

Faysal Funds

Financial Sector Opportunity Fund

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



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Faysal Funds

Faysal Financial Sector Opportunity 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

Bank Alfalah Limited

Faysal Bank Limited

United Bank Limited

JS Bank Limited

Habib Bank Limited

Soneri Bank Limited

UMicro Finance Bank Limited

Khushali Bank Limited

Zarai Tarqiati Bank Limited

Allied 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

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.

**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

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TRUSTEE REPORT TO THE UNIT HOLDERS

FAYSAL FINANCIAL SECTOR OPPORTUNITY 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 Financial Sector Opportunity 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 22, 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 Financial Sector Opportunity 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: RR202210068emfsudGcn

**FAYSAL FINANCIAL SECTOR OPPORTUNITY 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	10,097,968,827	3,581,507,206
Investments	5	762,393,528	14,182,012
Deposits, prepayments and other receivables		<u>165,829,112</u>	<u>25,106,623</u>
Total assets		<u>11,026,191,467</u>	<u>3,620,795,841</u>
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	6	17,966,188	1,175,541
Payable to Central Depository Company of Pakistan Limited - Trustee	7	775,638	170,045
Payable to the Securities and Exchange Commission of Pakistan	8	882,857	165,049
Payable against redemption of units		79,989,912	-
Accrued expenses and other liabilities	9	<u>63,352,170</u>	<u>6,014,494</u>
Total liabilities		<u>162,966,765</u>	<u>7,525,129</u>
Net assets		<u><u>10,863,224,702</u></u>	<u><u>3,613,270,712</u></u>
Unit holders' fund (as per the statement attached)		<u><u>10,863,224,702</u></u>	<u><u>3,613,270,712</u></u>
Contingencies and commitments	10		
		----- (Number of units) -----	
Number of units in issue		<u><u>105,272,618</u></u>	<u><u>35,139,578</u></u>
		----- (Rupees) -----	
Net asset value per unit		<u><u>103.19</u></u>	<u><u>102.83</u></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

**FAYSAL FINANCIAL SECTOR OPPORTUNITY 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) -----		----- (Rupees) -----	
Income					
Profit on Term Finance Certificates		1,048,430	794,833	521,854	354,765
Income on Market Treasury Bills		25,648,860	1,096,798	20,925,775	1,039,614
Profit on Pakistan Investment Bonds		-	1,813,318	-	-
Income on commercial papers		-	1,621,376	-	1,165,364
Income from sukus		19,509,589	-	19,509,589	-
Profit on balances with banks		684,773,237	25,788,829	412,892,810	14,772,298
Realised loss on sale of investments - net		(91,219)	(461,976)	(12,150)	(23,640)
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	(64,725)	389,131	(111,885)	276,904
Total income		730,824,172	31,042,309	453,725,993	17,585,305
Expenses					
Remuneration of Faysal Asset Management Limited - Management Company	6.1	16,042,669	1,157,829	10,953,718	605,478
Sindh sales tax on remuneration of the Management Company	6.2	2,085,547	150,518	1,423,984	78,713
Selling and marketing expenses	6.3	18,705,949	-	12,779,150	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	3,310,807	289,457	2,054,035	151,370
Sindh sales tax on remuneration of the Trustee	7.2	430,405	37,629	266,187	19,586
Annual fee to the Securities and Exchange Commission of Pakistan	8.1	882,882	77,102	547,743	40,279
Auditor's remuneration		152,168	280,784	76,084	206,448
Fees and subscription		167,440	160,632	83,720	89,633
Legal and professional charges		39,560	159,559	19,780	-
Transaction charges		178,332	73,593	95,874	3,847
Printing charges		17,112	17,304	8,556	11,048
Bank charges		38,588	3,633	22,053	2,246
Total expenses		42,051,459	2,408,040	28,330,884	1,208,648
Net income from operating activities		688,772,713	28,634,269	425,395,109	16,376,657
Reversal of provision for Sindh Workers' Welfare Fund		-	6,172,924	-	-
Net income for the period before taxation		688,772,713	34,807,193	425,395,109	16,376,657
Taxation	12	-	-	-	-
Net income for the period after taxation		688,772,713	34,807,193	425,395,109	16,376,657
Earnings per unit	13				
Allocation of net income for the period					
Net income for the period after taxation		688,772,713	34,807,193		
Income already paid on units redeemed		(451,838,386)	(13,007,693)		
		<u>236,934,327</u>	<u>21,799,500</u>		
Accounting income available for distribution					
- Relating to capital gains		-	-		
- Excluding capital gains		<u>236,934,327</u>	<u>21,799,500</u>		
		<u>236,934,327</u>	<u>21,799,500</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

