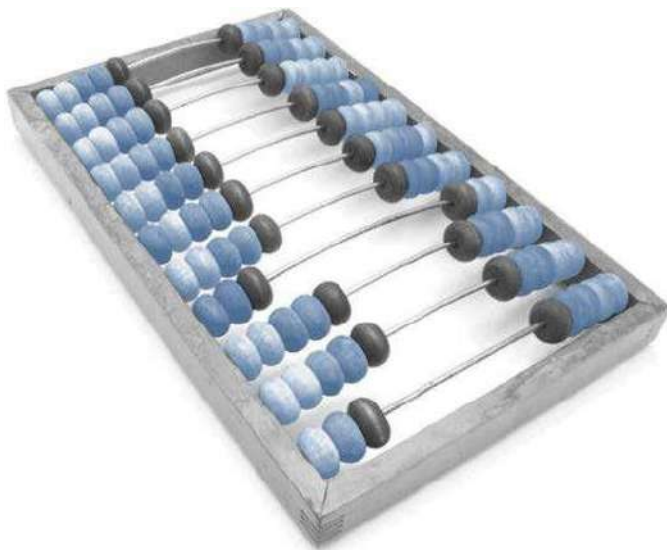


Faysal Funds

MTS Fund

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



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Faysal Funds

Faysal MTS 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 Shahra-e-Faisal, Karachi.

Bankers to the Fund

Faysal Bank Limited

Bank Alfalah Limited

Habib Bank Limited

Allied Bank Limited

ZTBL Bank Limited

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

**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 MTS 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 MTS 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 MTS 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: RR202210068E2r9nhWlz

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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

