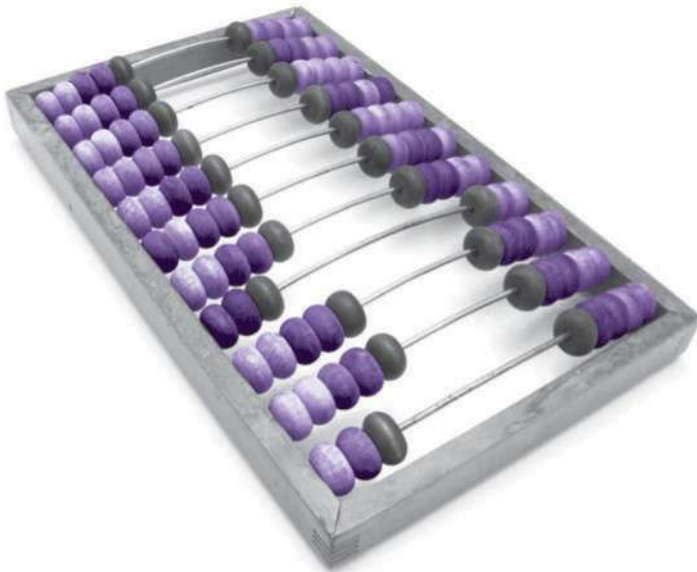


Faysal Funds

ASSET ALLOCATION FUND

Condensed Interim Financial Statements
For The Half Year Ended December 31, 2022 (Un-audited)



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Faysal Funds

Faysal Asset Allocation Fund

FUND INFORMATION

Management Company

Faysal Asset Management Limited

Board of Directors of the Management Company

Mr. Salman Ahmed Usmani, Chairman

Mr. Mian Salman Ali, Director

Syed Muhammad Fraz Zaidi, Director

Mr. Nadir Rahman, Director

Mr. Ali Waqar, Director

Ms. Samia Zuberi, 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. Nadir Rahman, Chairman

Mr. Mian Salman Ali, Member

Syed Fraz Muhammad Zaidi, Member

HR Committee

Ms. Samia Zuberi, Chairman

Mr. Nadir Rahman, Member

Syed Fraz Muhammad Zaidi, Member

Risk Committee

Mr. Mian Salman Ali, Chairman

Mr. Nadir Rahman, Member

Syed Fraz Muhammad Zaidi, Member

Mr. Ali Waqar, Member

Trustee to the Fund

Central Depository Company of Pakistan Limited

CDC House, 99B, Block B, SMCHS,

Main Sharah-e-Faisal, Karachi.

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

IT Minds Limited

Central Depository Company of Pakistan Limited

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

Main Shakra-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

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.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

FAYSAL ASSET ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Faysal Asset Allocation Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 24, 2023



REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Faysal Asset Allocation Fund** (the Fund) as at December 31, 2022 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2022. The Management Company (Faysal Asset Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

Scope of Review

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

Conclusion

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

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: February 28, 2023
Karachi
UDIN: RR202210068UIFIVgGxX

**FAYSAL ASSET ALLOCATION FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2022**

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
Note	----- (Rupees) -----	----- (Rupees) -----
Assets		
Balances with banks	4 18,956,671	43,517,367
Investments	5 109,623,838	108,513,380
Deposits and other receivables	4,804,839	3,826,712
Receivable from Faysal Asset Management Limited - Management Company	6 465,000	1,409,910
Receivable against sale of investments	-	8,866,249
Total assets	133,850,348	166,133,618
Liabilities		
Payable to Faysal Asset Management Limited - Management Company	7 183,619	1,476,087
Payable to Central Depository Company of Pakistan Limited - Trustee	8 21,358	30,678
Payable to the Securities and Exchange Commission of Pakistan	9 14,141	58,224
Accrued expenses and other liabilities	10 6,415,041	5,831,021
Total liabilities	6,634,159	7,396,010
Net assets	<u>127,216,189</u>	<u>158,737,608</u>
Unit holders' fund (as per statement attached)	<u>127,216,189</u>	<u>158,737,608</u>
Contingencies and commitments	11	
	----- (Number of units) -----	
Number of units in issue	<u>1,961,160</u>	<u>2,583,862</u>
	----- (Rupees) -----	
Net asset value per unit	<u>64.87</u>	<u>61.43</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**FAYSAL ASSET ALLOCATION FUND
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