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

	Half year ended		Quarter ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	----- (Rupees) -----		----- (Rupees) -----	
Net income for the period after taxation	688,772,713	34,807,193	425,395,109	16,376,657
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>688,772,713</u>	<u>34,807,193</u>	<u>425,395,109</u>	<u>16,376,657</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

**FAYSAL FINANCIAL SECTOR OPPORTUNITY 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 beginning of the period (audited)	3,595,716,303	17,554,409	3,613,270,712	887,051,753	8,650,408	895,702,161
Issuance of 203,924,641 (2021: 16,807,904) units						
- Capital value (at net asset value per unit at beginning of the period)	20,969,570,816	-	20,969,570,816	1,718,272,026	-	1,718,272,026
- Element of income	841,669,602	-	841,669,602	64,887,180	-	64,887,180
Total proceeds on issuance of units	21,811,240,418	-	21,811,240,418	1,783,159,206	-	1,783,159,206
Redemption of 133,791,601 (2021: 20,190,453) units						
- Capital value (at net asset value per unit at beginning of the period)	(13,757,790,346)	-	(13,757,790,346)	(2,064,070,010)	-	(2,064,070,010)
- Element of loss	(289,597,571)	(451,838,386)	(741,435,957)	(60,441,395)	(13,007,693)	(73,449,088)
Total payments on redemption of units	(14,047,387,917)	(451,838,386)	(14,499,226,303)	(2,124,511,405)	(13,007,693)	(2,137,519,098)
Total comprehensive income for the period	-	688,772,713	688,772,713	-	34,807,193	34,807,193
Interim distribution of Rs. 7.9 per unit (date of declaration: December 26, 2022)	(563,877,761)	(186,955,077)	(750,832,838)	-	-	-
Net assets at end of the period (un-audited)	10,795,691,043	67,533,659	10,863,224,702	545,699,554	30,449,908	576,149,462
Undistributed income brought forward						
- Realised income		17,400,745			8,559,260	
- Unrealised income		153,664			91,148	
		<u>17,554,409</u>			<u>8,650,408</u>	
Distributions during the period		(186,955,077)			-	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		236,934,327			21,799,500	
		<u>236,934,327</u>			<u>21,799,500</u>	
Undistributed income carried forward		<u>67,533,659</u>			<u>30,449,908</u>	
Undistributed income carried forward						
- Realised income		67,598,384			30,060,777	
- Unrealised (loss) / income		(64,725)			389,131	
		<u>67,533,659</u>			<u>30,449,908</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			<u>102.83</u>			<u>102.23</u>
Net asset value per unit at the end of the period			<u>103.19</u>			<u>107.11</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

