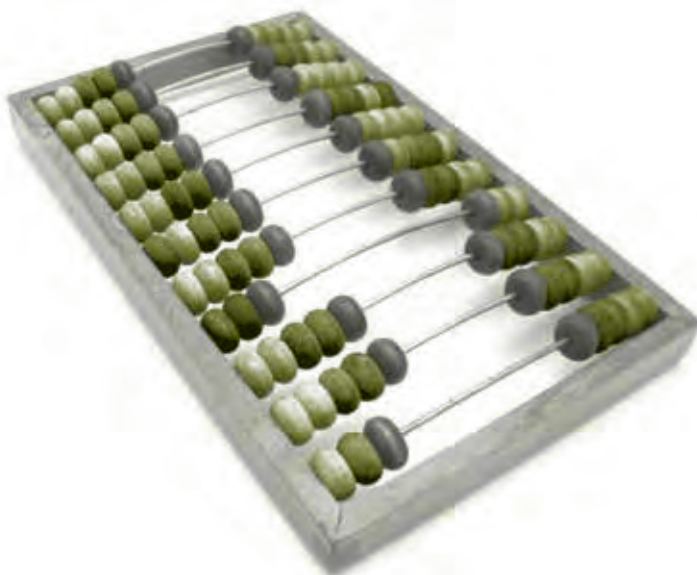


Faysal Financial Sector Opportunity Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Trustee Report to the Unit Holders	08
Independent Auditor's Report to the Unit Holders	09
Statement of Assets and Liabilities	12
Income Statement	13
Statement of Comprehensive Income	14
Statement of Movement in Unit Holders' Fund	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Supplementary Non Financial Information	36

FUND INFORMATION

Management Company

Faysal Asset Management Limited.

Board of Directors

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Vice Chairman
Mr. Mian Salman Ali, Director
Mrs. Samia Zuberi, Director
Mr. Ali Waqar, Director
Mr. Nadir Rahman, Chief Executive Officer
Mr. Ehsan Zafar Puri, Director

Chief Financial Officer & Company Secretary

Mr. Salman Muslim

Audit Committee

Mrs. Samia Zuberi, Chair Person
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member

HR Committee

Mrs. Samia Zuberi, Chair Person
Mr. Yousaf Hussain, Member
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Risk Committee

Mr. Mian Salman Ali, Chairman
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Board Strategy Committee

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member
Mr. Ehsan Zafar Puri, Member

Trustee to the Fund

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

Auditors

A.F Ferguson & Co. Chartered Accountants

Legal Advisor

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

Registrar

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

Bankers to the Fund

Faysal Bank Limited
Bank Al-Falah Limited
Habib bank Limited
JS Bank Limited
Allied Bank Limited
Soneri Bank Limited
HBL Microfinance Bank limited
U- Microfinance Bank limited
Khushhali Bank Limited
Zarai Taraqiati Bank Limited
United 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 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.

FUND MANAGER'S REPORT

ECONOMIC REVIEW

In 3QFY24, Pakistan's GDP experienced an YoY growth of 2.09%, with a marginal QoQ increase of 0.12%. The Services sector remained flat at 0.83%, offsetting gains in the Industrial and Agriculture sectors, which saw advances of 3.84% and 3.94%, respectively. Albeit Large-Scale Manufacturing Index growth was trivial at 1.47%, improvements in the small-scale sector supported overall industrial growth. Looking ahead, the country's growth rate is likely to be lower than anticipated in the 1HFY25, before gaining momentum in the 2HFY25 due to projected interest rate cuts that could stimulate industrial growth.

Pakistan's external account continued to exhibit improvement, with the Current Account Deficit (CAD) clocking in at ~USD 665mn during FY24, down from ~USD 3.3bn in SPLY. This steep reduction is primarily due to a 12% YoY increase in exports, reaching ~USD 31bn, and an 11% YoY rise in remittances, totaling ~USD 30.2bn. On a QoQ basis, the CAD was ~USD 0.07bn, supported by increased exports and remittances. The trade deficit also improved, decreasing by roughly 11% to USD 22bn in FY24 from USD 24.8bn in the SPLY, attributed to rising exports and declining imports.

The PKR appreciated by ~2.62% since Jun-23, closing 4QFY24 at PKR 278.34 against the USD. Foreign exchange reserves rose by about 10% QoQ to USD 14 bn, driven by strong inflows and roll-overs, including support from the IMF, GCC countries, and FDIs predominantly from China. The FX Reserves improved significantly from USD 9.1bn at the end of June 2023, enhancing the imports cover to above 1.5 months.

The average inflation clocked in at ~24% in FY24, down from ~29.4% in FY23. However, Core inflation rose to about 18.9% in FY24 from 17.8% in the SPLY. However, on QoQ basis, it dropped from 18.1% in 3QFY24 to 14.6% in 4QFY24. Despite higher fuel, power, and food inflation, the appreciation of the PKR and lower international commodity prices helped moderate inflation.

The Federal Board of Revenue (FBR) collected ~PKR 9,285bn in taxes during FY24, surpassing the target of PKR 9,252bn, and marking a 29% YoY increase from PKR 7,167bn in the SPLY. This growth was mainly on account of increased direct taxes and Petroleum Development Levy (PDL), while tax collection on imports remained subdued due to import compression.

Looking forward, the economic outlook for the upcoming quarters is optimistic, bolstered by the IMF program and anticipated rate cuts (a cumulative 250 bps in the last two Monetary Policy Committee meetings). The potential economic rebound FY25, a downward trend in inflation, and PKR stability are key factors supporting this outlook.

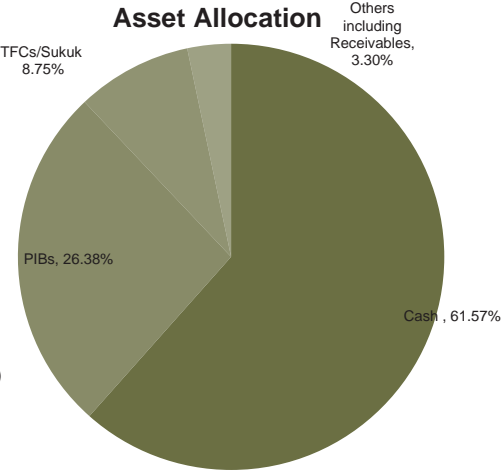
MONEY MARKET REVIEW

For the majority of FY24, the SBP kept the policy rate steady at 22%. However, following a decline in CPI readings, the SBP revised down the policy rate by 150 basis points to 20.5%. During the year, SBP held 26 T-Bill and 10 PIB auctions raising a total of ~PKR 21.3tn through T-Bills and ~PKR 4.5tn through the PIB auctions. During the year, the yields depicted volatility, inching upwards and peaking in Sept'24, before gradually declining thereon. In the first T-bill auction of FY24, the State Bank of Pakistan raised ~PKR 597bn, with weighted average yields realized in the 3M / 6M / 12M tenors clocking in at ~22.75% / 22.96% / 22.99%, respectively. However, in the last auction of FY24 held in June'24, SBP held, the weighted average yields realized in the 3M / 6M / 12M fell to ~20.01% / 19.94% / 18.49%, respectively. The decline in yields since Sept'23 followed expectations of interest rate cuts, which materialized in June'24. A similar trend was witnessed during FY24 in the Islamic Money Market / Sukuk yields.

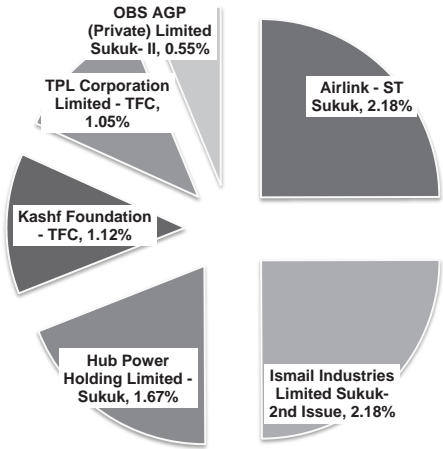
Fund Information	
Fund Type	Open Ended
Category	Income scheme
Stability Rating	A+(f) (PACRA) April 19 ,2024
Risk Profile/ Risk of Principal Erosion	Moderate
Launch Date	July 5, 2013
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee*	Up to 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1.00%)
Selling and Marketing Expense	0.51%
Front end Load	Up to 2% of NAV
Back end Load	Nil
Min Subscription	PKR. 5,000
Benchmark	Six months KIBOR rates
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	103.91
Net Assets(PKR mn)	8,952
Total Expense Ratio (Annualized)	1.98%
Total Expense Ratio (Annualized)	2.26%

Fund Returns (% p.a)		
	FY24	FY23
YTD	23.31%	18.68%
Benchmark (YTD)	21.88%	18.33%

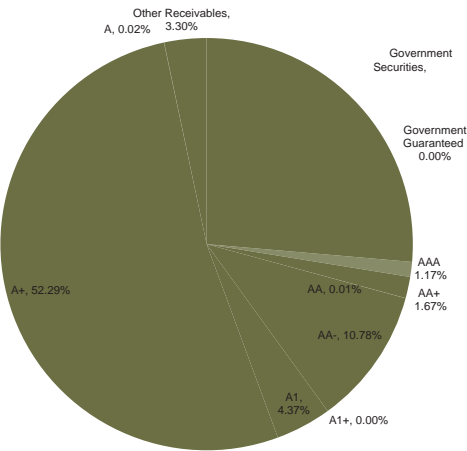
Asset Allocation



Top Portfolio Holdings (% of Total Assets)



Asset Quality (as % of total Assets)



FUND PERFORMANCE

Faysal Financial Sector Opportunity Fund (FFSOF) yielded an annualized return of 23.31% FY24, relative to its benchmark of 21.88%. By the end of the period, the fund manager-maintained liquidity in Cash (61.57%), PIBs (26.38%), TFCs/Sukuk (8.75%), and Others (3.30%). We anticipate returns will remain competitive.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office:**

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

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL FINANCIAL SECTOR OPPORTUNITY FUND****Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V 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), would like to draw the attention of the unit holders towards the fact that Faysal Asset Management Limited (Management Company) due to its conversion from Conventional to Shariah Compliant Asset Management Company did not intend to operate this conventional Fund and therefore Management Company will either transfer the management rights or wind up this Fund.

However, during the year ended June 30, 2024, the Management Company has materially managed the Fund 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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: September 26, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Faysal Financial Sector Opportunity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Faysal Financial Sector Opportunity Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the financial statements)	
	Balances with banks and investments constitute the most significant component of the net asset value. Balances with banks of the Fund as at June 30, 2024 amounted to Rs. 5,636.18 million and investments aggregated to Rs. 3,215.64 million.	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.
	The existence of balances with banks and existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	

Affix

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>

• KARACHI • LAHORE • ISLAMABAD



A•F•FERGUSON&CO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



A.F. FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Dated: September 27, 2024
Karachi
UDIN: AR202410068KUzbZRhoT

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Assets			
Balances with banks	4	5,636,181,462	10,184,145,179
Investments	5	3,215,638,300	701,677,983
Receivable against sale of units		5,742	246,000,000
Advances, deposits and other receivables	6	302,428,781	246,741,033
Total assets		<u>9,154,254,285</u>	<u>11,378,564,195</u>
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	7	58,203,105	27,384,029
Payable to Central Depository Company of Pakistan Limited - Trustee	8	844,385	836,139
Payable to the Securities and Exchange Commission of Pakistan	9	746,975	2,146,435
Accrued expenses and other liabilities	10	92,816,624	48,935,363
Payable against the redemption of units		49,619,389	-
Total liabilities		<u>202,230,478</u>	<u>79,301,966</u>
Net assets		<u>8,952,023,807</u>	<u>11,299,262,229</u>
Unit holders' fund (as per statement attached)		<u>8,952,023,807</u>	<u>11,299,262,229</u>
Contingencies and commitments	11		
Number of units in issue			
		<u>86,153,428</u>	<u>109,190,972</u>
Net asset value per unit			
		<u>103.91</u>	<u>103.48</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer_____
Chief Executive Officer_____
Director

INCOME STATEMENT

For The Year Ended June 30, 2024

	Note	2024	2023
		(Rupees)	
Income			
Profit on balances with banks		2,949,102,638	1,863,962,119
Interest on term finance certificates		18,211,155	1,565,418
Profit on sukuk certificates		115,746,184	83,327,288
Income on Market treasury bills		6,514,798	43,137,168
Interest on Pakistan investment bonds		110,497,829	26,305,725
Profit on GoP ijarah sukuk certificates		213,350,246	956,001
Realised gain / (loss) on sale of investments - net		7,881,225	(170,190)
		3,421,304,075	2,019,083,529
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.6	3,393,909	(44,100)
Total income		3,424,697,984	2,019,039,429
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	7.1	109,495,905	50,595,723
Sindh sales tax on remuneration of the Management Company	7.2	14,234,468	6,577,444
Allocated expenses	7.3	57,649,690	2,104,775
Selling and marketing expenses	7.4	87,981,856	55,510,822
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	11,208,581	8,043,114
Sindh sales tax on remuneration of the Trustee	8.2	1,457,116	1,045,605
Fees to the Securities and Exchange Commission of Pakistan	9.1	11,208,581	2,148,039
Brokerage expenses		1,162,312	541,048
Bank charges		29,240	68,778
Auditors' remuneration	12	729,622	432,347
Legal and professional charges		188,562	143,253
Fees and subscription		340,980	334,298
Printing charges		9,882	27,813
Total operating expenses		295,696,795	127,573,059
Net income for the year before taxation		3,129,001,189	1,891,466,370
Taxation	13	-	-
Net income for the year after taxation		3,129,001,189	1,891,466,370
Earnings per unit	14		
Allocation of net income for the year			
Net income for the year after taxation		3,129,001,189	1,891,466,370
Income already paid on units redeemed		(1,252,490,478)	(1,047,381,921)
		1,876,510,711	844,084,449
Accounting income available for distribution			
- Relating to capital gains		11,275,134	-
- Excluding capital gains		1,865,235,577	844,084,449
		1,876,510,711	844,084,449

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2024

	2024	2023
	----- (Rupees) -----	
Net income for the year after taxation	3,129,001,189	1,891,466,370
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>3,129,001,189</u>	<u>1,891,466,370</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For The Year Ended June 30, 2024