Note	Half Year ended December 31,		Quarter ended December 31,	
	2022 ----- (Rupees) -----	2021 ----- (Rupees) -----	2022 ----- (Rupees) -----	2021 ----- (Rupees) -----
Income				
Dividend income	7,086,228	8,967,075	4,419,328	4,955,125
Profit on balances with banks	1,188,719	1,597,384	584,226	894,696
Realised gain/(loss) on sale of investments - net	11,022,178	(32,364,250)	(859,204)	(33,929,542)
	19,297,125	(21,799,791)	4,144,350	(28,079,721)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net				
5.3	(7,402,331)	(7,554,174)	(2,955,333)	22,748,725
Total income	11,894,794	(29,353,965)	1,189,017	(5,330,996)
Operating expenses				
Remuneration of Faysal Asset Management Limited				
- Management Company	7.1	1,265,663	3,458,271	343,534
Sindh Sales Tax on remuneration of the Management Company	7.2	164,536	449,575	44,659
Selling and marketing expenses	7.3	759,398	3,032,426	206,121
Remuneration of Central Depository Company of Pakistan Limited				
- Trustee	8.1	137,870	345,827	68,380
Sindh Sales Tax on remuneration of the Trustee	8.2	17,923	44,958	8,333
Auditors' remuneration		345,920	346,472	172,960
Annual fee to the Securities and Exchange Commission of Pakistan				
	9.1	14,166	34,583	6,789
Fees and subscription		98,624	94,823	98,624
Transaction charges		1,016,721	1,163,859	328,196
Legal and professional charges		79,120	105,212	39,560
Printing charges		17,112	33,295	(40,756)
Bank charges		3,347	8,938	399
Reimbursement of expenses from the Management Company	6	(465,000)	(725,000)	350,000
Total operating expenses		3,455,400	8,393,239	1,626,799
				4,225,647
Net income / (loss) from operating activities		8,439,394	(37,747,204)	(437,782)
Reversal of provision for Sindh Workers' Welfare Fund		-	2,761,301	-
Net income / (loss) for the period before taxation		8,439,394	(34,985,903)	(437,782)
Taxation	12	-	-	-
Net income / (loss) for the period after taxation		8,439,394	(34,985,903)	(437,782)
Earnings per unit	13			
Allocation of net income for the period				
Net income for the period after taxation		8,439,394	-	-
Income already paid on units redeemed		(2,044,462)	-	-
		6,394,932		
Accounting income available for distribution				
- Relating to capital gains		3,619,847	-	-
- Excluding capital gains		2,775,085	-	-
		6,394,932		

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**FAYSAL ASSET ALLOCATION FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022**

	Half Year ended December 31,		Quarter ended December 31,	
	2022	2021	2022	2021
	----- (Rupees) -----			
Net income / (loss) for the period after taxation	8,439,394	(34,985,903)	(437,782)	(4,034,041)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>8,439,394</u>	<u>(34,985,903)</u>	<u>(437,782)</u>	<u>(4,034,041)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**FAYSAL ASSET ALLOCATION FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE HALF YEAR DECEMBER 31, 2022**