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

		Half year ended December 31,	
		2022	2021
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Net income for the period before taxation		688,772,713	34,807,193
Adjustments for non-cash and other items:			
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	64,725	(389,131)
Reversal of provision for Sindh Workers' Welfare Fund		-	(6,172,924)
		<u>688,837,438</u>	<u>28,245,138</u>
(Increase) / decrease in assets			
Investments		(748,276,241)	91,121,121
Deposits, prepayments and other receivables		(140,722,489)	4,451,658
		<u>(888,998,730)</u>	<u>95,572,779</u>
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		16,790,647	(951,448)
Payable to Central Depository Company of Pakistan Limited - Trustee		605,593	(11,993)
Payable to the Securities and Exchange Commission of Pakistan		717,808	(130,340)
Accrued expenses and other liabilities		57,337,676	(4,992,162)
		<u>75,451,724</u>	<u>(6,085,943)</u>
Net cash (used in) / generated from operating activities		<u>(124,709,568)</u>	<u>117,731,974</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units		21,811,240,418	1,783,159,206
Payments against redemption of units		(14,419,236,391)	(2,180,029,768)
Dividend paid		(750,832,838)	(1,049,206)
Net cash generated from / (cash used) in financing activities		<u>6,641,171,189</u>	<u>(397,919,768)</u>
Net increase / (decrease) in cash and cash equivalents during the period		<u>6,516,461,621</u>	<u>(280,187,794)</u>
Cash and cash equivalents at the beginning of the period		3,581,507,206	776,353,361
Cash and cash equivalents at the end of the period	14	<u><u>10,097,968,827</u></u>	<u><u>496,165,567</u></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

**FAYSAL FINANCIAL SECTOR OPPORTUNITY 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 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 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 the 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.

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 16, 2021 the above-mentioned Trust Deed had been registered under the Sindh Trust Act.

1.2 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.

1.3 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.

1.4 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

1.5 The Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited dated December 30, 2022 (June 30, 2022: '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 Faysal Financial Sector Opportunity Fund dated October 18, 2022 (June 30, 2022: AA-(f) dated April 16, 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 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.

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees) -----	
4	BALANCES WITH BANKS		
	Balance with banks in savings accounts	4.1	<u>10,097,968,827</u> <u>3,581,507,206</u>

- 4.1 These carry mark-up ranging from 10% to 17.45% (June 30, 2022: 7% to 16.40%) per annum. Deposits in savings accounts also include Rs. 18.728 million (June 30, 2022: Rs. 1.122 million) maintained 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		
	At fair value through profit or loss		
	Term Finance Certificates	5.1	12,393,528 14,182,012
	Sukuks certificate	5.2	750,000,000 -
	Government securities - Market Treasury Bills	5.3	- -
		<u>762,393,528</u>	<u>14,182,012</u>

5.1 Term Finance Certificates (TFCs)

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the period	Sold during the period	As at December 31, 2022	Balance as at December 31, 2022			Market value as percentage of	
								Carrying value	Market value	Unrealised appreciation	net assets of the Fund	total investments of the Fund
								(Rupees)			%	
Commercial banks												
The Bank of Punjab - TFC (AA+, PACRA, Traded) (Face value of 99,760 per certificate)	Semi-annually	December 23, 2026	6 months KIBOR plus base rate of 1.00%	90	-	-	90	9,014,314	8,978,400	(35,914)	0.08%	1.18%
Investment banks / investment companies												
Jahangir Siddiqui & Company Limited TFC XI (AA, PACRA, Non-Traded) (Face value of 1,667 per certificate)	Semi-annually	September 6, 2023	6 months KIBOR plus base rate of 1.00%	2,000	-	-	2,000	3,443,939	3,415,128	(28,811)	0.03%	0.45%
Total as at December 31, 2022								12,458,253	12,393,528	(64,725)	0.11%	1.63%
Total as at June 30, 2022								14,028,348	14,182,012	153,664	0.39%	100%

5.2 Sukuk Certificates

Name of the security	Maturity date	Rate of return per annum	As at July 1, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022	Balance as at December 31, 2022			Market value as percentage of		
							Carrying value	Market value	Unrealised appreciation/ (diminution)	Net assets of the Fund	Total market value of the investment	
							(Rupees)			%		
Power generation and distribution												
K-Electric Limited - Short Term Sukuk 11 (A1+, PACRA) Face value of 1,000,000 per certificate	April 26, 2023	6 months KIBOR plus base rate of 1.5%	-	500	-	500	500,000,000	500,000,000	-	4.60%	65.58%	
China Power Generation Company (A1+, PACRA) Face value of 1,000,000 per certificate	April 26, 2023	6 months KIBOR plus base rate of 1.5%	-	250	-	250	250,000,000	250,000,000	-	2.30%	32.79%	
Total as at December 31, 2022								750,000,000	750,000,000	-	6.90%	98.37%
Total as at June 30, 2022								-	-	-	-	-