	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
Note	----- (Rupees) -----	
Assets		
Balances with banks	4 128,510,489	52,404,288
Investments	5 99,549,400	305,764,268
Prepayments, deposits and other receivables	30,372,187	29,165,308
Receivable against Margin Trading System (MTS)	6 1,312,740,454	1,514,368,501
Total assets	<u>1,571,172,530</u>	<u>1,901,702,365</u>
Liabilities		
Payable to Faysal Asset Management Limited - Management Company	7 5,784,850	4,721,688
Payable to Central Depository Company of Pakistan Limited - Trustee	8 121,287	161,047
Payable to the Securities and Exchange Commission of Pakistan	9 176,902	859,175
Accrued expenses and other liabilities	10 9,375,711	20,910,965
Total liabilities	<u>15,458,750</u>	<u>26,652,875</u>
Net assets	<u>1,555,713,780</u>	<u>1,875,049,490</u>
Unit holders' fund (as per statement attached)	<u>1,555,713,780</u>	<u>1,875,049,490</u>
Contingencies and commitments	11	
	----- (Number of units) -----	
Number of units in issue	<u>14,137,600</u>	<u>18,400,484</u>
	----- (Rupees) -----	
Net asset value per unit	<u>110.04</u>	<u>101.90</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 MTS 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	2021	2022	2021
(Rupees)					
Income					
Profit on government securities - Market Treasury Bills		11,956,780	33,764,023	8,211,192	11,490,012
Profit on government securities - Pakistan Investment Bonds		-	978,306	-	-
Profit on commercial papers		942,562	-	-	-
Income from Margin Trading System (MTS)		115,726,398	163,676,800	55,658,759	80,732,155
Profit on balances with banks		23,719,112	32,410,224	11,945,797	19,659,855
Realised gain / (loss) on sale of investments - net		12,174	1,108,658	5,982	(229,190)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.3	5,769	334,350	(101,223)	329,572
Total income		152,362,795	232,272,361	75,720,508	111,982,404
Expenses					
Remuneration of Faysal Asset Management Limited - Management Company	7.1	4,655,191	16,662,906	2,582,383	5,666,332
Sindh Sales Tax on remuneration of the Management Company	7.2	605,175	2,166,178	335,710	731,618
Selling and marketing charges	7.3	3,766,376	-	2,602,046	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	663,477	1,831,572	322,798	852,553
Sindh Sales Tax on remuneration of the Trustee	8.2	86,694	238,104	42,179	109,526
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	176,927	488,357	86,079	227,938
Auditors' remuneration		271,768	280,784	135,884	190,716
Legal and professional charges		39,560	188,154	19,780	-
Fees and subscription		182,344	174,616	91,172	94,598
Transaction charges		7,294,333	17,283,964	3,268,242	8,690,493
Bank charges		13,113	8,061	4,315	1,301
Printing charges and other expenses		17,112	17,112	8,556	17,112
Total operating expenses		17,772,070	39,339,808	9,499,143	16,582,186
Net income from operating activities		134,590,725	192,932,553	66,221,364	95,400,218
Reversal of provision for Sindh Workers' Welfare Fund		-	10,265,472	-	-
Net income for the period before taxation		134,590,725	203,198,025	66,221,364	95,400,218
Taxation	14	-	-	-	-
Net income for the period after taxation		134,590,725	203,198,025	66,221,364	95,400,218
Earnings per unit	15				
Allocation of net income for the period					
Net income for the period after taxation		134,590,725	203,198,025		
Income already paid on units redeemed		(22,781,494)	(52,766,896)		
		<u>111,809,231</u>	<u>150,431,129</u>		
Accounting income available for distribution					
- Relating to capital gains		17,943	1,443,008		
- Excluding capital gains		<u>111,791,288</u>	<u>148,988,121</u>		
		<u>111,809,231</u>	<u>150,431,129</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 MTS 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 ----- (Rupees)	2021 ----- (Rupees)	2022 ----- (Rupees)	2021 ----- (Rupees)
Net income for the period after taxation	134,590,725	203,198,025	66,221,364	95,400,218
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>134,590,725</u>	<u>203,198,025</u>	<u>66,221,364</u>	<u>95,400,218</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 MTS FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half year ended December 31, 2022			Half year ended December 31, 2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	------(Rupees)-----			------(Rupees)-----		
Net assets at the beginning of the period (audited)	1,854,170,565	20,878,925	1,875,049,490	5,451,499,319	9,981,780	5,461,481,099
Issuance of 972,283 (2021: 32,857,739) units						
- Capital value (at net asset value per unit at the beginning of the period)	99,075,638	-	99,075,638	3,328,817,538	-	3,328,817,538
- Element of income	6,075,666	-	6,075,666	48,674,367	-	48,674,367
Total proceeds on issuance of units	105,151,304	-	105,151,304	3,377,491,905	-	3,377,491,905
Redemption of 5,235,167 (2021: 47,290,305) units						
- Capital value (at net asset value per unit at the beginning of the period)	(533,463,517)	-	(533,463,517)	(4,790,980,800)	-	(4,790,980,800)
- Element of loss	(2,832,727)	(22,781,494)	(25,614,221)	(28,603,424)	(52,766,896)	(81,370,320)
Total payments on redemption of units	(536,296,245)	(22,781,494)	(559,077,738)	(4,819,584,224)	(52,766,896)	(4,872,351,120)
Total comprehensive income for the period	-	134,590,725	134,590,725	-	203,198,025	203,198,025
Net assets at the end of the period (un-audited)	1,423,025,625	132,688,156	1,555,713,780	4,009,407,000	160,412,909	4,169,819,909
Undistributed income brought forward						
- Realised income		20,891,547			9,742,389	
- Unrealised (loss) / income		(12,622)			239,391	
		<u>20,878,925</u>			<u>9,981,780</u>	
Accounting income available for distribution						
- Relating to capital gains		17,943			1,443,008	
- Excluding capital gains		111,791,288			148,988,121	
		<u>111,809,231</u>			<u>150,431,129</u>	
Undistributed income carried forward		<u><u>132,688,156</u></u>			<u><u>160,412,909</u></u>	
Undistributed income carried forward						
- Realised income		132,682,387			160,078,559	
- Unrealised income		5,769			334,350	
		<u><u>132,688,156</u></u>			<u><u>160,412,909</u></u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			<u>101.90</u>			<u>101.31</u>
Net asset value per unit at the end of the period			<u>110.04</u>			<u>105.63</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 MTS 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 for the period before taxation	134,590,725	203,198,025
Adjustments for:		
Unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.3 (5,769)	(334,350)
Reversal of provision for Sindh Workers' Welfare Fund	-	(10,265,472)
	<u>134,584,956</u>	<u>192,598,203</u>
Decrease / (increase) in assets		
Investments	305,770,037	541,142,939
Prepayments, deposits and other receivables	(1,206,879)	(10,986,191)
Receivable against Margin Trading System (MTS)	201,628,047	612,286,957
	<u>506,191,205</u>	<u>1,142,443,705</u>
(Decrease) / increase in liabilities		
Payable to Faysal Asset Management Limited - Management Company	1,063,162	(14,633,229)
Payable to Central Depository Company of Pakistan Limited - Trustee	(39,760)	(32,163)
Payable to the Securities and Exchange Commission of Pakistan	(682,273)	(260,691)
Accrued expenses and other liabilities	(11,535,254)	(15,259,035)
	<u>(11,194,125)</u>	<u>(30,185,118)</u>
Net cash generated from operating activities	<u>629,582,036</u>	<u>1,304,856,790</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts received against issuance of units	105,151,304	3,656,571,390
Payments made against redemption of units	(559,077,738)	(4,884,844,941)
Dividends paid	-	(19,402,434)
Net cash used in financing activities	<u>(453,926,435)</u>	<u>(1,247,675,985)</u>
Net increase in cash and cash equivalents during the period	<u>175,655,601</u>	<u>57,180,805</u>
Cash and cash equivalents at the beginning of the period	52,404,288	1,992,306,197
Cash and cash equivalents at the end of the period	<u><u>228,059,889</u></u>	<u><u>2,049,487,002</u></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 MTS 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 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.