	2024			2023		
	Capital value	Undistributed Income	Total	Capital value	Undistributed Income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	11,179,658,286	119,603,943	11,299,262,229	3,595,716,303	17,554,409	3,613,270,712
Issuance of 545,339,884 units (2023: 529,636,812 units)						
- Capital value (at net asset value per unit at the beginning of the year)	56,431,771,196	-	56,431,771,196	54,462,553,378	-	54,462,553,378
- Element of income	1,545,373,667	-	1,545,373,667	1,566,073,766	-	1,566,073,766
Total proceeds on issuance of units	57,977,144,863	-	57,977,144,863	56,028,627,144	-	56,028,627,144
Redemption of 568,377,428 units (2023: 455,585,418 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(58,815,696,249)	-	(58,815,696,249)	(46,847,848,533)	-	(46,847,848,533)
- Element of loss	(355,770,558)	(1,252,490,478)	(1,608,261,036)	(541,500,145)	(1,047,381,921)	(1,588,882,066)
Total payments on redemption of units	(59,171,466,807)	(1,252,490,478)	(60,423,957,285)	(47,389,348,678)	(1,047,381,921)	(48,436,730,599)
Total comprehensive income for the year	-	3,129,001,189	3,129,001,189	-	1,891,466,370	1,891,466,370
Interim cash distribution for the year ended June 30, 2024 @ Rs. 3.3 per unit (declared on October 19, 2023) (2023: Rs. 7.9 per unit declared on December 26, 2022)	(134,357,724)	(229,254,898)	(363,612,622)	(563,877,761)	(186,955,077)	(750,832,838)
Interim cash distribution for the year ended June 30, 2024 @ Rs. 3.61 per unit (declared on October 19, 2023) (2023: Rs. 2.2 per unit declared on February 09, 2023)	(128,634,457)	(230,098,987)	(358,733,444)	-	-	-
Interim cash distribution for the year ended June 30, 2024 @ Rs. 3.45 per unit (declared on December 12, 2023) (2023: Rs. 2.84 per unit declared on April 05, 2023)	(205,931,428)	(277,213,989)	(483,145,417)	(122,913,452)	(124,097,674)	(247,011,126)
Interim cash distribution for the year ended June 30, 2024 @ Rs. 6.16 per unit (declared on March 22, 2024)	(542,243,619)	(564,462,961)	(1,106,706,580)	-	-	-
Interim cash distribution for the year ended June 30, 2024 @ Rs. 3.97 per unit (declared on May 31, 2024)	(169,335,700)	(409,735,209)	(579,070,909)	-	-	-
Final cash distribution for the year ended June 30, 2024 @ Rs. 1.25 per unit (declared on June 24, 2024) (2023: Rs. 4.48 per unit declared on June 26, 2023)	(24,437,743)	(113,720,474)	(138,158,217)	-	-	-
Net income for the year less distribution	(1,204,940,671)	1,304,514,671	99,574,000	(218,831,228)	(200,422,611)	(419,253,839)
Net assets at the end of the year	8,780,395,671	171,628,136	8,952,023,807	11,179,658,286	119,603,943	11,299,262,229
Undistributed income brought forward						
- Realised income		119,648,043			17,400,745	
- Unrealised (loss) / income		(44,100)			153,664	
		119,603,943			17,554,409	
Distributions during the year		(1,824,486,518)			(742,034,915)	
Accounting income available for distribution						
- Relating to capital gains		11,275,134			-	
- Excluding capital gains		1,865,235,577			844,084,449	
		1,876,510,711			844,084,449	
Undistributed income carried forward		171,628,136			119,603,943	
Undistributed income carried forward						
- Realised income		168,234,227			119,648,043	
- Unrealised income / (loss)		3,393,909			(44,100)	
		171,628,136			119,603,943	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		103.48			102.83	
Net asset value per unit at the end of the year		103.91			103.48	

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

For The Year Ended June 30, 2024

	Note	2024 ----- (Rupees) -----	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		3,129,001,189	1,891,466,370
Adjustments for:			
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.6	(3,393,909)	44,100
Increase in assets			
Investments - net		(2,510,566,408)	(687,540,071)
Advances, deposits and other receivables		(55,687,748)	(221,634,410)
		(2,566,254,156)	(909,174,481)
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		30,819,076	26,208,488
Payable to Central Depository Company of Pakistan Limited - Trustee		8,246	666,094
Payable to the Securities and Exchange Commission of Pakistan		(1,399,460)	1,981,386
Accrued expenses and other liabilities		43,881,261	42,920,869
		73,309,123	71,776,837
Net cash generated from operating activities		<u>632,662,247</u>	<u>1,054,112,826</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		57,018,198,450	55,782,627,144
Payments made against redemption and conversion of units		(60,374,337,896)	(48,436,730,599)
Dividend paid		(1,824,486,518)	(1,797,371,398)
Net cash (used in) / generated from financing activities		<u>(5,180,625,964)</u>	<u>5,548,525,147</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(4,547,963,717)</u>	<u>6,602,637,973</u>
Cash and cash equivalents at beginning of the year		10,184,145,179	3,581,507,206
Cash and cash equivalents at end of the year	4	<u><u>5,636,181,462</u></u>	<u><u>10,184,145,179</u></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024****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.
- 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 Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited dated December 29, 2023 (2023: 'AM2++' dated December 30, 2022). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. Moreover, Pakistan Credit Rating Agency Limited (PACRA) had assigned a "A+(f)" rating to Faysal Financial Sector Opportunity Fund as of April 19, 2024 (2023: AA-(f) dated April 17, 2023).
- 1.5** 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.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Accounting Standards) 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
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where 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 differ from the requirements of IFRS Accounting Standards, 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 have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

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, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and hence, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

2

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Fund's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as 'at fair value through profit or loss' and are measured at fair values.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

3.1 Cash and cash equivalents

These comprise balances with banks in savings, current accounts and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets**3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

3

3.2.2 Classification and subsequent measurement**3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified :

- at amortised cost
- fair value through other comprehensive income "(FVOCI)"
- fair value through profit or loss "(FVPL)"

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment (other than debt securities)

The fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's Circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities**3.3.1 Classification and subsequent measurement**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

4

3.3.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as at the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company / distributors receive redemption applications during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on sukuk certificates, government securities and term finance certificates is recognised on a time proportionate basis using the effective yield method; and
- Profit on balances with banks is recognised on an accrual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

5

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.12 Taxation**Current**

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

3.13 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year after taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 14.

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
4 BALANCES WITH BANKS			
In savings accounts	4.1	<u>5,636,181,462</u>	<u>10,184,145,179</u>
4.1	These include a balance of Rs. 2.227 million (2023: Rs. 31.055 million) maintained with Faysal Bank Limited (a related party) that carries profit at the rate of 20.00% (2023: 11.00%) per annum. Other savings accounts of the Fund carry profit rates ranging from 10.00% to 22.50% (2023: 12.50% to 23.00%) per annum.		
5 INVESTMENTS	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
At fair value through profit or loss			
Term finance certificates	5.1	198,213,300	1,677,983
Sukuk certificates	5.2	602,925,000	700,000,000
Government securities - Pakistan Investment Bonds	5.3	2,414,500,000	-
Government securities - Market Treasury Bills	5.4	-	-
GoP Ijara sukuk certificates	5.5	-	-
		<u>3,215,638,300</u>	<u>701,677,983</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

5.1 Term finance certificates

Name of the security	Interest payments / principal redemptions	Face value per certificate (Rupees)	Issue date	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Market value as percentage of	
						(Number of certificates)			(Rupees)			net assets of the Fund	total market value of investment	
														%
Financial Services Company														
Kashf Foundation - TFC (AAA, PACRA, non-traded)	Quarterly	100,000	December 08, 2023	December 08, 2026	3 months KIBOR plus base rate of 1.50 %	-	1,000	-	1,000	100,000,000	102,143,300	2,143,300	0.01	0.03
Investment Companies														
Jahangir Siddique and Company Limited TFC XI (AA+, PACRA, non-traded)	Semi-annually	2,500	September 6, 2018	September 6, 2023	6 months KIBOR plus base rate of 1.40%	2,000	-	2,000	-	-	-	-	-	-
TPL Corporation Limited (AA-, PACRA, traded)	Quarterly	100,000	June 28, 2022	June 27, 2027	3 months KIBOR plus base rate of 2.50%	-	1,000	-	1,000	94,171,991	96,070,000	1,898,009	0.01	0.03
Total as at June 30, 2024										194,171,991	198,213,300	4,041,309		
Total as at June 30, 2023										1,722,083	1,677,983	(44,100)		

5.2 Sukuk certificates

Name of the security	Profit payments / principal redemptions	Face value per certificate (Rupees)	Issue date	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution as at June 30, 2024	Market value as percentage of	
						(Number of certificates)			(Rupees)			net assets of the Fund	total market value of investment	
						%								
Power Generation & Distribution														
K-Electric Short Term Sukuk Certificate - XVI (A+, PACRA)	Semi-annually	1,000,000	April 11, 2023	October 11, 2023	6 months KIBOR + 0.30%	500	-	500	-	-	-	-	-	-
K-Electric - Short Term Sukuk Certificate - XVII (A+, VIS)	Semi-annually	1,000,000	May 18, 2023	November 18, 2023	6 months KIBOR + 0.45%	-	200	200	-	-	-	-	-	-
Miscellaneous														
ABHI (Private) Limited - Short Term Sukuk I (A+, PACRA)	Semi-annually	1,000,000	May 11, 2023	November 13, 2023	6 months KIBOR + base rate of 2.75%	200	200	400	-	-	-	-	-	-
Ismail Industries Limited - Short Term Sukuk (A+, PACRA)	Monthly	1,000,000	June 10, 2024	December 10, 2024	1 month KIBOR + base rate of 0.15%	-	200	-	200	200,000,000	200,000,000	-	0.02	0.06
Airlink Communication Limited - Short Term Sukuk I (A+ PACRA)	Semi-annually	1,000,000	March 18, 2024	September 24, 2024	6 months KIBOR + base rate of 1.75%	-	200	-	200	200,000,000	200,000,000	-	0.02	0.06
Hub Power Holdings Limited - Sukuk (AA+, PACRA)	Semi-annually	75,000	November 12, 2020	November 12, 2025	6 months KIBOR + base rate of 2.50%	-	2,000	-	2,000	153,702,400	152,925,000	(777,400)	0.02	0.05
OBS AGP (Private) Limited - Sukuk (A+, VIS)	Quarterly	1,000,000	November 29, 2023	November 29, 2030	3 months KIBOR + 1.6%	-	50	-	50	50,000,000	50,000,000	-	0.01	0.02
Total as at June 30, 2024										603,702,400	602,925,000	(777,400)		
Total as at June 30, 2023										700,000,000	700,000,000	-		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

5.3 Government securities - Pakistan Investment Bonds

Name of the security	Interest payments / principal redemptions	Face value per bond (Rupees)	Issue date	Maturity date	Yield	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (depreciation) as at June 30, 2024	Percentage in relation to	
						As at July 1, 2023	Purchased during the year	Sold during the year	As at June 30, 2024				net assets of the Fund	total investments of the Fund
						(Rupees)								
Pakistan Investment Bonds - 5 years	Semi-annually / At maturity	100,000	September 21, 2023	September 21, 2028	25.49%	-	3,500,000,000	3,500,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	Semi-annually / At maturity	100,000	October 19, 2023	October 19, 2028	24.22%	-	750,000,000	750,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	Semi-annually / At maturity	100,000	April 18, 2024	April 18, 2029	22.47%	-	3,810,000,000	1,310,000,000	2,500,000,000	2,414,370,000	2,414,500,000	130,000	0.27	0.75
Total as at June 30, 2024										2,414,370,000	2,414,500,000	130,000		
Total as at June 30, 2023										-	-	-		

5.4 Government securities - Market Treasury Bills

Name of the security	Principal redemptions	Issue date	Maturity date	Yield	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market value as percentage of		
					As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024				net assets of the Fund	total investments of the Fund	
					(Rupees)							%		
Treasury Bill - 3 months	At maturity	March 7, 2024	May 30, 2024	21.30%	-	500,000,000	500,000,000	-	-	-	-	-	-	
Treasury Bill - 3 months	At maturity	May 2, 2024	July 25, 2024	21.66%	-	500,000,000	500,000,000	-	-	-	-	-	-	
Treasury Bill - 6 months	At maturity	November 2, 2023	May 2, 2024	22.10%	-	65,000,000	65,000,000	-	-	-	-	-	-	
Treasury Bill - 12 months	At maturity	May 4, 2023	May 2, 2024	22.10%	-	345,000,000	345,000,000	-	-	-	-	-	-	
Treasury Bill - 12 months	At maturity	October 19, 2023	October 17, 2024	22.07%	-	500,000,000	500,000,000	-	-	-	-	-	-	
Treasury Bill -12 months	At maturity	January 11, 2024	January 9, 2025	20.79%	-	250,000,000	250,000,000	-	-	-	-	-	-	
Total as at June 30, 2024											-	-	-	-
Total as at June 30, 2023											-	-	-	-

5.5 GoP Ijarah sukuk certificates

Name of the security	Profit payments / principal redemptions	Face value per certificate (Rupees)	Issue date	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to	
						Number of certificates				(Rupees)			net assets of the Fund	total investments of the Fund
													%	
GoP Ijarah Sukuk Certificates GIS (VRR) - XXX	Semi-annually / At maturity	100,000	April 17, 2023	April 17, 2024	Weighted average 6 months T-Bills	-	5,000	5,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates GIS (VRR) - XLV	Semi-annually / At maturity	100,000	October 09, 2023	October 09, 2024	Weighted average 6 months T-Bills	-	14,150	14,150	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates GIS (VRR) - XLVII	Semi-annually / At maturity	100,000	December 4, 2023	December 4, 2024	Weighted average 6 months T-Bills	-	250	250	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates GIS (VRR) - XLVIII	Semi-annually / At maturity	100,000	December 4, 2023	December 4, 2026	Weighted average 6 months T-Bills	-	36,750	36,750	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates GIS (VRR) - XLIX	Semi-annually / At maturity	100,000	December 4, 2023	December 4, 2028	Weighted average 6 months T-Bills	-	16,000	16,000	-	-	-	-	-	-
Total as at June 30, 2024										-		-	-	-
Total as at June 30, 2023										-		-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

5.6	Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	2024	2023
			Rupees	
	Market value of investments	5.1, 5.2 & 5.3	3,215,638,300	701,677,983
	Less: Carrying value of investments	5.1, 5.2 & 5.3	(3,212,244,391)	(701,722,083)
			<u>3,393,909</u>	<u>(44,100)</u>
6	ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
	Security deposits			
	National Clearing Company of Pakistan Limited		2,500,000	2,500,000
	Central Depository Company of Pakistan Limited		100,000	100,000
			<u>2,600,000</u>	<u>2,600,000</u>
	Profit / interest receivable on:			
	Pakistan investment bonds		107,681,626	-
	Term finance certificates		4,858,915	118,090
	Sukuk certificates		24,299,611	31,741,397
	Balances with banks		157,331,625	207,110,453
			<u>294,171,777</u>	<u>238,969,940</u>
	Advance tax	6.1	5,171,093	5,171,093
	Other receivable		485,911	-
			<u>302,428,781</u>	<u>246,741,033</u>
6.1	As per clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on debt paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL-II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholding. The tax withheld on profit on bank deposits and profit on debt securities amounts to Rs. 5.171 million (2023: Rs. 5.171 million).			
	For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on savings accounts and sukuk certificates has been shown as advance tax under assets as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.			
7	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			(Rupees)	
	Management fee payable	7.1	9,963,315	5,919,570
	Sindh sales tax payable on remuneration of the Management Company	7.2	1,295,231	769,544
	Allocated expenses payable	7.3	6,037,667	2,104,775
	Selling and marketing expenses payable	7.4	40,874,466	18,056,122
	Sales load payable		32,426	534,018
			<u>58,203,105</u>	<u>27,384,029</u>
7.1	As per Regulation 61 of the NBFC Regulations, 2008, 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 maximum rate of 1% (2023: 0.60%) of the average net assets of the Fund and at the minimum rate of 0.50% (2023: 0.30%) of the average net assets of the Fund during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.			
7.2	During the year, an amount of Rs. 14.234 million (2023: Rs 6.577 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh sales tax on Services Act, 2011 at the rate of 13% (2023: 13%).			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

9

- 7.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its discretion has charged its expenses at the maximum rate of 0.5% (2023: 0.32%) of the average net assets of the Fund and at the minimum rate of 0.25% (2023: 0.07%) of the average net assets of the Fund during the year ended June 30, 2024.