	Half Year ended December 31, 2022			Six months period ended December 31, 2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the period (audited)	468,162,259	(309,424,651)	158,737,608	565,324,270	(243,346,569)	321,977,701
Issuance of 1,560,700 (2021: 4,572,606) units						
- Capital value (at ex-net asset value per unit)	95,873,801	-	95,873,801	372,484,485	-	372,484,485
- Element of income / (loss)	5,371,702	-	5,371,702	(8,799,995)	-	(8,799,995)
Total proceeds on issuance of units	101,245,503	-	101,245,503	363,684,490	-	363,684,490
Redemption of 2,183,402 (2021: 4,161,214) units						
- Capital value (at ex-net asset value per unit)	(134,126,385)	-	(134,126,385)	(338,972,492)	-	(338,972,492)
- Element of (loss) / income	(5,035,468)	(2,044,462)	(7,079,930)	10,111,162	-	10,111,162
Total payments on redemption of units	(139,161,853)	(2,044,462)	(141,206,315)	(328,861,330)	-	(328,861,330)
Total comprehensive income / (loss) for the period	-	8,439,394	8,439,394	-	(34,985,903)	(34,985,903)
Net assets at end of the period (un-audited)	430,245,908	(303,029,719)	127,216,189	600,147,430	(278,332,472)	321,814,958
Accumulated loss brought forward						
- Realised loss		(288,215,178)			(269,871,266)	
- Unrealised (loss) / income		(21,209,473)			26,524,697	
		(309,424,651)			(243,346,569)	
Accounting income available for distribution						
- Relating to capital gains		3,619,847			-	
- Excluding capital gains		2,775,085			-	
		6,394,932			-	
Net loss for the period after taxation		-			(34,985,903)	
Accumulated loss carried forward		(303,029,719)			(278,332,472)	
Accumulated loss carried forward						
- Realised loss		(295,627,388)			(270,778,298)	
- Unrealised loss		(7,402,331)			(7,554,174)	
		(303,029,719)			(278,332,472)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		61.43			81.46	
Net assets value per unit at end of the period		64.87			73.74	

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

**FAYSAL ASSET ALLOCATION FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

	Half Year ended December 31,	
	2022	2021
Note	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period before taxation	8,439,394	(34,985,903)
Adjustments for:		
Reversal of provision for Sindh Workers' Welfare Fund	-	(2,761,301)
Unrealised diminution on re-measurement of investments 'financial assets at fair value through profit or loss' - net	7,402,331	7,554,174
	15,841,725	(30,193,030)
Decrease / (increase) in assets		
Investments - net	(8,512,789)	(11,464,389)
Deposits and other receivables	(978,127)	(170,952)
Receivable from Faysal Asset Management Limited - Management Company	944,910	(725,000)
Receivable against sale of investments	8,866,249	16,450,912
	320,243	4,090,571
(Decrease) / increase in liabilities		
Payable to Faysal Asset Management Limited - Management Company	(1,292,468)	(1,697,580)
Payable to Central Depository Company of Pakistan Limited - Trustee	(9,320)	1,547
Payable to the Securities and Exchange Commission of Pakistan	(44,083)	(11,992)
Accrued and other liabilities	584,020	1,032,897
	(761,851)	(675,128)
Net cash generated from / (used in) operating activities	15,400,117	(26,777,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issuance of units	101,245,503	369,512,155
Payments made against redemption of units	(141,206,315)	(354,163,728)
Net cash (used in) / generated from financing activities	(39,960,813)	15,348,427
Net decrease in cash and cash equivalents during the period	(24,560,696)	(11,429,160)
Cash and cash equivalents at beginning of the period	43,517,367	53,545,737
Cash and cash equivalents at end of the period	15 18,956,671	42,116,577

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

FAYSAL ASSET ALLOCATION FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Faysal Asset Allocation Fund (the Fund) is an open ended asset allocation fund constituted under a Trust Deed entered into on January 31, 2006 between Faysal Asset Management Limited 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. 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 & Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, West Wing, Faysal House, Shahrah-e-Faisal, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) . The Fund was required to be registered under the Sindh Trust Act. Accordingly, on July 29, 2022 the above-mentioned Trust Deed had been registered under the Sindh Trust Act.

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 issued by the SECP 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 objective 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 instruments, fixed income instruments, money market instruments, bank deposits primarily from the financial sector and any other instrument as defined in the constitutive documents and allowed by the SECP.

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 VIS Credit Rating Company Limited has awarded an "AM2++" asset manager rating to the Management Company as of December 31, 2022 (2021: "AM2+" as of December 31, 2021). 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 '5 star' rating to Faysal Asset Allocation Fund as of August 10, 2022 (June 30, 2022: "4-star" as of February 4, 2022).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, part VIII A 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 VIII A 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, 2022.

- 2.2 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2022.

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, 2022.

- 3.2 The preparation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2022. 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, 2022.