5.3 Government securities - Market Treasury Bills

Particulars	Issue date	Face value				Balance as at December 31, 2022			Percentage in relation to		
		As at July 01, 2022	Purchased during the period	Sold / matured during the period	As at December 31, 2022	Carrying value	Market value	Unrealised diminution	Net assets of the Fund	Total market value of investment	
		(Rupees)					%				
Market Treasury Bills -3 months	30-Jun-22	-	900,000,000	900,000,000	-	-	-	-	-		
Market Treasury Bills -3 months	28-Jul-22	-	2,450,000,000	2,450,000,000	-	-	-	-	-		
Market Treasury Bills -3 months	11-Aug-22	-	1,200,000,000	1,200,000,000	-	-	-	-	-		
Market Treasury Bills -3 months	16-Jun-22	-	400,000,000	400,000,000	-	-	-	-	-		
Market Treasury Bills -6 months	28-Apr-22	-	605,000,000	605,000,000	-	-	-	-	-		
Market Treasury Bills -6 months	10-Mar-22	-	500,000,000	500,000,000	-	-	-	-	-		
Market Treasury Bills -6 months	21-May-22	-	600,000,000	600,000,000	-	-	-	-	-		
Total as at December 31, 2022								-	-	-	-
Total as at June 30, 2022								-	-	-	-

5.4 Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees) -----			
Market value of investments	5.1, 5.2 & 5.3	762,393,528	14,182,012
Less: carrying value of investments	5.1, 5.2 & 5.3	(762,458,253)	(14,028,348)
		<u>(64,725)</u>	<u>153,664</u>

6 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee payable	6.1	4,560,647	753,132
Sindh Sales Tax payable on remuneration of the Management Company	6.2	592,884	97,907
Selling and marketing expense payable	6.3	12,779,149	-
Sales load payable		33,508	324,502
		<u>17,966,188</u>	<u>1,175,541</u>

- 6.1 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 at the following rates:

From July 1, 2022 to September 26, 2022	From September 27, 2022 to November 30, 2022	From December 1, 2022 to December 31, 2022
0.30% of average annual net assets	0.35% of average annual net assets	0.50% of average annual net assets

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

- 6.2 During the period, an amount of Rs. 2.085 million (December 31, 2021: 0.150 million) was charged on account of Sindh sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 at the rate of 13% (June 30, 2022: 13%).
- 6.3 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 01, 2022 to September 26, 2022	From September 27, 2022 to November 30, 2022	From December 1, 2022 to December 31, 2022
0.35% of average annual net assets	0.4% of average annual net assets	0.6% of average annual net assets

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees) -----			
Remuneration of the Trustee	7.1	684,079	150,482
Sindh sales tax payable on remuneration of the Trustee	7.2	91,559	19,563
		<u>775,638</u>	<u>170,045</u>

- 7.1 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.
- 7.2 During the period, an amount of Rs. 0.432 million (December 31, 2021: Rs. 0.037 million) was charged on account of Sindh sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (June 30, 2022: 13%).

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees) -----			
8	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	882,857	165,049

8.1 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.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees) -----			
9	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Brokerage payable	89,689	92,772
	Auditors' remuneration payable	226,231	264,001
	Fee and subscription payable	296,497	156,557
	Zakat Payable	103,929	103,929
	Withholding tax payable	27,895,114	-
	Capital gain tax payable	31,829,918	4,472,655
	Legal and professional Charges Payable	115,247	75,687
	Printing Charges Payable	83,923	80,181
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	768,712	768,712
	Other Liabilities	1,942,910	-
		<u>63,352,170</u>	<u>6,014,494</u>

9.1 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 0.769 million is being retained in these 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 per unit of the Fund as at December 31, 2022 would have been higher by Re. 0.01 per unit (June 30, 2022: Re. 0.02 per unit).