- 7.4** In accordance with Circular 11 dated July 5, 2019, issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the maximum rate of 0.95% (2023: 0.6%) per annum of the average annual net assets of the Fund and a minimum rate of 0.45% (2023: 0.35%) per annum of the average annual net assets of the Fund during the year ended June 30, 2024 while keeping in view the overall return and total expense ratio limit of the Fund as defined under the NBFC Regulations, subject to total expense charged being lower than actual expense incurred.

- 7.5** During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses and accounting & operational charges to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Board of Directors of the Management Company has responded to the observations highlighted by the SECP and the management is engaged with SECP in this regard. Accordingly, the impact of the SECP's observations on the financial statements, if any, is not determinable as at the reporting date.

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
	Remuneration of the Trustee	8.1	747,243	739,946
	Sindh sales tax on remuneration of the Trustee	8.2	97,142	96,193
			<u>844,385</u>	<u>836,139</u>

- 8.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2023: 0.075%) per annum of the average annual net assets of the Fund.

- 8.2** During the year, an amount of Rs. 1.457 million (2023: Rs. 1.046 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh sales tax on Services Act, 2011 at the rate of 13% (2023: 13%).

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
	Fee payable	9.1	746,975	2,146,435

- 9.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of fee to 0.075% (2023: 0.02%) per annum of the daily net assets of the Fund.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
	Brokerage payable		401,411	186,409
	Auditors' remuneration payable		470,960	328,210
	Fees and subscription payable		161,492	158,254
	Zakat payable		103,929	103,929
	Withholding tax payable		71,873,301	437,550
	Capital gain tax payable		10,428,932	46,567,949
	Legal and professional charges payable		307,991	218,940
	Printing charges payable		85,968	94,087
	Dividend payable		8,213,928	-
	Provision for Federal Excise Duty and related			
	sindh sales tax on management fee and sales load	10.1	768,712	768,712
	Other liabilities		-	71,323
			<u>92,816,624</u>	<u>48,935,363</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

10

- 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 and sales load were 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 Honourable 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 (2023: 0.769 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2024 would have been higher by Rs 0.01 (2023: Rs 0.01) per unit.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

12 AUDITORS' REMUNERATION	2024	2023
	----- (Rupees) -----	
Audit fee	385,000	190,000
Half yearly review of condensed interim financial statements	165,000	55,000
Fee for other certifications	92,576	95,000
Out of pocket expenses	33,000	60,322
	<u>675,576</u>	<u>400,322</u>
Sindh sales tax	54,046	32,025
	<u>729,622</u>	<u>432,347</u>

13 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above no provision for taxation has been made in these financial statements during the year.

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

14 EARNINGS PER UNIT

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

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 1.98% (2023: 1.19%) which includes 0.18% (2023: 0.09%) representing government levies on the Fund such as sales taxes and fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 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 being 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 any person or company beneficially owning directly or indirectly 10% or more of the net assets of the Fund.
- 16.2** Transactions with connected persons 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 2008 and the Trust Deed.
- 16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations 2008 and 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 year and balances with them as at year end are as follows:

Transactions during the year	2024	2023
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	109,495,905	50,595,723
Sindh sales tax on remuneration of the Management Company	14,234,468	6,577,444
Allocated expenses	57,649,690	2,104,775
Selling and marketing expenses	87,981,856	55,510,822
Issuance of 10,977 units (2023: 9,190,785 units)	1,167,672	966,381,959
Redemption of 10,968 units (2023: 11,154,089 units)	1,138,348	1,166,220,881
Dividend paid	35,181	763,304
Faysal Asset Management Limited - Staff Gratuity Fund		
Issuance of 308,081 units (2023: 289,494 units)	32,850,943	30,965,785
Redemption of 381,859 units (2023: 269,512 units)	27,955,691	28,877,382
Dividend paid	-	5,698
Faysal Asset Management Limited - Employees Provident Fund		
Issuance of 364,316 units (2023: 417,676 units)	38,863,477	44,680,245
Redemption of 467,456 units (2023: 376,766 units)	35,664,992	40,369,342
Dividend paid	-	7,965
Faysal Bank Limited - Group company		
Redemption of Nil units (2023: 157,775 units)	-	16,400,750
Profit on balances with bank	7,522,706	4,205,448
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	11,208,581	8,043,114
Sindh sales tax on remuneration of the Trustee	1,457,116	1,045,605
Directors, their close family members and key management personnel of the Management Company		
Issuance of 275,419 units (2023: 148,568 units)	28,856,363	15,878,693
Redemption of 318,903 units (2023: 314,929 units)	33,925,498	33,602,129
Dividend paid	209,867	174,225

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

Transactions during the year	2024	2023
	----- (Rupees) -----	
Unit holders holding 10% or more units		
Issuance of 79,630,067 units (2023: 46,071,159 units)	8,404,012,328	4,669,685,387
Redemption of 63,808,826 units (2023: 25,399,499 units)	6,743,104,434	2,682,763,725
Dividend paid	396,585,498	213,534,529
Amounts / balances outstanding as at year end	2024	2023
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Management fee payable	9,963,315	5,919,570
Sindh sales tax payable on remuneration of the Management Company	1,295,231	769,544
Allocated expenses payable	6,037,667	2,104,775
Selling and marketing expenses payable	40,874,466	18,056,122
Sales load payable	32,426	534,018
Outstanding 9 units (2023: Nil units)	935	-
Faysal Asset Management Limited - Staff Gratuity Fund		
Outstanding Nil units (2023: 73,778 units)	-	7,634,547
Faysal Asset Management Limited - Employees Provident Fund		
Outstanding Nil units (2023: 103,140 units)	-	10,672,927
Faysal Bank Limited - Group company		
Balances with bank	2,226,708	31,055,202
Profit receivable on bank balances	1,997,430	2,783
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee payable	747,243	739,946
Sindh sales tax payable on remuneration of the Trustee	97,142	96,193
Security deposit	100,000	100,000
Directors, their close family members and key management personnel of the Management Company		
Outstanding 105 units (2023: 1,487 units)	10,911	153,875
Unit holders holding 10% or more units *		
Outstanding 52,041,367 units (2023: 20,671,660 units)	5,407,618,445	2,139,103,377

* The Fund had different unit holders holding more than 10% units as at June 30, 2024 and June 30, 2023.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2024	
	At amortised cost	At fair value through profit or loss
	----- Rupees -----	
Financial assets		
Balances with banks	5,636,181,462	-
Investments	-	3,215,638,300
Receivable against sale of units	5,742	-
Deposits and other receivables	297,257,688	-
	<u>5,933,444,892</u>	<u>3,215,638,300</u>
Financial liabilities		
Payable to Faysal Asset Management Limited - Management Company	58,203,105	-
Payable to Central Depository Company of Pakistan Limited - Trustee	844,385	-
Accrued expenses and other liabilities	9,641,750	-
Payable against the redemption of units	49,619,389	-
	<u>118,308,629</u>	<u>118,308,629</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

	2023		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Financial assets			
Balances with banks	10,184,145,179	-	10,184,145,179
Investments	-	701,677,983	701,677,983
Receivable against sale of units	246,000,000	-	246,000,000
Deposits and other receivables	241,569,940	-	241,569,940
	<u>10,671,715,119</u>	<u>701,677,983</u>	<u>11,373,393,102</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	27,384,029	-	27,384,029
Payable to Central Depository Company of Pakistan Limited - Trustee	836,139	-	836,139
Accrued expenses and other liabilities	1,057,223	-	1,057,223
	<u>29,277,391</u>	<u>-</u>	<u>29,277,391</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

(i) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks, sukuk certificates, term finance certificates and Pakistan investment bonds. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks, balances with banks, investment in sukuk certificates, term finance certificates and Pakistan investment bonds which expose the Fund to cash flow yield / interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 88.518 million (2023: Rs 108.858 million).

The composition of the Fund's investment portfolio, profit rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

14

----- 2024 -----						
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees -----						
Financial assets						
Balances with banks	10.00% - 22.50%	5,636,181,462	-	-	5,636,181,462	
Investments	21.30% - 24.08%	-	400,000,000	2,815,638,300	3,215,638,300	
Receivable against sale of units		-	-	5,742	5,742	
Deposits and other receivables		-	-	297,257,688	297,257,688	
		5,636,181,462	400,000,000	2,815,638,300	297,263,430	9,149,083,192
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company		-	-	-	58,203,105	58,203,105
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	844,385	844,385
Accrued expenses and other liabilities		-	-	-	9,641,750	9,641,750
Payable against the redemption of units		-	-	-	49,619,389	49,619,389
		-	-	-	118,308,629	118,308,629
On-balance sheet gap (a)						
		5,636,181,462	400,000,000	2,815,638,300	178,954,801	9,030,774,563
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap (b)						
		-	-	-	-	-
Total profit rate sensitivity gap (a+b)						
		5,636,181,462	400,000,000	2,815,638,300		
Cumulative profit rate sensitivity gap						
		5,636,181,462	6,036,181,462	8,851,819,762		

----- 2023 -----					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
Financial assets					
Balances with banks	11.00% - 23.00%	10,184,145,179	-	-	10,184,145,179
Investments	14.95% - 22.25%	1,677,983	700,000,000	-	701,677,983
Receivable against sale of units		-	-	246,000,000	246,000,000
Deposits and other receivables		-	-	241,569,940	241,569,940
		10,185,823,162	700,000,000	487,569,940	11,373,393,102
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	27,384,029	27,384,029
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	836,139	836,139
Accrued expenses and other liabilities		-	-	1,057,223	1,057,223
		-	-	29,277,391	29,277,391
On-balance sheet gap (a)		10,185,823,162	700,000,000	458,292,549	11,344,115,711
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		10,185,823,162	700,000,000	-	
Cumulative profit rate sensitivity gap		10,185,823,162	10,885,823,162	10,885,823,162	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

15

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not have any financial instruments that are exposed to such risk (other than those arising from interest rate risk or currency risk).

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions requests during the year ended June 30, 2024

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2024						
Within 1 month	More than one month and up to three months	More than three months and up to one year	More than one year and up to five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	5,636,181,462	-	-	-	-	5,636,181,462
Investments	-	-	400,000,000	2,765,638,300	50,000,000	3,215,638,300
Receivable against sale of units	5,742	-	-	-	-	5,742
Deposits and other receivables	157,817,536	21,691,381	115,148,771	-	2,600,000	297,257,688
	5,794,004,740	21,691,381	515,148,771	2,765,638,300	50,000,000	9,149,083,192
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	58,203,105	-	-	-	-	58,203,105
Payable to Central Depository Company of Pakistan Limited - Trustee	844,385	-	-	-	-	844,385
Accrued expenses and other liabilities	9,170,790	470,960	-	-	-	9,641,750
Payable against the redemption of units	49,619,389	-	-	-	-	49,619,389
	117,837,669	470,960	-	-	-	118,308,629
Net financial assets	5,676,167,071	21,220,421	515,148,771	2,765,638,300	50,000,000	9,030,774,563

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

2023						
Within 1 month	More than one month and up to three months	More than three months and up to one year	More than one year and up to five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	10,184,145,179	-	-	-	-	10,184,145,179
Investments	-	1,677,983	700,000,000	-	-	701,677,983
Receivable against sale of units	246,000,000	-	-	-	-	246,000,000
Deposits and other receivables	207,110,453	118,090	31,741,397	-	2,600,000	241,569,940
	10,637,255,632	1,796,073	731,741,397	-	2,600,000	11,373,393,102
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	27,384,029	-	-	-	-	27,384,029
Payable to Central Depository Company of Pakistan Limited - Trustee	836,139	-	-	-	-	836,139
Accrued expenses and other liabilities	729,013	328,210	-	-	-	1,057,223
	28,949,181	328,210	-	-	-	29,277,391
Net financial assets	10,608,306,451	1,467,863	731,741,397	-	2,600,000	11,344,115,711

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

2024		2023	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees			
Balances with banks	5,636,181,462	5,636,181,462	10,184,145,179
Investments	3,215,638,300	801,138,300	701,677,983
Receivable against sale of units	5,742	5,742	246,000,000
Deposits and other receivables	297,257,688	189,576,062	241,569,940
	<u>9,149,083,192</u>	<u>6,626,901,566</u>	<u>11,373,393,102</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Investment in Pakistan investment bonds and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

18.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investment in sukuk certificates, investment in term finance certificates, investment in Pakistan investment bonds and profit accrued thereon. The credit rating profile of bank balances, sukuk certificates, term finance certificates and its accrued profit is as follows:

Ratings	% of financial assets exposed to credit risk	
	2024	2023
Bank balances and profit accrued thereon		
AAA	0.07%	0.01%
AA+	-	0.01%
AA	0.05%	0.27%
AA-	10.64%	7.67%
A+	52.66%	82.17%
A-	-	0.01%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

Ratings	% of financial assets exposed to credit risk	
	2024	2023
Sukuk certificates and profit accrued thereon		
AAA	-	6.43%
AA+	1.67%	-
A+	2.73%	-
Term finance certificates and profit accrued thereon		
AAA	1.12%	0.02%
AA-	1.05%	-

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2024 and June 30, 2023 are unsecured and are not impaired.