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, 2022. 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, 2023. 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.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees) -----	-----
4	BALANCES WITH BANKS		
	Savings accounts	18,956,671	43,517,367

- 4.1 These carry mark-up at rates ranging from 10% to 15% (June 30, 2022: 7% to 14.84%) per annum and include balance of Rs. 3.054 million (June 30, 2022: Rs. 5.151 million) held with Faysal Bank Limited, a related party, and carry mark-up at the rate of 11% (June 30, 2022: 7%) per annum.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees) -----	-----
5	INVESTMENTS		
	Financial assets 'at fair value through profit or loss'		
	Listed equity securities	109,623,838	108,513,380
	Term finance certificates - Impaired	-	-
		<u>109,623,838</u>	<u>108,513,380</u>

5.1 Listed equity securities

Name of the investee company	As at July 01, 2022	Purchased during the period	Right / bonus / sub-division of shares during the period	Disposed off during the period	As at December 31, 2022	As at December 31, 2022			Market Value as a percentage of		Investment as a percentage of investee company paid-up capital
						Carrying Value	Market Value	Unrealised (diminution)/ appreciation	Net assets of the Fund	Total investments of the Fund	
Number of shares											
CHEMICAL											
Lotte Chemical Pakistan Limited *	96,103	47,000	-	96,103	47,000	1,345,500	1,217,300	(128,200)	0.96	1.11	-
						1,345,500	1,217,300	(128,200)	0.96	1.11	-
INVESTMENT BANKS / INVESTMENT COMPANIES / SECURITIES COMPANIES											
Mcb-Arif Habib Savings And Investments Limited	157,000	1,500	-	-	158,500	3,454,385	3,390,315	(64,070)	2.67	3.09	0.22
						3,454,385	3,390,315	(64,070)	2.67	3.09	0.22
COMMERCIAL BANKS											
Bank Alfalah Limited	471,899	-	-	187,458	284,441	9,102,112	8,573,052	(529,060)	6.74	7.82	0.02
Bank Al Habib Limited	228,702	-	-	20,000	208,702	12,117,238	11,537,047	(580,192)	9.07	10.52	0.02
Bank Islami Pakistan Limited	-	450,000	-	-	450,000	6,924,255	6,012,000	(912,255)	4.73	5.48	0.04
Meezan Bank Limited *	35,456	-	45	35,000	501	51,519	49,870	(1,649)	0.04	0.05	-
United Bank Limited *	45,000	-	-	20,000	25,000	2,828,250	2,518,750	(309,500)	1.98	2.30	-
						31,023,374	28,690,718	(2,332,656)	22.56	26.17	0.08
CEMENT											
Cherat Cement Company Limited	-	82,300	-	82,300	-	-	-	-	-	-	-
Lucky Cement Limited *	-	39,806	-	39,800	6	2,943	2,679	(263)	-	-	-
Maple Leaf Cement Factory Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Pioneer Cement Limited *	-	30,009	-	30,000	9	630	463	(167)	-	-	-
						3,573	3,142	(431)	-	-	-
GLASS & CERAMICS											
Tariq Glass Industries Ltd	64,200	10,000	17,925	2,500	89,625	7,549,678	5,836,380	(1,713,298)	4.59	5.32	0.05
						7,549,678	5,836,380	(1,713,298)	4.59	5.32	0.05
FERTILIZER											
Engro Fertilizers Limited	-	150,000	-	50,000	100,000	8,474,966	7,689,000	(785,966)	6.04	7.01	0.01
Engro Corporation Limited *	-	25,000	-	-	25,000	6,610,433	6,550,250	(60,183)	5.15	5.98	-
						15,085,399	14,239,250	(846,149)	11.19	12.99	0.01
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited	120,000	150,000	-	172,000	98,000	6,716,768	6,181,840	(534,928)	4.86	5.64	0.01
Kot Addu Power Company Limited	-	230,000	-	230,000	-	-	-	-	-	-	-
Saif Power Limited	-	150,000	-	150,000	-	-	-	-	-	-	-
						6,716,768	6,181,840	(534,928)	4.86	5.64	0.01
TECHNOLOGY & COMMUNICATION											
Hum Network Limited	145,000	-	29,000	-	174,000	1,032,400	1,016,160	(16,240)	0.80	0.93	0.02
Octopus Digital Limited *	299	-	-	-	299	21,322	16,938	(4,383)	0.01	0.02	-
Systems Limited	37,600	30,000	-	43,400	24,200	10,198,174	11,711,114	1,512,940	9.21	10.68	0.01
TRG Pakistan Limited - Class 'A'	205,075	2,347,820	-	2,552,895	-	-	-	-	-	-	-
						11,251,896	12,744,212	1,492,317	10.02	11.63	0.02
OIL & GAS MARKETING COMPANIES											
Pakistan State Oil Company Limited	-	90,000	-	50,000	40,000	7,639,999	5,759,600	(1,880,399)	4.53	5.25	0.01
Shell Pakistan Limited *	-	25,000	-	25,000	-	-	-	-	-	-	-
						7,639,999	5,759,600	(1,880,399)	4.53	5.25	0.01
OIL & GAS EXPLORATION COMPANIES											
Oil & Gas Development Company Limited *	113,500	28,000	-	47,000	94,500	7,338,319	7,527,870	189,551	5.92	6.87	-
Pakistan Oilfields Limited	-	28,000	-	-	28,000	11,899,998	10,999,800	(900,198)	8.65	10.03	0.01
Pakistan Petroleum Limited *	64,000	30,500	-	13,000	81,500	5,305,814	5,553,410	247,596	4.37	5.07	-
						24,544,131	24,081,080	(463,051)	18.94	21.97	0.01
REFINERY											
Attock Refinery Limited	45,000	-	-	45,000	-	-	-	-	-	-	-
National Refinery Limited	100	-	-	100	-	-	-	-	-	-	-
						-	-	-	-	-	-
PROPERTY											
TPL Properties Limited	-	725,000	40,000	325,000	440,000	8,411,466	7,480,000	(931,466)	5.88	6.82	0.08
						8,411,466	7,480,000	(931,466)	5.88	6.82	0.08
PHARMACEUTICALS											
Sanofi Aventis Pakistan Limited	-	1,047	-	1,047	-	-	-	-	-	-	-
						-	-	-	-	-	-
Total as at December 31, 2022						117,026,169	109,623,838	(7,402,331)	86.20	99.99	
Total as at June 30, 2022						129,722,853	108,513,380	(21,209,473)			