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 November 30, 2021, the above-mentioned Trust Deed had been registered under the Sindh Trust Act.

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 30, 2022 (2021: 'AM2+' dated 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 'AA-(f)' stability rating to fund as of October 14, 2022 (2021: 'AA-(f)' stability as of October 18, 2021).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

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

	Note	December 31, 2022 (Un-audited) ----- (Rupees)	June 30, 2022 (Audited) -----
4 BALANCES WITH BANKS			
Savings accounts	4.1	<u>128,510,489</u>	<u>52,404,288</u>
4.1		These savings accounts carry mark-up ranging between 10.00% to 16.60% (June 30, 2022: 5.50% and 16.40%) per annum. Deposits in savings accounts also include Rs. 3.138 million (June 30, 2022: Rs. 4.511 million) with Faysal Bank Limited, a related party, and carry mark-up at the rate of 11.00% (June 30, 2022: 7.00%) per annum.	
5 INVESTMENTS			
At fair value through profit or loss			
Government securities - Market Treasury Bills	5.1	99,549,400	99,524,428
Commercial papers	5.2	-	206,239,840
		<u>99,549,400</u>	<u>305,764,268</u>

5.1 Government securities - Market Treasury Bills

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 Commercial Papers

Particulars	Maturity Date	Face value				Balance as at December 31, 2022			Percentage in relation to	
		As at July 01, 2022	Purchased during the period	Sold during the period	As at December 31, 2022	Carrying value	Market value	Unrealised appreciation / (diminution) on re-measurement	Net assets of the Fund	Total market value of investments
		(Rupees)							%	
LEPCL-ICP2 (A1,PACRA)	July 12, 2022	207,000,000	-	207,000,000	-	-	-	-	-	-
Total as at December 31, 2022						-	-	-	-	-
Total as at June 30, 2022						206,239,840	206,239,840	-		