19 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.

19.1 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 June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

	2024			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets 'at fair value through profit or loss'				
Term finance certificates	-	198,213,300	-	198,213,300
Sukuk certificates	-	602,925,000	-	602,925,000
Pakistan Investment bonds	-	2,414,500,000	-	2,414,500,000
	-	3,215,638,300	-	3,215,638,300
	2023			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets 'at fair value through profit or loss'				
Term finance certificates	-	1,677,983	-	1,677,983
Sukuk certificates	-	700,000,000	-	700,000,000
	-	701,677,983	-	701,677,983

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

20 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2024		
	Number of unit holders	Number of units held	Percentage of total
Individuals	668	7,884,348	9.15%
Associated companies	1	9	-
Retirement funds	12	8,547,012	9.92%
Other corporates	44	69,722,059	80.93%
	<u>725</u>	<u>86,153,428</u>	<u>100%</u>

Category	2023		
	Number of unit holders	Number of units held	Percentage of total
Individuals	659	53,855,040	49.32%
Associated companies / Directors	25	46,241,772	42.35%
Retirement funds	21	7,679,300	7.03%
Others	11	1,414,860	1.30%
	<u>716</u>	<u>109,190,972</u>	<u>100%</u>

22 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Magenta Capital (Private) Limited	-	25.08%
Continental Exchange (Private) Limited	53.39%	26.33%
BIPL Securities Limited	-	3.23%
Bright Capital (Private) Limited	0.05%	1.66%
Arif Habib Limited	4.94%	6.64%
C&M Management (Private) Limited	7.37%	25.54%
AlFalah Securities (Private) Limited	12.75%	-
Next Capital Limited	16.76%	-
AKD Securities Limited	-	4.66%
Icon Securities (Private) Limited	-	2.08%
JS Global Capital Limited	4.73%	2.36%
	<u>100.00%</u>	<u>97.59%</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

19

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience
Mr. Nadir Rahman	Chief Executive Officer	BS (Economics)	Over 33 Years
Mr. Omer Bin Javaid	Deputy Chief Executive Officer	MBA	Over 25 Years
Mr. Muhammad Imran	Chief Investment Officer	MBA	Over 22 Years
Mr. Nafees Imtiaz Malik	Chief Operating Officer	MBA	Over 12 Years
Mr. Shahid Iqbal	Head of Fixed Income	B.Com	Over 32 Years
Mr. Salman Muslim	Chief Financial Officer and Company Secretary	FCA	Over 18 Years
Mr. Shoaib Danish	Equity Fund Specialist	MBA, CFA	Over 9 Years
Mr. Mustajab Alam	Fund Manager	MBA Finance	Over 11 Years
Mr. Abdul Ghani Mianoor	Senior Research Analyst	BSC	Over 5 Years
Syed Eunus Viqar	Head of Internal Audit and Compliance	ACCA	Over 16 Years
Mr. Abdul Basit	Unit Head - Risk Management	MBA	Over 9 Years
Mr. Mohammed Qasim	Senior Manager Risk Management	MBA	Over 16 Years

24 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Syed Shahid Iqbal	Head of Fixed Income	B.Com	Faysal Money Market Fund, Faysal Income & Growth Fund, Faysal Savings Growth Fund, Faysal Islamic Savings Growth Fund, Faysal Financial Sector Opportunity Fund, Faysal Islamic Asset Allocation Fund, Faysal MTS Fund, Faysal Financial Planning Fund, Faysal Sharia Planning Fund, Faysal Financial Value Fund, Faysal Government Securities Fund, Faysal Islamic Financial Planning Fund, Faysal Islamic Cash Fund, Faysal Cash Fund, Faysal Special Savings Fund, Faysal Islamic Special Income Fund, Faysal Islamic Financial Planning Fund-II, Faysal Islamic Sovereign Fund, Faysal Islamic Financial Growth Fund, Faysal Islamic KPK Government Employees Pension Fund, Faysal Islamic Mustakil Munafa Fund

25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name of directors	Designation	Attended meeting held on						
		July 12, 2023	August, 18 2023	October 20, 2023	December 12, 2023	January 5, 2024	February 2, 2024	April 19, 2024
Mr. Yousaf Hussain	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Samia Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ehsen Zafar Puri*	Director	-	-	-	Yes	Yes	Yes	Yes
Mr. Nadir Rahman	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Ehsen Zafar Puri was appointed as a director on the board with effect from October 20, 2023.

26 GENERAL**26.1** Figures have been rounded off to the nearest rupee unless otherwise stated.**27 DATE OF AUTHORISATION FOR ISSUE**These financial statements were authorised for issue on August 22, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director

SUPPLEMENTARY NON FINANCIAL INFORMATION
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (I)
AND CLAUSE 11 - PERFORMANCE TABLE OF THE 5TH SCHEDULE TO THE
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
(i) PERFORMANCE TABLE					
Net assets	8,952,023,807	11,299,262,229	3,613,270,712	895,702,161	1,081,998,692
Net assets value per unit	103.91	103.48	102.83	102.23	101.98
Offer price per unit	106.26	105.82	105.16	104.55	104.02
Repurchase price per unit	103.91	103.48	102.83	102.23	101.98
Highest offer price per unit	112.05	113.34	115.42	111.23	117.05
Highest repurchase price per unit	109.58	110.83	112.86	108.77	114.75
Lowest offer price per unit	105.82	105.16	104.57	104.15	103.88
Lowest repurchase price per unit	103.48	102.83	102.25	101.84	101.84
Total return:	23.31%	18.68%	10.92%	6.77%	12.94%
- capital growth	2.30%	14.32%	0.65%	0.25%	0.21%
- income distribution	21.01%	4.36%	10.27%	6.52%	12.73%
Average annual return: (Launch date: July 05, 2013)					
- one year	23.31%	18.68%	10.92%	6.77%	12.94%
- two years	21.00%	14.80%	8.85%	9.86%	10.88%
- three years	17.64%	12.12%	10.21%	9.51%	8.86%
Four Years	14.92%	12.33%	9.86%	N/A	N/A
Five Years	14.52%				
Distribution per unit:					
- Interim distribution (% per unit) *	21.01%	4.36%	10.27%	6.52%	12.73%
- Final distribution (% per unit)		-	-	0.00%	0.00%
	<u>21.01%</u>	<u>4.36%</u>	<u>10.27%</u>	<u>6.52%</u>	<u>12.73%</u>

* Announced on 24 June 2024

The Fund's past performance is not necessarily indicative of future performance. Therefore, the unit prices and investment returns may go down, as well as up.

(ii) MEETINGS OF THE AUDIT COMMITTEE

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On			
		17-Aug-23	19-Oct-23	01-Feb-24	18-Apr-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes	Yes	Yes

(iii) MEETINGS OF THE HUMAN REOUSRCE AND REMUNERATION COMMITTEE

Following is the analysis of the attendance in the meetings of the Human Resource and Remuneration Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On				
		08-Aug-23	17-Oct-23	08-Nov-23	01-Feb-24	06-May-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes	Yes
Mr. Yousaf Hussain	Member	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes	Yes	Yes

(iv) MEETINGS OF THE BOARD RISK MANAGEMENT COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Risk Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On		
		10-Aug-23	16-Oct-23	18-Apr-24
Mr. Mian Salman Ali	Chairman	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes	Yes

(v) MEETINGS OF THE BOARD STRATEGY COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Strategy Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On	
		09-Aug-23	16-Oct-23
Mr. Yousaf Hussain	Chairman	Yes	Yes
Syed Majid Ali	Member	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes
*Mr. Ehsan Zafar Puri	Member	N/A	N/A

*Mr. Ehsan Zafar Puri was appointed as director board strategy committee, effective from October 20, 2023.

Head Office

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

Karachi

U 92 21 111329725
F 92 21 38657800

Lahore

T 92 42 35785558
F 92 42 35755196

Islamabad

T 92 51 2605721 / 23
F 92 51 2275252

🌐 faysalfunds.com

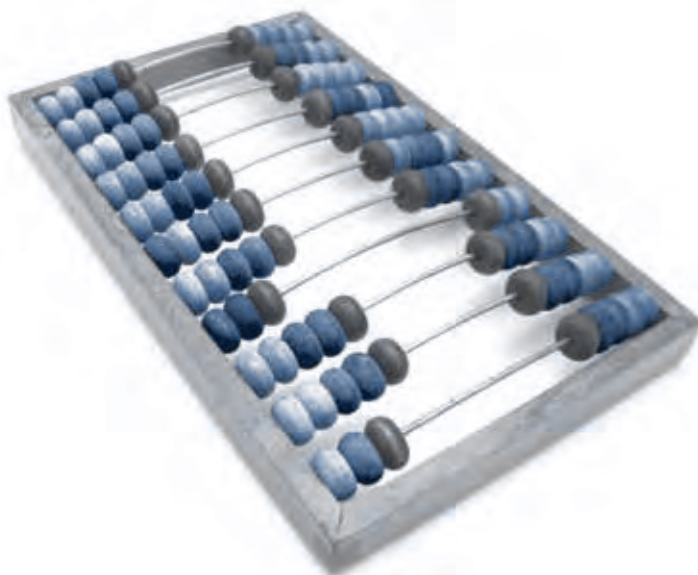
f facebook.com/faysalasset

✕ x.com/faysalasset

Faysal Income & Growth Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Trustee Report to the Unit Holders	08
Independent Auditor's Report to the Unit Holders	09
Statement of Assets and Liabilities	12
Income Statement	13
Statement of Comprehensive Income	14
Statement of Movement in Unit Holders' Fund	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Supplementary Non Financial Information	37

FUND INFORMATION

Management Company

Faysal Asset Management Limited.

Board of Directors

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Vice Chairman
Mr. Mian Salman Ali, Director
Mrs. Samia Zuberi, Director
Mr. Ali Waqar, Director
Mr. Nadir Rahman, Chief Executive Officer
Mr. Ehsan Zafar Puri, Director

Chief Financial Officer & Company Secretary

Mr. Salman Muslim

Audit Committee

Mrs. Samia Zuberi, Chair Person
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member

HR Committee

Mrs. Samia Zuberi, Chair Person
Mr. Yousaf Hussain, Member
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Risk Committee

Mr. Mian Salman Ali, Chairman
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Board Strategy Committee

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member
Mr. Ehsan Zafar Puri, Member

Trustee to the Fund

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

Auditors

A.F Ferguson & Co. Chartered Accountants

Legal Advisor

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

Registrar

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

Bankers to the Fund

Faysal Bank Limited
Bank Al-Falah Limited
MCB (Islamic Banking)
JS Bank Limited
Allied Bank Limited
Soneri Bank Limited
HBL Microfinance Bank limited
U- Microfinance Bank limited
Khushhali Bank Limited
Zarai Taraqiyati 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 Income & Growth Fund seeks to provide its risk-averse investors an opportunity to earn a consistent market based income with a conservative risk profile while maintaining security of principal as its prime objective.

FUND MANAGER'S REPORT

ECONOMIC REVIEW

In 3QFY24, Pakistan's GDP experienced an YoY growth of 2.09%, with a marginal QoQ increase of 0.12%. The Services sector remained flat at 0.83%, offsetting gains in the Industrial and Agriculture sectors, which saw advances of 3.84% and 3.94%, respectively. Albeit Large-Scale Manufacturing Index growth was trivial at 1.47%, improvements in the small-scale sector supported overall industrial growth. Looking ahead, the country's growth rate is likely to be lower than anticipated in the 1HFY25, before gaining momentum in the 2HFY25 due to projected interest rate cuts that could stimulate industrial growth.

Pakistan's external account continued to exhibit improvement, with the Current Account Deficit (CAD) clocking in at ~USD 665mn during FY24, down from ~USD 3.3bn in SPLY. This steep reduction is primarily due to a 12% YoY increase in exports, reaching ~USD 31bn, and an 11% YoY rise in remittances, totaling ~USD 30.2bn. On a QoQ basis, the CAD was ~USD 0.07bn, supported by increased exports and remittances. The trade deficit also improved, decreasing by roughly 11% to USD 22bn in FY24 from USD 24.8bn in the SPLY, attributed to rising exports and declining imports.

The PKR appreciated by ~2.62% since Jun-23, closing 4QFY24 at PKR 278.34 against the USD. Foreign exchange reserves rose by about 10% QoQ to USD 14 bn, driven by strong inflows and roll-overs, including support from the IMF, GCC countries, and FDIs predominantly from China. The FX Reserves improved significantly from USD 9.1bn at the end of June 2023, enhancing the imports cover to above 1.5 months.

The average inflation clocked in at ~24% in FY24, down from ~29.4% in FY23. However, Core inflation rose to about 18.9% in FY24 from 17.8% in the SPLY. However, on QoQ basis, it dropped from 18.1% in 3QFY24 to 14.6% in 4QFY24. Despite higher fuel, power, and food inflation, the appreciation of the PKR and lower international commodity prices helped moderate inflation.

The Federal Board of Revenue (FBR) collected ~PKR 9,285bn in taxes during FY24, surpassing the target of PKR 9,252bn, and marking a 29% YoY increase from PKR 7,167bn in the SPLY. This growth was mainly on account of increased direct taxes and Petroleum Development Levy (PDL), while tax collection on imports remained subdued due to import compression.