*Nil figures due to rounding off

- 5.1.1 All shares have a face value of Rs. 10 each except for the shares Hum Network Limited which have a face value of Re. 1 respectively.
- 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.

	December 31, 2022 (Un-audited) ----- (Number of shares) -----	June 30, 2022 (Audited)	December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited)
Bank Alfalah Limited	284,441	471,899	8,573,052	15,100,768
Systems Limited	14,200	20,000	6,871,806	6,597,200
TRG Pakistan Limited - Class 'A'	-	205,000	-	15,852,650
	<u>298,641</u>	<u>696,899</u>	<u>15,444,858</u>	<u>37,550,618</u>

5.2 Term finance certificates - Impaired

Name of the investee company	Secured / Unsecured	Maturity	Profit / mark-up rate	As at July 01, 2022	Purchased during the period	Disposed off during the period	As at December 31, 2022	Carrying Value as at December 31, 2022	Impairment as at December 31, 2022	Market Value as at December 31, 2022	Market Value as a percentage of	
				----- Number of certificates -----				-----Rupees -----			Net assets of the Fund	Total investments of the Fund
											----- % -----	
Trust Investment Bank Limited (note 5.2.1)	Secured	Jul-13	6m KIBOR + 1.85%	7,000	-	-	7,000	13,137,043	13,137,043	-	-	-
Total as at December 31, 2022				<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>13,137,043</u>	<u>13,137,043</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total as at June 30, 2022				<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>13,137,043</u>	<u>13,137,043</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 5.2.1 These term finance certificates defaulted on their payment of principal and mark-up due on July 04, 2012. Consequently, the security was classified as non-performing by MUFAP on October 18, 2012. Accordingly, accrual of mark-up on these TFCs has been suspended and mark-up due had been reversed and full provision has been made in accordance with the requirements of SECP circulars and directives issued from time to time and the Board's approved provisioning policy.