5.3 Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	December 31, 2022	June 30, 2022
		(Un-audited)	(Audited)
		(Rupees)	
Market value of investments	5.1	99,549,400	305,764,268
Less: carrying value of investments	5.1	99,543,631	305,776,890
		<u>5,769</u>	<u>(12,622)</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 68.77% (June 30, 2021: 65.75%) during the period ended December 31, 2022. 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 the SECP. Details for quarterly average exposure percentages are as follows:

For the period ended December 31, 2022	Actual	Required	Excess / (Shortfall)
Quarter 2 - October 1, 2022 to December 31, 2022	69.94%	70.00%	(0.06%)

7	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	December 31, 2022	June 30, 2022
			(Un-audited)	(Audited)
			----- (Rupees)	-----
	Remuneration of the Management Company	7.1	854,904	854,615
	Sindh Sales Tax on remuneration of the Management Company	7.2	111,137	111,100
	Selling and marketing expenses payable	7.3	2,602,045	1,539,209
	Sales load payable		2,216,764	2,216,764
			<u>5,784,850</u>	<u>4,721,688</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, 2022 to September 26, 2022	From September 27, 2022 to December 31, 2022
0.45% of average annual net assets	0.60% of average annual net assets

From July 1, 2021 to August 10, 2021	From August 11, 2021 to September 06, 2021	From September 07, 2021 to November 03, 2021	From November 04, 2021 to December 31, 2021
1% of average annual net assets	0.75% of average annual net assets	0.65% of average annual net assets	0.4% of average annual net assets

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

- 7.2 During the period, an amount of Rs. 0.605 million (December 31, 2021: Rs. 2.166 million) was charged on account of sales tax at the rate of 13% (June 30, 2022: 13%) on management fee levied through the Sindh Sales Tax on Services Act, 2011.
- 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.

The Management Company has charged at the following rates on account of selling and marketing charges during the period ended December 31, 2022 (2021: Nil) :

From July 1, 2022 to September 26, 2022	From September 27, 2022 to October 13, 2022	From October 14, 2022 to November 30, 2022	From December 01, 2022 to December 31, 2022
0.25% of average annual net assets	0.40% of average annual net assets	0.60% of average annual net assets	0.70% of average annual net assets

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	December 31, 2022	June 30, 2022
			(Un-audited)	(Audited)
			----- (Rupees)	-----
	Remuneration of the Trustee	8.1	106,858	142,436
	Sindh Sales Tax payable on remuneration of the Trustee	8.2	<u>14,429</u>	<u>18,611</u>
			<u>121,287</u>	<u>161,047</u>

- 8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at the rate of 0.075% (June 30, 2022: 0.075%) per annum of net assets.
- 8.2 During the period, an amount of Rs. 0.087 million (December 31, 2021: 0.238 million) was charged on account of sales tax at the rate of 13% (June 30, 2022: 13%) on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
Annual fee payable	9.1	<u>176,902</u>	<u>859,175</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 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
Other accrued liabilities		-	239,810
Auditors' remuneration payable		390,639	497,395
Brokerage expenses payable		114,813	-
Settlement charges payable		5,934,698	5,534,623
Printing charges payable		109,119	-
Legal and professional charges payable		143,750	-
Annual listing fee payable		14,584	-
Withholding and capital gain tax payable		2,601,870	14,572,899
Provision for Federal Excise Duty and related		-	-
Sindh Sales Tax on management fee	10.1	<u>66,238</u>	<u>66,238</u>
		<u>9,375,711</u>	<u>20,910,965</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 April 8, 2016 till June 30, 2016 amounting to Rs. 0.0662 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 December 31, 2022 would have been higher by Re. 0.005 (June 30, 2022: Re. 0.0036) per unit.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

11.2 Commitments		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
		----- (Rupees) -----	
Margin Trading System (MTS) transactions entered into by the Fund which have not been settled as at period / year end:			
Purchase transactions		<u>160,003,093</u>	<u>220,083,580</u>
Sale transactions		<u>126,493,862</u>	<u>192,846,734</u>