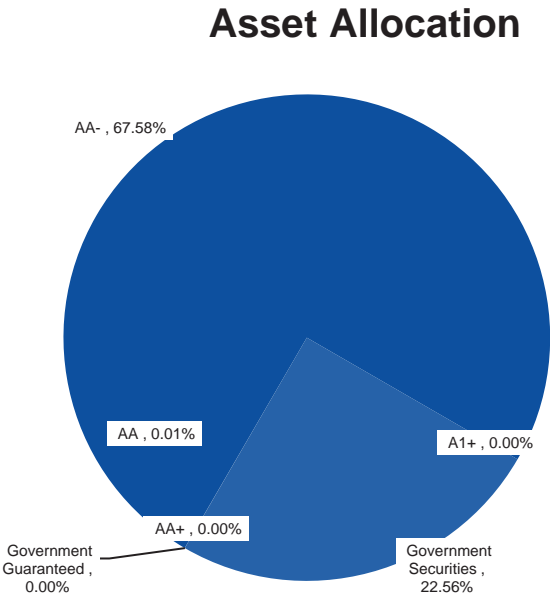
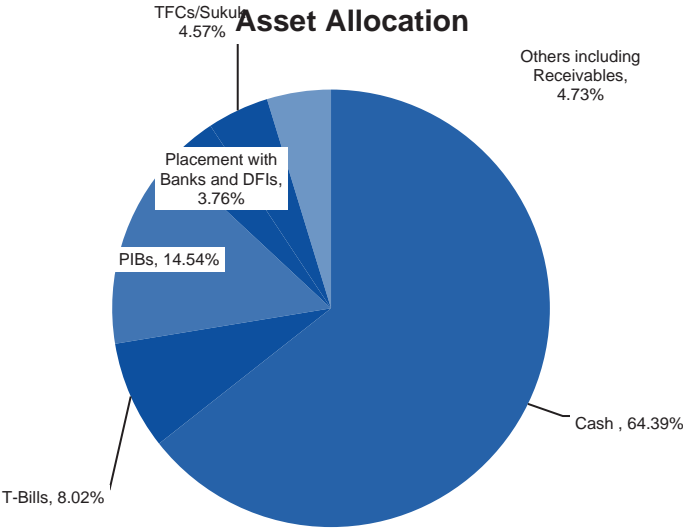
Looking forward, the economic outlook for the upcoming quarters is optimistic, bolstered by the IMF program and anticipated rate cuts (a cumulative 250 bps in the last two Monetary Policy Committee meetings). The potential economic rebound FY25, a downward trend in inflation, and PKR stability are key factors supporting this outlook.

MONEY MARKET REVIEW

For the majority of FY24, the SBP kept the policy rate steady at 22%. However, following a decline in CPI readings, the SBP revised down the policy rate by 150 basis points to 20.5%. During the year, SBP held 26 T-Bill and 10 PIB auctions raising a total of ~PKR 21.3tn through T-Bills and ~PKR 4.5tn through the PIB auctions. During the year, the yields depicted volatility, inching upwards and peaking in Sept'24, before gradually declining thereon. In the first T-bill auction of FY24, the State Bank of Pakistan raised ~PKR 597bn, with weighted average yields realized in the 3M / 6M / 12M tenors clocking in at ~22.75% / 22.96% / 22.99%, respectively. However, in the last auction of FY24 held in June'24, SBP held, the weighted average yields realized in the 3M / 6M / 12M fell to ~20.01% / 19.94% / 18.49%, respectively. The decline in yields since Sept'23 followed expectations of interest rate cuts, which materialized in June'24. A similar trend was witnessed during FY24 in the Islamic Money Market / Sukuk yields.

Fund Information	
Fund Type	Open Ended
Category	Aggressive Fixed Income Scheme
Stability Rating	A(f) (PACRA) April 18 ,2024
Risk Profile	Medium
Launch Date	October 10, 2005
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee*	Upto 1.5% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1.10%)
Selling and Marketing Expense	0.00%
Front/Back end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark	One year KIBOR rates
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	109.35
Net Assets (PKR mn)	5269
Total Expense Ratio (Annualized)	1.51%
Total Expense Ratio (Monthly)	1.86%

Fund Returns (% p.a)		
	FY24	FY23
YTD	23.66%	18.95%
Benchmark (YTD)	21.87%	18..63%



FUND PERFORMANCE

Faysal Income and Growth Fund (FIGF) yielded FY24 annualized return of 23.66% relative to its benchmark of 21.87%. By the end of the period, Cash allocation stood at 64.39%, while exposure in TFCs, Placements with Banks, T-Bills, PIBs and Others stood at 4.57%, 3.76%, 8.02%, 14.54% and 4.73%, respectively. In the future, your fund will strive to maximize returns in a competitive macroeconomic landscape.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office:**

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

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL INCOME & GROWTH FUND****Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Faysal Income & Growth Fund (the Fund), would like to draw the attention of the unit holders towards the fact that Faysal Asset Management Limited (Management Company) due to its conversion from Conventional to Shariah Compliant Asset Management Company did not intend to operate this conventional Fund and therefore Management Company will either transfer the management rights or wind up this Fund.

However, during the year ended June 30, 2024, the Management Company has materially managed the Fund 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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: September 26, 2024





A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT**To the Unit holders of Faysal Income & Growth Fund****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Faysal Income & Growth Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the financial statements)	
	<p>Balances with banks and investments constitute the most significant component of the net asset value. Balances with banks of the Fund as at June 30, 2024 amounted to Rs. 3,421.95 million and investments aggregated to Rs. 1,610.92 million.</p> <p>The existence of balances with banks and existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; • Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and • Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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>

■ KARACHI ■ LAHORE ■ ISLAMABAD



A·F·FERGUSON & CO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



A.F. FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Dated: September 27, 2024
Karachi
UDIN: AR202410068fm1gWHhBj

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
Assets			
Balances with banks	4	3,421,949,962	3,133,537,276
Investments	5	1,610,922,202	754,603,725
Receivable against the sale of units		1,564	-
Advances, deposits and profit receivable	6	281,817,331	131,757,625
Total assets		<u>5,314,691,059</u>	<u>4,019,898,626</u>
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	7	13,572,801	815,503
Payable to Central Depository Company of Pakistan Limited - Trustee	8	388,545	332,406
Payable to the Securities and Exchange Commission of Pakistan	9	343,539	1,408,009
Payable against redemption of units		780	264,774
Accrued expenses and other liabilities	10	31,723,625	166,589,764
Total liabilities		<u>46,029,290</u>	<u>169,410,456</u>
Net assets		<u>5,268,661,769</u>	<u>3,850,488,170</u>
Unit holders' fund (as per statement attached)		<u>5,268,661,769</u>	<u>3,850,488,170</u>
Contingencies and commitments	11		
		----- (Number of units) -----	
Number of units in issue		<u>48,179,747</u>	<u>35,339,686</u>
		----- (Rupees) -----	
Net asset value per unit		<u>109.35</u>	<u>108.96</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT

For The Year Ended June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
Income			
Income on Market Treasury Bills		12,801,830	9,502,407
Income on Pakistan Investment Bonds		99,180,608	-
Interest on term finance certificates		50,078,417	50,687,945
Profit on commercial papers		-	4,320,800
Profit on sukuk certificates		75,753,802	53,598,086
Income on GoP ijarah sukuks certificates		38,435,634	-
Profit on term deposits receipts		319,671	-
Profit on balances with banks		1,059,869,851	1,186,880,700
Gain on sale of investments - net		13,597,567	1,713,223
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.7	(11,975,581)	5,892,746
Other income		-	388,429
Total income		<u>1,338,061,799</u>	<u>1,312,984,336</u>
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	7.1	56,338,575	23,756,873
Sindh Sales Tax on remuneration of the Management Company	7.2	7,324,015	3,088,393
Selling and marketing expenses	7.3	6,564,446	13,833,567
Allocated expenses	7.4	2,299,274	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	4,397,037	5,283,250
Sindh Sales Tax on remuneration of the Trustee	8.2	571,615	686,823
Annual Fee to the Securities and Exchange Commission of Pakistan	9.1	4,397,037	1,410,103
Auditors' remuneration	12	901,330	650,867
Fees and subscription		384,774	553,625
Legal and professional charges		261,456	221,720
Transaction charges		732,926	490,764
Bank charges		32,024	16,332
Printing charges		10,055	27,157
Provision against non-performing term finance certificates	5.1.2	4,053,381	26,513,767
Total expenses		<u>88,267,945</u>	<u>76,533,241</u>
Net income for the year before taxation		<u>1,249,793,854</u>	<u>1,236,451,095</u>
Taxation	13	-	-
Net income for the year after taxation		<u><u>1,249,793,854</u></u>	<u><u>1,236,451,095</u></u>
Earnings per unit	3.13		
Allocation of net income for the year			
Net income for the year after taxation		1,249,793,854	1,236,451,095
Income already paid on units redeemed		(401,294,567)	(806,501,944)
		<u>848,499,287</u>	<u>429,949,151</u>
Accounting income available for distribution			
- Relating to capital gains		1,621,986	7,605,969
- Excluding capital gains		846,877,301	422,343,182
		<u>848,499,287</u>	<u>429,949,151</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2024

	2024	2023
	----- (Rupees) -----	
Net income for the year after taxation	1,249,793,854	1,236,451,095
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,249,793,854</u>	<u>1,236,451,095</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For The Year Ended June 30, 2024

	2024			2023		
	Capital value	Undistributed Income	Total	Capital value	Undistributed Income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	3,742,287,320	108,200,850	3,850,488,170	4,775,983,037	55,383,968	4,831,367,005
Issuance of 249,713,932 units (2023: 56,229,671 units)						
- Capital value (at net asset value per unit at the beginning of the year)	27,209,047,951	-	27,209,047,951	6,021,073,171	-	6,021,073,171
- Element of income	774,130,038	-	774,130,038	412,922,861	-	412,922,861
Total proceeds on issuance of units	27,983,177,989	-	27,983,177,989	6,433,996,032	-	6,433,996,032
Redemption of 236,873,871 units (2023: 66,008,452 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(25,809,776,984)	-	(25,809,776,984)	(7,068,185,040)	-	(7,068,185,040)
- Element of loss	(523,241,680)	(401,294,567)	(924,536,247)	(262,885,601)	(806,501,944)	(1,069,387,545)
Total payments on redemption of units	(26,333,018,664)	(401,294,567)	(26,734,313,231)	(7,331,070,641)	(806,501,944)	(8,137,572,585)
Total comprehensive income for the year	-	1,249,793,854	1,249,793,854	-	1,236,451,095	1,236,451,095
Interim distribution for the year ended June 30, 2024						
@ Rs. 9.67 per unit declared on November 17, 2023	(138,106,900)	(247,183,221)	(385,290,121)	-	-	-
Interim distribution for the year ended June 30, 2024						
@ Rs. 1.9 per unit declared on December 22, 2023	(11,531,463)	(58,481,386)	(70,012,849)	-	-	-
Interim distribution for the year ended June 30, 2024						
@ Rs. 2.85 per unit declared on January 30, 2024	(59,331,775)	(76,634,027)	(135,965,802)	-	-	-
Interim distribution for the year ended June 30, 2024						
@ Rs. 5.59 per unit declared on April 29, 2024	(39,307,709)	(287,373,128)	(326,680,837)	-	-	-
Final distribution for the year ended June 30, 2024						
@ Rs. 3.44 per unit declared on June 24, 2024	(2,290,629)	(160,244,775)	(162,535,404)	(136,621,108)	(377,132,269)	(513,753,377)
(2023: Rs. 18.26 per unit declared on June 19, 2023)						
	(250,568,476)	419,877,317	169,308,841	(136,621,108)	859,318,826	722,697,718
Net assets at the end of the year	5,141,878,169	126,783,600	5,268,661,769	3,742,287,320	108,200,850	3,850,488,170
Undistributed income brought forward						
- Realised income		102,308,104			55,675,392	
- Unrealised income / (loss)		5,892,746			(291,424)	
		108,200,850			55,383,968	
Accounting income available for distribution						
- Relating to capital gains	1,621,986			7,605,969		
- Excluding capital gains	846,877,301			422,343,182		
	848,499,287			429,949,151		
Distributions during the year	(829,916,537)			(377,132,269)		
Undistributed income carried forward	126,783,600			108,200,850		
Undistributed income carried forward						
- Realised income		138,759,181			102,308,104	
- Unrealised (loss) / income		(11,975,581)			5,892,746	
		126,783,600			108,200,850	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		108.96			107.08	
Net asset value per unit at the end of the year		109.35			108.96	

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

For The Year Ended June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,249,793,854	1,236,451,095
Adjustments for:			
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.7	11,975,581 1,261,769,435	(5,892,746) 1,230,558,349
Increase in assets			
Investments		(868,294,058)	(407,362,994)
Advances, deposits and profit receivable		(150,059,706) (1,018,353,764)	(77,927,706) (485,290,700)
(Decrease) / increase in liabilities			
Payable to Faysal Asset Management Limited - Management Company		12,757,298	(1,994,543)
Payable to Central Depository Company of Pakistan Limited - Trustee		56,139	(6,228)
Payable to the Securities and Exchange Commission of Pakistan		(1,064,470)	763,457
Accrued expenses and other liabilities		(134,866,139) (123,117,172)	160,982,197 159,744,883
Net cash generated from operating activities		<u>120,298,499</u>	<u>905,012,532</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		27,732,607,949	6,433,996,032
Payments against redemption and conversion of units		(26,734,577,225)	(8,137,308,591)
Dividend paid		(829,916,537)	(513,753,377)
Net cash generated from / (used in) financing activities		<u>168,114,187</u>	<u>(2,217,065,936)</u>
Net increase / (decrease) in cash and cash equivalents during the year		<u>288,412,686</u>	<u>(1,312,053,404)</u>
Cash and cash equivalents at the beginning of the year		3,133,537,276	4,445,590,680
Cash and cash equivalents at the end of the year	4	<u><u>3,421,949,962</u></u>	<u><u>3,133,537,276</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

NOTES TO AND FORMING PART OF THE Financial Statements**For The Year Ended June 30, 2024****1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Faysal Income & Growth Fund (the Fund) is an open-end collective investment scheme established through a Trust Deed executed under the Trust Act, 1882, entered into on April 27, 2005 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.

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 April 13, 2022 the above-mentioned Trust Deed had been registered under the Sindh Trust Act.

- 1.2 The Management Company of the Fund has been licensed by the SECP 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 has been categorised as an 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. 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 October 10, 2005 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The objective of the Fund is to provide superior long-term risk adjusted returns by investing in a diverse pool of fixed income securities, including money market instruments. In particular, the aim is to minimize interest rate risk through duration management and default risk portfolio diversification. The investment objective and policies are more fully explained in Fund's Offering Document.
- 1.5 The Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited dated December 29, 2023 (2023: 'AM2++' dated December 30, 2022). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. Further, Pakistan Credit Rating Agency Limited has assigned a rating of 'A(f)' to the Fund dated April 18, 2024 (2023: 'A(f)' dated April 17, 2023).
- 1.6 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.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Accounting Standards) 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
- the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where 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 differ from the IFRS Accounting Standards, 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.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

2

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

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, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and hence, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

2.3 Standards not yet effective:

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

The estimates and judgments that have a significant effect on these financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

3

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

3.2.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- fair value through other comprehensive income "(FVOCI)"
- fair value through profit or loss "(FVPL)"

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment (other than debt securities)

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

NOTES TO AND FORMING PART OF THE Financial Statements
For The Year Ended June 30, 2024

4

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss arising on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the 'Statement of Assets and Liabilities' is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

5

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on debt securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on balances with banks and other income is recognised on an accrual basis.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee to the SECP are recognised in the Income Statement on an accrual basis.