	Note	December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited)
5.3 Unrealised diminution on re-measurement of investments classified as 'financial assets' at fair value through profit or loss' - net			
Market value of investments	5.1	109,623,838	108,513,380
Less: carrying value of investments	5.1	<u>117,026,169</u>	<u>129,722,853</u>
		<u>(7,402,331)</u>	<u>(21,209,473)</u>

5.4 Details of non-compliant investments with the investment criteria of the assigned category

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. As at December 31, 2022, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Name of the investee company	Secured / Unsecured	Maturity	Profit / mark-up rate	As at July 01, 2022	Purchased during the period	Disposed off during the period	As at December 31, 2022	Carrying Value as at December 31, 2022	Impairment as at December 31, 2022	Market Value as at December 31, 2022	Market Value as a percentage of	
				Number of certificates			-----Rupees -----			Net assets of the Fund	Total investments of the Fund	%
Trust Investment Bank Limited (note 5.2.1)	Secured	Jul-13	6m KIBOR + 1.85%	7,000	-	-	7,000	13,137,043	13,137,043	-	-	-
Total as at December 31, 2022				<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>13,137,043</u>	<u>13,137,043</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total as at June 30, 2022				<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>13,137,043</u>	<u>13,137,043</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	----- (Rupees) -----
6 RECEIVABLE FROM FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			

Reimbursement from the Faysal Asset Management limited- Management Company

6.1 465,000 1,409,910

- 6.1 As per the SECP's direction No. SCD/PRDD/Direction/18/2016 all AMC's 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 AMC's 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 December 31, 2022, the Fund was in breach of the TER ratio of 4.5% as prescribed under NBFC Regulations for a collective investment scheme categorised as an Asset Allocation Scheme. As a result, the Fund has recorded receivable from the Management Company to comply with the TER.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	----- (Rupees) -----
7 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			

Selling and marketing expenses payable
Sales load payable

7.3 206,111 1,476,087
(22,492) -
183,619 1,476,087

- 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 remuneration as per the following rates:

From July 1, 2022 to October 31, 2022	From November 01, 2022 to November 30, 2022	From December 1, 2022 to December 31, 2022
2.5% of average annual net assets	0.49% of average annual net assets	Nil

- 7.2 During the period, an amount of Rs.0.164 million (Dec 31, 2021 : 0.449 million) was charged on account of Sindh Sales Tax on remuneration of the Management Company levied through the Sales Tax on Services Act, 2011 at the rate of 13% (June 30, 2022: 13%).

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

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

From July 1, 2022 to October 31, 2022	From November 01, 2022 to November 30, 2022	From December 1, 2022 to December 31, 2022
1.5% of average annual net assets	0.29% of average annual net assets	Nil

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	December 31, 2022	June 30, 2022
			(Un-audited)	(Audited)
			----- (Rupees) -----	-----
	Remuneration payable to the Trustee	8.1	18,410	27,149
	Sindh Sales Tax payable on remuneration of the Trustee	8.2	2,948	3,529
			<u>21,358</u>	<u>30,678</u>

- 8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

Net Assets (Rs.)	Remuneration
up to Rs. 1,000 million	0.20% per annum of net assets
from Rs.1,000 million and above	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

- 8.2 During the period, an amount of 0.018 million (Dec 31 ,2021 : Rs. 0.045 million) was charged on account of sales tax on remuneration of trustee levied through the Sindh Sales Tax Act on Services Act, 2011.

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	December 31, 2022	June 30, 2022
			(Un-audited)	(Audited)
			----- (Rupees) -----	-----
	Annual fee payable	9.1	<u>14,141</u>	<u>58,224</u>

- 9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (June 30, 2022: 0.02%) of average annual net assets of the Fund.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2022	June 30, 2022
			(Un-audited)	(Audited)
			----- (Rupees) -----	-----
	Brokerage payable		1,521,173	973,723
	Auditors' remuneration payable		547,334	617,846
	Printing charges payable		171,244	168,387
	Legal and professional charges payable		236,070	156,950
	Zakat payable		9,753	9,753
	Capital gain tax & withholding tax payable		233,812	195,011
	Listing fee payable		20,913	34,613
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	10.1	3,497,459	3,497,459
	Other liabilities		<u>177,283</u>	<u>177,279</u>
			<u>6,415,041</u>	<u>5,831,021</u>

- 10.1** 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 December 31, 2022 would have been higher by Rs. 1.783 per unit (June 30, 2022: Rs. 1.354 per unit).