12 TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund as at December 31, 2022 is 2.01% (December 31, 2021: 1.61%) which includes 0.10% (December 31, 2021: 0.12%) representing government levies on the Fund such as sales taxes, federal excise duties and annual fee payable to the SECP, etc. This ratio is within the maximum prescribed limit of 2.5% under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

	Half year ended December 31,	
	2022	2021
	(Un-audited)	
	----- (Rupees) -----	
13 CASH AND CASH EQUIVALENTS		
Balances with banks	128,510,489	1,558,880,281
Market Treasury Bills - having original maturity of 3 months or less	99,549,400	490,606,721
	<u>228,059,889</u>	<u>2,049,487,002</u>

14 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, 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.

15 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.

16 TRANSACTIONS WITH CONNECTED PERSONS AND 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 at period end.
- 16.2** Transactions with connected persons / related parties essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with 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** Allocated expenses and 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

	Half year ended December 31,	
	2022	2021
	(Un-audited)	
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	4,655,191	16,662,906
Sindh Sales Tax on remuneration of the Management Company	605,175	2,166,178
Selling and marketing expenses	3,766,376	-
Issuance of 310,680 units (2021: 3,402,984 units)	32,948,622	350,473,184
Redemption of 310,680 units (2021: 3,402,984 units)	33,984,167	350,747,275
Faysal Bank Limited - (Group / Associated Company)		
Profit on savings account	440,261	1,297,947
Bank charges	3,299	2,626
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	663,477	1,831,572
Sindh Sales Tax on remuneration of the Trustee	86,694	238,104
Settlement charges	1,153,436	75,000
Faysal Asset Management Limited-Staff Gratuity Fund		
Units issued: 1,857 units (2021: Nil units)	201,535	-
Faysal Asset Management Limited-Staff Provident Fund		
Units issued: 5,472 units (2021: Nil units)	593,864	-
Directors, their close family members and Key Management Personnel of the Management Company		
Issuance of 251 units (2021: 275 units)	26,346	28,236
Redemption of Nil units (2021: 45 units)	-	4,631
Unit holders with more than 10% unit holding		
Issuance of Nil units (2021: 6,873,527 units)	-	700,000,000
Amounts / balances outstanding as at period / year end		
	December 31,	June 30,
	2022	2022
	(Un-audited)	(Audited)
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Remuneration payable to the Management Company	854,904	854,615
Sindh Sales Tax payable on remuneration of the Management Company	111,137	111,100
Selling and marketing expenses payable	2,602,045	1,539,209
Sales load payable	2,216,764	2,216,764
Faysal Bank Limited - (Group / Associated Company)		
Balance in savings account	3,137,544	4,510,990
Profit receivable on savings account	47,302	125,688
Outstanding 1,353 units (June 30, 2022: 1,353 units)	148,884	137,871
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	106,858	142,436
Sindh Sales Tax payable on remuneration of the Trustee	14,429	18,611
Security deposit	100,000	100,000
Faysal Asset Management Limited-Staff Gratuity Fund		
Outstanding 1,857 units (June 30, 2022: Nil units)	204,339	-
Faysal Asset Management Limited-Staff Provident Fund		
Outstanding 5,472 units (June 30, 2022: Nil units)	602,127	-
Directors, their close family members and Key Management Personnel of the Management Company		
Units in issue: 251 units (June 30, 2022: Nil units)	27,620	-
Unit holders with more than 10% unit holding		
Outstanding 3,957,717 units (June 30, 2022: 2,473,573 units)	435,507,148	252,057,084

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

As at December 31, 2022			
Un-audited			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'			
Market Treasury Bills	-	99,549,400	-
Receivable against MTS*	-	1,312,740,454	-
As at June 30, 2022			
Audited			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'			
Market Treasury Bills	-	99,524,428	-
Commercial Papers*	-	206,239,840	-
Receivable against MTS*	-	1,514,368,501	-

* 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.

18 GENERAL

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

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