3.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2024	2023
		----- (Rupees) -----	
4 BALANCES WITH BANKS			
Balances with banks in savings accounts	4.1	<u>3,421,949,962</u>	<u>3,133,537,276</u>

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

6

- 4.1 These include a balance of Rs. 57.64 million (2023: Rs. 3.14 million) maintained with Faysal Bank Limited (a related party) that carries profit at the rate of 20.00% (2023: 11.00%) per annum. Other savings accounts of the Fund carry profit rates ranging from 10.00% to 22.50% (2023: 10.00% to 23.00%) per annum.

5	INVESTMENTS	Note	2024	2023
			----- (Rupees) -----	
	Investments - 'at fair value through profit or loss'			
	Term finance certificates	5.1	212,050,702	254,603,725
	Government securities - Market Treasury Bills	5.2	426,231,500	-
	Government securities - Pakistan Investment Bonds	5.3	772,640,000	-
	Sukuk certificates	5.4	-	500,000,000
	Government Securities - GoP ijarah sukuk certificates	5.5	-	-
	Term deposits receipts	5.6	200,000,000	-
			<u>1,610,922,202</u>	<u>754,603,725</u>

5.1 Term finance certificates

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised (diminution) / appreciation as at June 30, 2024	Percentage in relation to	
					(Number of certificates)		(Rupees)		net assets of the Fund		total market value of investments		
----- %													
MICROFINANCE BANKS													
Khushhali Microfinance Bank Limited * (B, VIS, non-traded) (note 5.1.1) (Face value of 100,000 per certificate)	Semi-annually	March 19, 2018	March 19, 2026	6 months KIBOR plus base rate of 2.05%	500	-	-	500	19,910,702	19,910,702	-	0.38%	1.24%
COMMERCIAL BANKS													
JS Bank Limited (A+, PACRA, non-traded) (Face value of 99,780 per certificate)	Semi-annually	December 29, 2017	December 29, 2024	6 months KIBOR plus base rate of 1.40%	250	-	250	-	-	-	-	-	-
TECHNOLOGY & COMMUNICATION													
TPL Corp Limited (AA-, PACRA, traded) (Face value of 100,000 per certificate)	Quarterly / Semi-annually commencing from December 28, 2024	June 28, 2022	June 28, 2027	3 months KIBOR plus base rate of 2.50%	2,000	-	-	2,000	205,685,600	192,140,000	(13,545,600)	3.65%	11.93%
Total as at June 30, 2024									<u>225,596,302</u>	<u>212,050,702</u>	<u>(13,545,600)</u>	<u>4.03%</u>	<u>13.17%</u>
Total as at June 30, 2023									<u>248,710,979</u>	<u>254,603,725</u>	<u>5,892,746</u>		

* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

5.1.1 Investments - non-compliance

The Securities and Exchange Commission of Pakistan vide Circular no. 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 Income & Growth Fund (the Fund) as an 'Aggressive Fixed Income Scheme' in accordance with the said Circular. As at June 30, 2024, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Following investments of the Fund are in term finance certificates which are non-compliant securities. At the time of investment, these were compliant as per SECP criteria and the investment policy of the Fund.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
					net assets	total assets
		(Rupees)				-----%
Khushhali Microfinance Bank Limited (note 5.1.1.1)	Non-traded sukuk certificates	50,477,850	30,567,148	19,910,702	0.38%	1.24%
Total - June 30, 2024		50,477,850	30,567,148	19,910,702	0.38%	1.24%
Total - June 30, 2023		50,477,850	26,513,767	23,964,083		

For The Year Ended June 30, 2024

5.11.1 On April 7, 2023, term finance certificates of Khushhali Microfinance Bank Limited have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the term finance certificate have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 30.57 million has also been held as provision. The face value of these term finance certificates is Rs. 50.48 million as at June 30, 2024.

	Note	2024 ----- (Rupees) -----	2023 -----
5.1.2 Movement of provision			
Balance as at July 1		26,513,767	-
Charge for the year	5.1.1.1	<u>4,053,381</u>	<u>26,513,767</u>
Balance as at June 30		30,567,148	26,513,767

[illegible]

Name of the security	Interest payments / principal redemptions	Issue date	Coupon Rate	Face value			Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution as at June 30, 2024	Percentage in relation to net assets of the Fund	Percentage in relation to total investments of the Fund	
				As at July 1, 2023	Purchased during the year	Sold / matured during the year						
				As at June 30, 2023	As at June 30, 2024	As at June 30, 2024						
				(Rupees)								
Pakistan Investment Bonds - 5 years	Semi-annually / At maturity	October 19, 2023	22.85%	-	750,000,000	750,000,000	-	-	-	-	-	
Pakistan Investment Bonds - 5 years	Semi-annually / At maturity	September 21, 2023	24.79%	-	3,850,000,000	3,850,000,000	-	-	-	-	-	
Pakistan Investment Bonds - 5 years	Semi-annually / At maturity	April 18, 2024	21.30%	-	800,000,000	-	800,000,000	773,066,800	772,640,000	(426,800)	14.66%	47.96%
Total as at June 30, 2024							773,066,800	772,640,000	(426,800)	14.66%	47.96%	
Total as at June 30, 2023							-	-	-	-	-	

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to	
											net assets of the Fund	total market value of investments
				————— (Number of certificates) —————				————— (Rupees) —————			————— % —————	

POWER GENERATION & DISTRIBUTION									
K-Electric Limited PPST-16 (A-1+, VIS)	At maturity	October 11, 2023	6 months KIBOR + 0.30%	500	-	500	-	-	-
(Face value of 1,000,000 per certificate)									
TECHNOLOGY & COMMUNICATION									
Pakistan Telecommunication Company Limited	At maturity	June 20, 2024	6 months KIBOR plus base rate of	-	400	400	-	-	-
PPST-1 (A-1+, VIS)									
(Face value of 1,000,000 per certificate)									
Total as at June 30, 2024									
Total as at June 30, 2023							500,000,000	500,000,000	-

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

8

5.5 Government Securities - GoP ijarah sukuk certificates

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to	
					----- Number of certificates -----			----- (Rupees) -----				net assets of the Fund	total investments of the Fund
GoP Ijarah Sukuk Certificates	Semi-annually	April 17, 2023	April 17, 2024	Weighted average	-	5,000	5,000	-	-	-	-	-	-
GIS (VRR) - XXX	/ At maturity			6 months T-Bills	-			-	-	-	-	-	-
GoP Ijarah Sukuk Certificates	Semi-annually	December 4, 2023	December 4, 2026	Weighted average	-	7,500	7,500	-	-	-	-	-	-
GIS (VRR) - XLVIII	/ At maturity			6 months T-Bills	-			-	-	-	-	-	-
Total as at June 30, 2024										-	-	-	-
Total as at June 30, 2023										-	-	-	-

5.6 Term deposits receipts

Name of investee company	Maturity date	Profit rate	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market value as a percentage of	
			As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024				net assets of the Fund	total investments of the Fund
Rupees											%
Meezan Bank Limited (A+, PACRA)	July 29, 2024	19.50%	200,000,000	-	-	200,000,000	200,000,000	200,000,000	-	3.80%	12.42%
Total as at June 30, 2024							200,000,000	200,000,000	-	3.80%	12.42%
Total as at June 30, 2023							-	-	-		

5.7 Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit and loss' - net

Note	2024	2023
	----- (Rupees) -----	-----
4, 5.5 & 5.6	1,610,922,202	754,603,725
4, 5.5 & 5.6	(1,622,897,783)	(748,710,979)
	<u>(11,975,581)</u>	<u>5,892,746</u>

6 ADVANCES, DEPOSITS AND PROFIT RECEIVABLE

Note	2024	2023
	----- (Rupees) -----	
	100,000	100,000
	2,500,000	2,500,000
	2,600,000	2,600,000
	34,458,121	-
	11,362,627	13,461,935
	-	24,843,699
	319,671	-
	232,828,399	90,603,478
	278,968,818	128,909,112
6.1	248,513	248,513
	281,817,331	131,757,625

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on balances with banks and debt instruments paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide its letter C. no.1(43) DG (WHT)/2008-Vol.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholding agent. The tax withheld on profit on savings accounts, sukuk certificates, term finance certificates and commercial papers amounts to Rs. 0.249 million (2023: Rs. 0.249 million).

NOTES TO AND FORMING PART OF THE Financial Statements**For The Year Ended June 30, 2024**

9

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan (SCP) by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the SCP granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on savings accounts, sukuk certificates, term finance certificates and commercial papers has been shown as advance tax under assets as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source is likely to be refunded.

7	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			(Rupees)	
	Remuneration payable	7.1	5,713,236	-
	Sindh Sales Tax payable on remuneration of the Management Company	7.2	742,721	-
	Selling and marketing expenses payable	7.3	6,462,380	800,467
	Sales load payable		654,464	15,036
			<u>13,572,801</u>	<u>815,503</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 rates ranging from 0% to 1.50% (2023: 0% to 0.50%) per annum of the average annual net assets of the Fund during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 7.324 million (2023: Rs. 3.088 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%).

7.3 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at rates ranging from 0% to 0.75% (2023: 0% to 0.35%) per annum of the average annual net assets of the Fund during the year ended June 30, 2024 while keeping in view the overall return and total expense ratio limit of the Fund as defined under the NBFC Regulations, subject to total expense charged being lower than actual expense incurred.

7.4 During the year ended June 30, 2020, the Board of Directors of the Management Company, in its 106th meeting held on April 17, 2020, had given Management Company the discretion for charging allocated expenses on the Fund as it may decide. Keeping in view the maximum allowable threshold, the Management Company has charged its expenses at the rates ranging from 0% to 0.2% (2023: 0%) per annum of the average annual net assets of the Fund during the year ended June 30, 2024.

7.5 During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses and allocated expenses to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Board of Directors of the Management Company has responded to the observations highlighted by the SECP and the management is engaged with SECP in this regard. Accordingly, the impact of the SECP's observations on the financial statements, if any, is not determinable as at the reporting date.

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024	2023
			(Rupees)	
	Remuneration payable to the Trustee	8.1	343,845	294,165
	Sindh Sales Tax payable on remuneration of the Trustee	8.2	44,700	38,241
			<u>388,545</u>	<u>332,406</u>

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2023: 0.075%) per annum of the average annual net assets of the Fund.

8.2 During the year, an amount of Rs 0.572 million (2023: Rs 0.687 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%).

NOTES TO AND FORMING PART OF THE Financial Statements**For The Year Ended June 30, 2024**

10

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
	Annual fee payable	9.1	<u>343,539</u>	<u>1,408,009</u>

- 9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2023: 0.02%) per annum of the daily net assets during the year ended June 30, 2024.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
	Transaction charges payable		592,146	13,827
	Auditors' remuneration payable		574,352	502,840
	Printing charges payable		226,797	231,656
	Legal and professional charges payable		446,029	255,192
	Zakat payable		35,211	35,211
	Capital gain tax payable		25,602,322	161,323,537
	Fees and subscription payable		196,051	176,784
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	10.1	<u>4,050,717</u>	<u>4,050,717</u>
			<u>31,723,625</u>	<u>166,589,764</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 and sales load were 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 Honourable 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 and sales load 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 4.051 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2024 would have been higher by Re. 0.084 (2023: Re. 0.115) per unit.

11 CONTINGENCIES AND COMMITMENTS

- 11.1 During the year ended June 30, 2021, Faysal Income & Growth Fund (FIGF) had received a show cause notice for the tax year 2018 from the Additional Commissioner (Inland) Revenue (ACIR), whereby the ACIR had raised objection on claiming of "income already paid on units redeemed" as part of distribution and has thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR was of the view that the amount of "Cash Dividend" paid can only be treated as part of distribution and according to his view the amount of "income already paid on units redeemed" is not a "Cash Dividend". The Management Company through its tax advisor has submitted the response in respect of objections raised by the ACIR. During the year ended June 30, 2023 year, the ACIR then raised a tax demand of Rs. 24.293 million vide an order dated July 29, 2022 whereby ACIR rejected the Fund's claim for tax exemption on alleged failure to distribute at least 90% of its accounting income to its unit holders and misinterpreted the amount of Rs. 30.075 million of "element of income" which is a transaction of capital nature, as distributable income while arriving at this conclusion. The Management Company through its tax advisor had filed an appeal against the above order with the Commissioner Appeals (Inland) Revenue (CIRA). On January 13, 2023, CIRA passed an order whereby it has given decision in favour of the Fund.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

11

During the year ended June 30, 2021, Faysal Income & Growth Fund (FIGF) had received a show cause notice from the Additional Commissioner (Inland) Revenue (ACIR) in respect of tax year 2017 whereby the ACIR has raised objections on claiming of "Element of income / loss of capital gains (losses) including in prices of units issued less those in units redeemed - net" while arriving at the declared accounting income and has challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. During the year ended June 30, 2022, the ACIR has raised a tax demand of Rs 18,612 million from FIGF in respect of the tax year 2017. The Management Company had filed an appeal with the Commissioner (Inland) Revenue Appeals (CIRA) against the demand raised by ACIR and has also obtained stay against recovery of impugned tax demand. CIRA passed an order dated February 28, 2022 whereby CIRA remanded back the matter to the authorities for re-adjudication.

In the above case, the Management Company contends that the practice being followed by it is as per the applicable regulations and in line with the industry practice. Based on the advice of the tax advisor and merits of the case, the Management Company believes that the matter will be decided in the favour of the Fund and accordingly, no provision has been recognised in these financial statements.

- 11.2 There were no other contingencies or commitments outstanding as at June 30, 2024 and June 30, 2023.

	2024	2023
	----- (Rupees) -----	
12 AUDITORS' REMUNERATION		
Annual audit fee	452,500	363,825
Fee for half yearly review of condensed interim financial statements	247,500	121,275
Fee for other certifications	92,565	70,000
Out of pocket expenses	42,000	47,555
	<u>834,565</u>	<u>602,655</u>
Sindh Sales Tax	66,765	48,212
	<u>901,330</u>	<u>650,867</u>

13 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed at least 90% of the Fund's accounting income for the year ended June 30, 2024 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these financial statements.

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

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 1.51% (2023: 1.09%) which includes 0.21% (2023: 0.08%) representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

15 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 15.1 Connected persons / related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes being 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 any person or company beneficially owning directly or indirectly 10% or more of the net assets of the Fund.

