-	-
<b>Total</b>									

#### 7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	(Un-audited) September 30, 2021	(Audited) June 30, 2021
		----- (Rupees) -----	
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Income Receivable on term finance certificates		254,052	265,796
Income Receivable on Pakistan Investments Bonds		50,299	3,850,023
Profit receivable on bank deposits	7.1	11,537,889	5,356,856
Prepaid listing fee		11,657	-
Advance tax		95,050	1,449,932
Other receivable		-	403,955
		<u>12,048,947</u>	<u>11,426,562</u>

7.1 This includes profit receivable amounting to Rs. 37,554 (June 30, 2021 : Rs. 835,997) on balance held with Faysal Bank Limited, a related party.

#### 8 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	(Un-audited) September 30, 2021	(Audited) June 30, 2021
		----- (Rupees) -----	
Management fee payable	8.1	154,075	275,232
Sindh Sales tax payable on management fee	8.2	20,029	35,780
Allocated expenses payable		407,362	902,702
		<u>581,466</u>	<u>1,213,714</u>

## Notes to and forming part of the Condensed Interim Financial Statements

For The Quarter Ended September 30, 2021 (Un-Audited)

**8.1** The Management Company is currently charging remuneration at the rate 0.30% of average daily net assets, calculated on daily basis. The fee is payable to the Management Company monthly in arrears.

**8.2** The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% on the remuneration of the Management Company through the Sindh sales tax on Services Act, 2011.

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	----- (Rupees) -----	-----
	Trustee fee payable	9.1 43,750	74,039
	Sindh Sales Tax payable on trustee fee	9.2 5,107	8,953
		<u>48,857</u>	<u>82,992</u>

**9.1** 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% per annum of net assets.

**9.2** During the period, amount charged at 13% on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
<b>10</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	----- (Rupees) -----	-----
	Annual fee to SECP	10.1 36,736	207,442

		(Un-audited) September 30, 2021	(Audited) June 30, 2021
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	----- (Rupees) -----	-----
	Brokerage payable	221,897	165,147
	Auditors' remuneration payable	307,570	233,236
	Rating charges payable	211,169	128,511
	Printing Charges Payable	75,417	69,158
	Zakat payable	103,929	103,929
	Tax payable	638,938	5,529,565
	(Reversal) / Provision for Sindh Workers Welfare Fund	11.1 -	6,172,924
	Provision for Federal Excise Duty and related		
	Sindh Sales Tax on management fee	768,712	768,712
		<u>2,327,632</u>	<u>13,171,182</u>

## **Notes to and forming part of the Condensed Interim Financial Statements**

### **For The Quarter Ended September 30, 2021 (Un-Audited)**

**11.1** SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institution / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has also been taken up with the SECP. All the Asset Management Companies in consultation with 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 has given its concurrence for prospective reversal of provision for SWWF vide its letter dated August 30, 2021.

## **12 CONTINGENCIES AND COMMITMENTS**

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

## **13 TAXATION**

"The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% 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 unitholders. Since the management intends to distribute the income earned by the Fund during the period ending June 30, 2021 to the unit holders in the manner as explained above, accordingly, 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.

## **14 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at September 30, 2021 is 0.57% which includes 0.07% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

## **15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

Connected persons include Faysal Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise of 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 Quarter Ended September 30, 2021 (Un-Audited)

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

(Un-audited)  
Quarter Ended September 30  
2021                      2020  
----- (Rupees) -----

#### Transactions during the period:

##### **Faysal Asset Management Limited (Management Company)**

Remuneration of Faysal Asset Management Limited - Management Company	552,351	786,185
Sindh Sales Tax on remuneration of the Management Company	71,805	97,086
Allocated expenses	-	282,325
Selling and marketing expenses	-	564,651
Issuance of 11,098 units (2020: 1,380,663 units)	1,163,377	141,945,989
Redemption of 11,098 units (2020: 1,380,663 units)	1,164,938	142,166,895

##### **Faysal Bank Limited (Group / Associated Company)**

Return on PLS savings accounts	180,144	3,230,346
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##### **Central Depository Company of Pakistan Limited - (Trustee of the Fund)**

Remuneration of Central Depository Company of Pakistan Limited - Trustee	138,087	188,447
Sindh Sales Tax on remuneration of the Trustee	18,043	24,624

##### **Directors and Key Management Personnel of the Management Company**

Issuance of 2 units (2020: 6,043 units)	248	620,032
Redemption of 10,414 units (2020: 6,054 units)	1,070,923	623,687

##### **Unit holder holding 10% or more units**

Issuance of Nil units (2020: 2,814,636 units)	-	290,527,299
Redemption of Nil units (2020: 1,301,098 units)	-	134,007,683

## Notes to and forming part of the Condensed Interim Financial Statements

For The Quarter Ended September 30, 2021 (Un-Audited)

	(Un-audited) September 30, 2021	(Audited) June 30, 2021
	----- (Rupees) -----	
<b><u>Outstanding balances:</u></b>		
<b>Faysal Asset Management Limited (Management Company)</b>		
Management fee payable	154,075	275,232
Sindh Sales tax payable on management fee	20,029	35,780
Allocated expenses payable	407,362	902,702
<b>* Faysal Bank Limited (Group / Associated Company)</b>		
Balance in PLS savings accounts	5,998,241	10,222,606
Profit receivable on bank deposits	37,554	835,997
Outstanding 157,775 units (2021: 157,775 units)	16,564,837	16,129,338
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Trustee fee payable	43,750	74,039
Sindh Sales Tax payable on trustee fee	5,107	8,953
Security deposit	100,000	100,000
<b>Directors and Key Management Personnel of the Management Company</b>		
Outstanding Nil units (2021: 9,450 units)	-	966,097
<b>Unit holder holding 10% or more units</b>		
Outstanding Nil units (2021: 2,465,414 units)	-	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:



## Notes to and forming part of the Condensed Interim Financial Statements

### For The Quarter Ended September 30, 2021 (Un-Audited)

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

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

September 30, 2021 (Un-audited)		
Level 1	Level 2	Level 3
----- Rupees -----		

#### Financial assets 'at fair value through profit or loss'

Term Finance Certificates (TFCs)	-	15,800,847	15,800,847
Commercial Papers	-	58,176,012	58,176,012
	-	73,976,859	73,976,859
	-----	-----	-----

June 30, 2021 (Audited)		
Level 1	Level 2	Level 3
----- Rupees -----		

#### Financial assets 'at fair value through profit or loss'

Term Finance Certificates	-	20,952,460	20,952,460
Pakistan Investment Bonds	-	145,204,984	145,204,984
	-	166,157,444	166,157,444
	-----	-----	-----

**Notes to and forming part of the Condensed Interim Financial Statements**  
For The Quarter Ended September 30, 2021 (Un-Audited)

- \* 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.
- \*\* 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.

**17 GENERAL**

**17.1** Figures have been rounded off to the nearest rupee unless otherwise stated.

**18 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on October 22, 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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