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.

12 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2023 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

13 EARNINGS PER UNIT

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

14 TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund as at December 31, 2022 is 4.88% (December 31, 2021: 4.84%) which includes 0.44% (December 31, 2021: 0.37%) representing government levies on the Fund such as sales taxes and annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation scheme.

15 CASH AND CASH EQUIVALENTS

Balances with banks

Half year ended	
December 31,	
2022	2021
(Un-audited)	
----- (Rupees) -----	
<u>18,956,671</u>	<u>42,116,577</u>

16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 16.1** Connected persons and related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, Faysal Asset Management Limited - Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund, Faysal Bank Limited, Faysal Bank Limited - Staff Provident Fund, Faysal Bank Limited - Staff Gratuity Fund and other entities under common management and / or directorship and the directors and their close family members and officers of the Management Company and the Trustee, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.
- 16.2** Transactions with connected persons / related parties are executed on an arm's length basis and 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. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 16.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 16.5** Selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 16.6** The details of transactions carried out by the Fund with connected persons and related parties during the period and balances with them as at period / year end are as follows:

Transactions during the period

	Six months period ended	
	December 31,	
	2022	2021
	(Un-audited)	
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company*		
Remuneration of the Management Company	1,265,663	3,458,271
Sindh sales tax on remuneration of the Management Company	164,536	449,575
Selling & marketing expenses	759,398	3,032,426
Reimbursement of expenses from the Management Company	465,000	725,000
Units issued: 36,994 units (December 31, 2021: 653,473 units)	2,408,653	53,376,661
Units redeemed: 215,131 units (December 31, 2021: NIL units)	13,308,008	-
Faysal Bank Limited (Group / Associated Company)		
Profit on balances with bank	259,793	376,741
Bank charges	3,347	5,166
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	137,870	345,827
Sindh sales tax on remuneration of the Trustee	17,923	44,958
Directors, their close family members and Key Management Personnel of the Management Company		
Units issued: 93 units (December 31, 2021: 1,781 units)	6,043	147,173
Units redeemed: Nil units (December 31, 2021: 11,053 units)	-	889,213
Amounts / balances outstanding as at period / year end		
	December 31,	June 30,
	2022	2022
	(Un-audited) (Audited)	
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company*		
Selling and marketing expenses payable	206,111	1,476,087
Receivable from the Management Company	465,000	1,409,910
Units in issue: Nil units (June 30, 2022: 178,137 units)	-	10,942,956
Faysal Bank Limited (Group / Associated Company)		
Balance in savings account	3,054,013	5,151,594
Profit receivable on savings account	121,697	-

Amounts / balances outstanding as at period / year end	December 31, 2022	June 30, 2022
	(Un-audited)	(Audited)
	----- (Rupees) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	18,410	27,149
Sindh sales tax payable on remuneration of the Trustee	2,948	3,529
Directors, their close family members and Key Management Personnel of the Management Company		
Units in issue: 17,840 units (June 30, 2022: 17,747 Units)	1,157,281	1,090,198
Unit holders with more than 10% unit holding		
Outstanding 442,366 units (June 30, 2022: 442,366 units)	28,696,282	27,174,554

* This Management Company also holds more than 10% units at period end.

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

17 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.

17.1 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
- 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).

As at December 31, 2022 and June 30, 2022, the Fund held the following financial instruments measured at fair values:

As at December 31, 2022				
Un-audited				
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'				
- Listed equity securities	109,623,838	-	-	109,623,838
	109,623,838	-	-	109,623,838
	<u>109,623,838</u>	<u>-</u>	<u>-</u>	<u>109,623,838</u>
As at June 30, 2022				
Audited				
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'				
- Listed equity securities	108,513,380	-	-	108,513,380
	108,513,380	-	-	108,513,380
	<u>108,513,380</u>	<u>-</u>	<u>-</u>	<u>108,513,380</u>

18 GENERAL

18.1 Figures have been rounded off to the nearest rupee.

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 20, 2023 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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

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