NOTES TO AND FORMING PART OF THE Financial Statements**For The Year Ended June 30, 2024**

12

- 15.2 Transactions with connected persons 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 is determined in accordance with the provisions of the NBFC Regulations and 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 during the year and balances with them as at year end are as follows:

Transactions during the year

	2024	2023
	-----	-----
	(Rupees)	(Rupees)
Faysal Asset Management Limited - Management Company		
Remuneration of Faysal Asset Management Limited - Management Company	56,338,575	23,756,873
Sindh Sales Tax on remuneration of the Management Company	7,324,015	3,088,393
Selling and marketing expenses	6,564,446	13,833,567
Allocated expenses	2,299,274	-
Units issued: Nil units (2023: 83,614 units)	-	9,242,471
Units redeemed: Nil units (2023: 83,614 units)	-	9,265,908
Faysal Bank Limited - Group Company		
Profit on balances with bank	2,563,241	751,118
Bank charges	10,087	4,240
Units redeemed: Nil units (2023: 2,413,740 units)	-	281,683,453
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	4,397,037	5,283,250
Sindh Sales Tax on remuneration of the Trustee	571,615	686,823
Directors, their close family members and Key Management Personnel of the Management Company		
Units issued: 362,872 units (2023: Nil units)	40,617,093	-
Units redeemed: 292,548 units (2023: Nil units)	33,167,009	-
Dividend paid	598,919	-
Unit holders with more than 10% holding		
Units issued: 46,851,015 units (2023: 30,511,423 units)	5,146,651,423	3,393,423,432
Units redeemed: 3,467,946 units (2023: 40,859,447 units)	377,955,424	5,088,362,415
Dividend paid	520,639,554	281,884,933
Amounts / balances outstanding as at year end		
Faysal Asset Management Limited - Management Company		
Remuneration payable	5,713,236	-
Sindh Sales Tax payable on remuneration of the Management Company	742,721	-
Selling and marketing expenses payable	6,462,380	800,467
Sales load payable	654,464	15,036
Faysal Bank Limited - Group Company		
Balance in savings account	57,644,737	3,139,236
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	343,845	294,165
Sindh Sales Tax payable on remuneration of the Trustee	44,700	38,241
Security deposit	100,000	100,000

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

13

Transactions during the year	2024	2023
	(Rupees)	
Directors, their close family members and Key Management Personnel of the Management Company *		
Outstanding 70,410 units (2023: Nil units)	7,699,334	-
Unit holders with more than 10% holding *		
Outstanding 47,118,784 units (2023: 27,975,351 units)	5,152,439,030	3,048,194,245

* This reflects the position of related party / connected persons status as at June 30, 2024.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	3,421,949,962	-	3,421,949,962
Investments	-	1,610,922,202	1,610,922,202
Receivable against the sale of units	1,564	-	1,564
Deposits and other receivables	281,568,818	-	281,568,818
	<u>3,703,520,344</u>	<u>1,610,922,202</u>	<u>5,314,442,546</u>

Financial liabilities			
Payable to Faysal Asset Management Limited			
- Management Company	13,572,801	-	13,572,801
Payable to Central Depository Company of Pakistan Limited - Trustee	388,545	-	388,545
Payable against redemption of units	780	-	780
Accrued expenses and other liabilities	2,035,375	-	2,035,375
	<u>15,997,501</u>	<u>-</u>	<u>15,997,501</u>

	2023		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	3,133,537,276	-	3,133,537,276
Investments	-	754,603,725	754,603,725
Deposits and other receivables	131,509,112	-	131,509,112
	<u>3,265,046,388</u>	<u>754,603,725</u>	<u>4,019,650,113</u>

Financial liabilities			
Payable to Faysal Asset Management Limited			
- Management Company	815,503	-	815,503
Payable to Central Depository Company of Pakistan Limited - Trustee	332,406	-	332,406
Payable against redemption of units	264,774	-	264,774
Accrued expenses and other liabilities	1,180,299	-	1,180,299
	<u>2,592,982</u>	<u>-</u>	<u>2,592,982</u>

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

14

17.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

(i) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2024, the Fund is exposed to such risk on its balances with banks and investments in term finance certificates, term deposit receipts, T- Bills and PIBs. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks and KIBOR based term finance certificates which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 44.07 million (2023: Rs. 38.88 million).

The composition of the Fund's investment portfolio, profit rates and the rates announced by the Financial Markets Association of Pakistan (FMAP) are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

2024					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
Rupees					
Financial assets					
Balances with banks	10.00% - 22.50%	3,421,949,962	-	-	3,421,949,962
Investments	19.50% - 22.76%	-	-	984,690,702	626,231,500
Receivables against the sale of units		-	-	-	1,564
Deposits and other receivables		-	-	-	281,568,818
		3,421,949,962	-	984,690,702	907,801,882
					5,314,442,546
Financial liabilities					
Payable to Faysal Asset Management Limited					
- Management Company		-	-	-	13,572,801
Payable to Central Depository Company					
of Pakistan Limited - Trustee		-	-	-	388,545
Payable against redemption of units		-	-	-	780
Accrued expenses and other liabilities		-	-	-	2,035,375
		-	-	-	15,997,501
					15,997,501
On-balance sheet gap (a)		3,421,949,962	-	984,690,702	891,804,381
					5,298,445,045
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		3,421,949,962	-	984,690,702	
Cumulative interest rate sensitivity gap		3,421,949,962	3,421,949,962	4,406,640,664	

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

15

2023					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
Rupees					
Financial assets					
Balances with banks	10.00% - 23.00%	3,133,537,276	-	-	3,133,537,276
Investments	19.75% - 25.41%	229,649,683	524,954,042	-	754,603,725
Deposits and other receivables		-	-	131,509,112	131,509,112
		3,363,186,959	524,954,042	-	4,019,650,113
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	815,503	815,503
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	332,406	332,406
Payable against redemption of units		-	-	264,774	264,774
Accrued expenses and other liabilities		-	-	1,180,299	1,180,299
		-	-	2,592,982	2,592,982
On-balance sheet gap (a)		3,363,186,959	524,954,042	-	4,017,057,131
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		3,363,186,959	524,954,042	-	-
Cumulative interest rate sensitivity gap		3,363,186,959	3,888,141,001	3,888,141,001	-

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is a risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities at of June 30, 2024 and hence, is not exposed to price risk.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

16

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	3,421,949,962	-	-	-	-	3,421,949,962
Investments	200,000,000	-	426,231,500	984,690,702	-	1,610,922,202
Receivable against the sale of units	1,564	-	-	-	-	1,564
Deposits and other receivables	233,148,070	374,137	45,446,611	-	2,600,000	281,568,818
	3,855,099,596	374,137	471,678,111	984,690,702	-	5,314,442,546
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	13,572,801	-	-	-	-	13,572,801
Payable to Central Depository Company of Pakistan Limited - Trustee	388,545	-	-	-	-	388,545
Payable against redemption of units	780	-	-	-	-	780
Accrued expenses and other liabilities	1,461,023	574,352	-	-	-	2,035,375
	15,423,149	574,352	-	-	-	15,997,501
Net financial assets	3,839,676,447	(200,215)	471,678,111	984,690,702	-	5,298,445,045
2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	3,133,537,276	-	-	-	-	3,133,537,276
Investments	-	-	500,000,000	254,603,725	-	754,603,725
Deposits and other receivables	90,603,478	38,305,634	-	-	2,600,000	131,509,112
	3,224,140,754	38,305,634	500,000,000	254,603,725	-	4,019,650,113
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	815,503	-	-	-	-	815,503
Payable to Central Depository Company of Pakistan Limited - Trustee	332,406	-	-	-	-	332,406
Payable against redemption of units	264,774	-	-	-	-	264,774
Accrued expenses and other liabilities	677,459	502,840	-	-	-	1,180,299
	2,090,142	502,840	-	-	-	2,592,982
Net financial assets	3,222,050,612	37,802,794	500,000,000	254,603,725	-	4,017,057,131

17.3 Credit risk

- 17.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities and receivable against conversion of units.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

17

The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees				
Balances with banks	3,421,949,962	3,421,949,962	3,133,537,276	3,133,537,276
Investments	1,610,922,202	412,050,702	754,603,725	754,603,725
Receivable against the units	1,564	1,564	-	-
Advances, deposits and profit receivable	281,568,818	247,110,697	131,509,112	131,509,112
	<u>5,314,442,546</u>	<u>4,081,112,925</u>	<u>4,019,650,113</u>	<u>4,019,650,113</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

17.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investment in sukuk certificates and related profit receivable thereon. The credit rating profile of balances with banks is as follows:

Bank balance and profit accrued thereon	% of financial assets exposed to credit risk	
	2024	2023
AAA	0.43%	14.46%
AA+	-	0.06%
AA	1.09%	-
AA-	69.73%	65.54%
A+	3.89%	0.16%
A	0.14%	-
Term finance certificates and profit accrued thereon		
AA	-	-
AA-	3.62%	5.13%
A+	-	0.62%
B	0.37%	0.68%
Sukuk certificates and profit accrued thereon		
A-1+	-	13.06%

17.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2024 and June 30, 2023 are unsecured and are not impaired except as disclosed in note 5.1.1 to these financial statements.

18 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.

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

18

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.

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 June 30, 2024, and June 30, 2023 the Fund held the following financial instruments measured at fair value:

ASSETS	2024			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets at fair value through profit or loss				
Term finance certificates	-	212,050,702	-	212,050,702
Government securities - Market Treasury Bills	-	426,231,500	-	426,231,500
Government securities - Pakistan Investment Bonds	-	772,640,000	-	772,640,000
Term deposits receipts	-	200,000,000	-	200,000,000
	-	1,610,922,202	-	1,610,922,202
ASSETS	2023			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets at fair value through profit or loss				
Term finance certificates	-	254,603,725	-	254,603,725
Sukuk certificates	-	500,000,000	-	500,000,000
	-	754,603,725	-	754,603,725

19 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 17, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

NOTES TO AND FORMING PART OF THE Financial Statements
For The Year Ended June 30, 2024

19

20 UNIT HOLDING PATTERN OF THE FUND

Category	2024		
	Number of unit holders	Number of units held	Percentage of total
Individuals	437	858,948	1.78%
Insurance company *	1	1,442	-
Other corporates	19	47,155,572	97.87%
Retirement funds	11	163,785	0.34%
	<u>468</u>	<u>48,179,747</u>	<u>100.00%</u>

Category	2023		
	Number of unit holders	Number of units held	Percentage of total
Individuals	343	5,156,057	14.59%
Insurance company *	1	1,170	-
Bank	1	27,975,352	79.16%
Other corporates	9	571,648	1.62%
Retirement funds	13	933,766	2.64%
Others	8	701,693	1.99%
	<u>375</u>	<u>35,339,686</u>	<u>100.00%</u>

* Nil due to rounding off.

21 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Growth Securities (Private) Limited	-	86.33%
AKD Securities Limited	-	0.42%
Bright Capital (Private) Limited	15.11%	3.06%
C&M Management (Private) Limited	26.19%	1.74%
Invest One Markets Limited	5.03%	5.51%
Continental Exchange (Private) Limited	40.28%	2.94%
Arif Habib Limited	5.03%	-
Al Falah Securities (Private) Limited	8.36%	-
	<u>100.00%</u>	<u>100.00%</u>

21.1 The Fund has traded with only the above mentioned 6 brokers / dealers during the year ended June 30, 2024 (2023: 6 brokers / dealers).

22 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Nadir Rahman	Chief Executive Officer	BS (Economics)	Over 33 Years
Mr. Omer Bin Javaid	Deputy Chief Executive Officer	MBA	Over 25 Years
Mr. Muhammad Imran	Chief Investment Officer	MBA	Over 22 Years
Mr. Nafees Imtiaz Malik	Chief Operating Officer	MBA	Over 12 Years
Mr. Shahid Iqbal	Head of Fixed Income	B.Com	Over 32 Years
Mr. Salman Muslim	Chief Operating Officer and Company Secretary	FCA	Over 18 Years
Mr. Shoaib Danish	Equity Fund Specialist	MBA, CFA	Over 9 Years
Mr. Mustajab Alam	Fund Manager	MBA Finance	Over 11 Years
Mr. Abdul Ghani Mianoor	Senior Research Analyst	BSC	Over 5 Years
Syed Eunis Viqar	Head of Internal Audit and Compliance	ACCA	Over 16 Years
Mr. Abdul Basit	Unit Head - Risk Management	MBA	Over 9 Years
Mr. Mohammed Qasim	Senior Manager Risk Management	MBA	Over 16 Years

NOTES TO AND FORMING PART OF THE Financial Statements

For The Year Ended June 30, 2024

20

23 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Shahid Iqbal	Fund Manager	B.Com	Faysal Islamic Savings Growth Fund, Faysal Islamic Asset Allocation Fund, Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Islamic Special Income Fund, Faysal Islamic Financial Planning Fund II, Faysal Islamic Sovereign Fund, Faysal Islamic Financial Growth Fund, Faysal Islamic Mustakil Munafa Fund, Faysal Savings Growth Fund, Faysal Money Market Fund, Faysal Financial Sector Opportunity Fund, Faysal MTS Fund, Faysal Financial Value Fund, Faysal Government Securities Fund, Faysal Cash Fund and Faysal Special Savings Fund

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of directors	Designation	Attended meeting held on						
		July 12, 2023	August, 18 2023	October 20, 2023	December 12, 2023	January 5, 2024	February 2, 2024	April 19, 2024
Mr. Yousaf Hussain	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Samia Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ehsen Zafar Puri*	Director	N/A	N/A	N/A	Yes	Yes	Yes	Yes
Mr. Nadir Rahman**	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Ehsen Zafar Puri was appointed on board in a meeting held on October 20, 2023.

25 GENERAL

25.1 Figures have been rounded off to the nearest Rupees, unless otherwise stated.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 22, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Chief Executive Officer

Director

SUPPLEMENTARY NON FINANCIAL INFORMATION
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (I)
AND CLAUSE 11 - PERFORMANCE TABLE OF THE 5TH SCHEDULE TO THE
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
			----- (Rupees) -----		
(i) PERFORMANCE TABLE					
Net assets	5,268,661,769	3,850,488,170	4,831,367,005	1,100,724,223	773,491,385
Net assets value per unit	109.35	108.96	107.08	106.81	106.57
Offer price per unit	111.83	111.43	109.51	109.23	108.71
Repurchase price per unit	109.35	108.96	107.08	106.81	106.57
Highest offer price per unit	121.25	129.31	120.32	116.30	120.43
Highest repurchase price per unit	118.57	126.45	117.66	113.72	118.06
Lowest offer price per unit	111.42	109.55	109.25	77.23	108.55
Lowest repurchase price per unit	108.96	107.12	106.83	75.52	106.42
Total return:	23.66%	18.95%	10.38%	6.81%	11.22%
- capital growth	2.14%	1.90%	0.27%	0.23%	0.22%
- income distribution	21.52%	17.05%	10.11%	6.58%	11.00%
- one year	23.66%	18.95%	10.38%	6.81%	11.22%
- two years	21.31%	14.67%	8.60%	9.02%	9.52%
- three years	17.66%	12.05%	9.47%	8.61%	NIA
Four Years	14.95%	11.84%	9.06%	NIA	NIA
Five Years	14.20%				
Distribution per unit:					
- Interim distribution (% per unit) *	21.52%	17.05%	10.11%	6.58%	11.00%
- Final distribution (% per unit)		-	-	-	-
	21.52%	17.05%	10.11%	6.58%	11.00%

* Announced on 24 June 2024

The Fund's past performance is not necessarily indicative of future performance. Therefore, the unit prices and investment returns may go down, as well as up.