10 CONTINGENCIES AND COMMITMENTS

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

11 TOTAL EXPENSE RATIO

The annualised Total Expense Ratio (TER) of the Fund as at December 31, 2022 is 0.95% (December 31, 2021: 0.63%) which includes 0.08% (December 31, 2021: 0.08%) 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 2.5% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

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.

	Half year ended	
	December 31,	
	2022	2021
	(Un-audited)	
	----- (Rupees) -----	
14 CASH AND CASH EQUIVALENTS		
Balances with banks	<u>10,097,968,827</u>	<u>496,165,567</u>

15 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 15.1** 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.
- 15.2** 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.
- 15.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 15.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 15.5** Selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 15.6** 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:

	Half year ended December 31,	
	2022	2021
	(Un-audited)	
	----- (Rupees) -----	
Transactions during the period		
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	16,042,669	1,157,829
Sindh sales tax on remuneration of the Management Company	2,085,547	150,518
Selling and marketing expenses	18,705,949	-
Issuance of 9,176,786 units (December 31, 2021: 11,098 units)	965,694,702	1,163,377
Redemption of 8,869,512 units (December 31, 2021: 11,098 units)	930,116,088	1,164,938
Dividend paid	763,304	-

Transactions during the period	Half year ended December 31,	
	2022 (Un-audited) ----- (Rupees) -----	2021
Faysal Bank Limited - Group Company / Associated Company		
Profit on balances with bank	2,071,168	293,081
Directors, their close family members and Key Management Personnel of the Management Company		
Issuance of 98,847 units (December 31, 2021: 2 units)	10,889,193	248
Redemption of 177,632 units (December 31, 2021: 10,414 units)	19,304,845	1,070,923
Dividend paid	39	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	3,310,807	289,457
Sindh sales tax on remuneration of the Trustee	430,405	37,629
CDC Trustee Faysal Savings Growth Fund		
Market treasury bills - purchased	399,672,400	-
Unit holders with more than 10% unit holding		
Issuance of 15,733,871 units (December 31, 2021: 944,465 units)	1,674,948,045	100,000,000
Dividend Paid	53,449,554	-
Amounts / balances outstanding as at period / year end:	December 31, 2022 (Un-audited) ----- (Rupees) -----	June 30, 2022 (Audited) -----
Faysal Asset Management Limited - Management Company		
Remuneration payable to Management Company	4,560,647	753,132
Sindh Sales Tax payable on remuneration of the Management Company	592,884	97,907
Selling and marketing expense payable	12,779,149	-
Sales load payable	33,508	324,502
Outstanding 2,278,001 units (30 June 2022: 1,963,304 units)	235,066,923	201,886,550
Faysal Asset Management Limited - Staff Gratuity Fund		
Outstanding 67,386 units (June 30, 2022: 53,796 units)	6,953,561	5,531,843
Faysal Asset Management Limited - Employees Provident Fund		
Outstanding 94,203 units (June 30, 2022: 62,230 units)	9,720,808	6,399,111
Faysal Bank Limited (Group / Associated Company)		
Balance in savings account	18,728,452	1,122,385
Profit receivable on bank balance	259,436	-
Outstanding: 157,775 units (June 30, 2022: 157,775 units)	16,280,802	16,224,003
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	684,079	150,482
Sindh sales tax payable on remuneration of the Trustee	91,559	19,563
Security deposit	100,000	100,000
Directors, their close family members and Key Management Personnel of the Management Company		
Outstanding: 89,064 units (June 30, 2022: 167,848 units)	9,190,514	17,259,810
Unit holders with more than 10% unit holding		
Outstanding: 16,253,657 units (June 30, 2022: 6,854,143 units)	1,677,214,866	704,811,525

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:

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'			
Term Finance Certificates	12,393,528	-	12,393,528
Sukuks Certificates*	750,000,000	-	750,000,000
	<u>762,393,528</u>	<u>-</u>	<u>762,393,528</u>
As at June 30, 2022 (Audited)			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'			
Term Finance Certificates	14,182,012	-	14,182,012
Sukuks Certificates*	-	-	-
	<u>14,182,012</u>	<u>-</u>	<u>14,182,012</u>

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

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

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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