(ii) MEETINGS OF THE AUDIT COMMITTEE

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On			
		17-Aug-23	19-Oct-23	01-Feb-24	18-Apr-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes	Yes	Yes

(iii) MEETINGS OF THE HUMAN RESOURCE AND REMUNERATION COMMITTEE

Following is the analysis of the attendance in the meetings of the Human Resource and Remuneration Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On				
		08-Aug-23	17-Oct-23	08-Nov-23	01-Feb-24	06-May-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes	Yes
Mr. Yousaf Hussain	Member	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes	Yes	Yes

(iv) MEETINGS OF THE BOARD RISK MANAGEMENT COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Risk Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On		
		10-Aug-23	16-Oct-23	18-Apr-24
Mr. Mian Salman Ali	Chairman	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes	Yes

(v) MEETINGS OF THE BOARD STRATEGY COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Strategy Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On	
		09-Aug-23	16-Oct-23
Mr. Yousaf Hussain	Chairman	Yes	Yes
Syed Majid Ali	Member	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes
*Mr. Ehsan Zafar Puri	Member	N/A	N/A

*Mr. Ehsan Zafar Puri was appointed as director board strategy committee, effective from October 20, 2023.

Head Office

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

Karachi

U 92 21 111329725
F 92 21 38657800

Lahore

T 92 42 35785558
F 92 42 35755196

Islamabad

T 92 51 2605721 / 23
F 92 51 2275252

🌐 faysalfunds.com

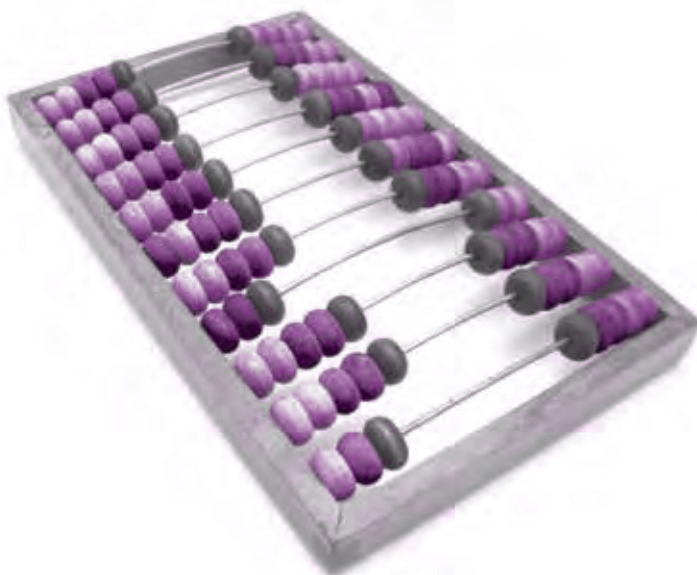
f facebook.com/faysalasset

✂ x.com/faysalasset

Faysal Money Market Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Trustee Report to the Unit Holders	08
Independent Auditor's Report to the Unit Holders	09
Statement of Assets and Liabilities	12
Income Statement	13
Statement of Comprehensive Income	14
Statement of Movement in Unit Holders' Fund	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Supplementary Non Financial Information	35

FUND INFORMATION

Management Company

Faysal Asset Management Limited.

Board of Directors

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Vice Chairman
Mr. Mian Salman Ali, Director
Mrs. Samia Zuberi, Director
Mr. Ali Waqar, Director
Mr. Nadir Rahman, Chief Executive Officer
Mr. Ehsan Zafar Puri, Director

Chief Financial Officer & Company Secretary

Mr. Salman Muslim

Audit Committee

Mrs. Samia Zuberi, Chair Person
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member

HR Committee

Mrs. Samia Zuberi, Chair Person
Mr. Yousaf Hussain, Member
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Risk Committee

Mr. Mian Salman Ali, Chairman
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Board Strategy Committee

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member
Mr. Ehsan Zafar Puri, Member

Trustee to the Fund

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

Auditors

A.F Ferguson & Co. Chartered Accountants

Legal Advisor

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

Registrar

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

Bankers to the Fund

Faysal Bank Limited
Bank Al-Falah Limited
Habib bank Limited
Allied Bank Limited
United Bank Limited
Zarai Taraqati 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 Money Market Fund endeavors to provide maximum possible preservation of capital and a reasonable rate of return via investing in money market securities having good credit quality rating and liquidity.

FUND MANAGER'S REPORT

ECONOMIC REVIEW

In 3QFY24, Pakistan's GDP experienced an YoY growth of 2.09%, with a marginal QoQ increase of 0.12%. The Services sector remained flat at 0.83%, offsetting gains in the Industrial and Agriculture sectors, which saw advances of 3.84% and 3.94%, respectively. Albeit Large-Scale Manufacturing Index growth was trivial at 1.47%, improvements in the small-scale sector supported overall industrial growth. Looking ahead, the country's growth rate is likely to be lower than anticipated in the 1HFY25, before gaining momentum in the 2HFY25 due to projected interest rate cuts that could stimulate industrial growth.

Pakistan's external account continued to exhibit improvement, with the Current Account Deficit (CAD) clocking in at ~USD 665mn during FY24, down from ~USD 3.3bn in SPLY. This steep reduction is primarily due to a 12% YoY increase in exports, reaching ~USD 31bn, and an 11% YoY rise in remittances, totaling ~USD 30.2bn. On a QoQ basis, the CAD was ~USD 0.07bn, supported by increased exports and remittances. The trade deficit also improved, decreasing by roughly 11% to USD 22bn in FY24 from USD 24.8bn in the SPLY, attributed to rising exports and declining imports.

The PKR appreciated by ~2.62% since Jun-23, closing 4QFY24 at PKR 278.34 against the USD. Foreign exchange reserves rose by about 10% QoQ to USD 14 bn, driven by strong inflows and roll-overs, including support from the IMF, GCC countries, and FDIs predominantly from China. The FX Reserves improved significantly from USD 9.1bn at the end of June 2023, enhancing the imports cover to above 1.5 months.

The average inflation clocked in at ~24% in FY24, down from ~29.4% in FY23. However, Core inflation rose to about 18.9% in FY24 from 17.8% in the SPLY. However, on QoQ basis, it dropped from 18.1% in 3QFY24 to 14.6% in 4QFY24. Despite higher fuel, power, and food inflation, the appreciation of the PKR and lower international commodity prices helped moderate inflation.

The Federal Board of Revenue (FBR) collected ~PKR 9,285bn in taxes during FY24, surpassing the target of PKR 9,252bn, and marking a 29% YoY increase from PKR 7,167bn in the SPLY. This growth was mainly on account of increased direct taxes and Petroleum Development Levy (PDL), while tax collection on imports remained subdued due to import compression.

Looking forward, the economic outlook for the upcoming quarters is optimistic, bolstered by the IMF program and anticipated rate cuts (a cumulative 250 bps in the last two

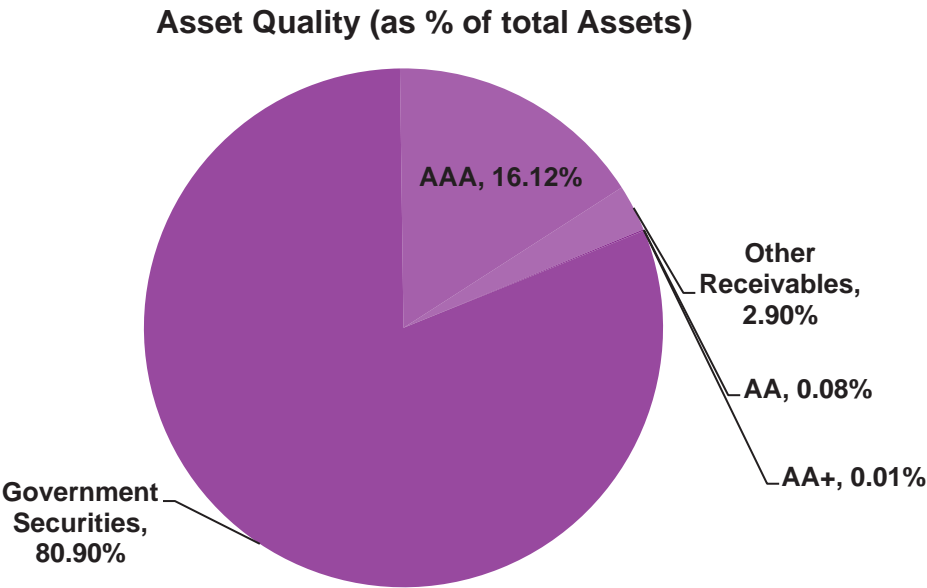
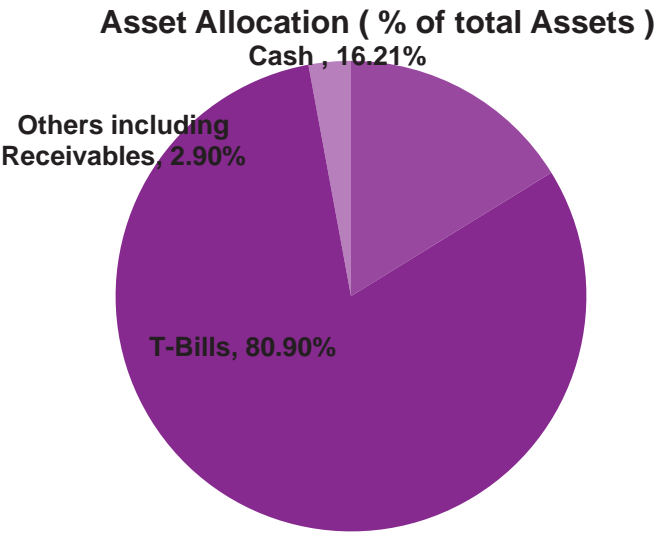
Monetary Policy Committee meetings). The potential economic rebound FY25, a downward trend in inflation, and PKR stability are key factors supporting this outlook.

MONEY MARKET REVIEW

For the majority of FY24, the SBP kept the policy rate steady at 22%. However, following a decline in CPI readings, the SBP revised down the policy rate by 150 basis points to 20.5%. During the year, SBP held 26 T-Bill and 10 PIB auctions raising a total of ~PKR 21.3tn through T-Bills and ~PKR 4.5tn through the PIB auctions. During the year, the yields depicted volatility, inching upwards and peaking in Sept'24, before gradually declining thereon. In the first T-bill auction of FY24, the State Bank of Pakistan raised ~PKR 597bn, with weighted average yields realized in the 3M / 6M / 12M tenors clocking in at ~22.75% / 22.96% / 22.99%, respectively. However, in the last auction of FY24 held in June'24, SBP held, the weighted average yields realized in the 3M / 6M / 12M fell to ~20.01% / 19.94% / 18.49%, respectively. The decline in yields since Sept'23 followed expectations of interest rate cuts, which materialized in June'24. A similar trend was witnessed during FY24 in the Islamic Money Market / Sukuk yields.

Fund Information	
Fund Type	Open Ended
Category	Money Market Scheme
Stability Rating	AA(f) (PACRA) April 18 ,2024
Risk Profile	Low
Launch Date	December 13, 2010
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee	Management Company shall be entitled to an accrued remuneration equal to an amount not exceeding 1% of Average Annual Net Assets, within allowed expense ratio limit. (Actual Rate of Management Fee Charged is 0.75%)
Selling and Marketing Expense	0.55%
Front/Back end Load	FEL Upto 2% BEL 0%
Min Subscription	PKR 5000
Benchmark	70% Three months PKRV rates + 30% three months average deposit rates of three AA-rated scheduled Banks
Pricing Mechanism	Backward
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 5:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	103.1002
Net Assets (PKR mn)	774
Net Assets(PKR mn) excluding FoF	774
Total Expense Ratio (Annualized)	2.01%
Total Expense Ratio (Monthly)	1.83%

Fund Return (% p.a.)	FY24	FY23
YTD	21.75%	17.04%
Benchmark (YTD)	20.90%	17.01%



FUND PERFORMANCE

For the period under review, Faysal Money Market Fund (FMMF) yielded an annualized FY24 return of 21.75% versus the Benchmark return of 20.90%. At the period's close, allocation in Cash, T-Bills and Other Receivables stood at 16.21%, 80.90% and 2.90%, respectively. Fund management will continue to explore different avenues within the authorized investment.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office:**

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

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL MONEY MARKET FUND****Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Faysal Money Market Fund (the Fund), would like to draw the attention of the unit holders towards the fact that Faysal Asset Management Limited (Management Company) due to its conversion from Conventional to Shariah Compliant Asset Management Company did not intend to operate this conventional Fund and therefore Management Company will either transfer the management rights or wind up this Fund.

However, during the year ended June 30, 2024, the Management Company has materially managed the Fund 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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: September 26, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT**To the Unit holders of Faysal Money Market Fund****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Faysal Money Market Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the financial statements)	
	<p>Balances with banks and investments constitute the most significant component of the net asset value. Balances with banks of the Fund as at June 30, 2024 amounted to Rs. 132.44 million and investments aggregated to Rs. 661.083 million.</p> <p>The existence of balances with banks and existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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>

• KARACHI • LAHORE • ISLAMABAD



A.F. FERGUSON & CO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

A/Me



A.F. FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Dated: September 27, 2024
Karachi
UDIN: AR202410068LwNY7WFsb

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Assets			
Balances with banks	4	132,436,960	111,190,073
Investments	5	661,083,403	1,151,624,400
Advances, deposits, prepayments and other receivables	6	23,710,313	15,631,632
Total assets		<u>817,230,676</u>	<u>1,278,446,105</u>
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	7	3,741,140	2,614,396
Payable to Central Depository Company of Pakistan Limited - Trustee	8	56,028	67,661
Payable to the Securities and Exchange Commission of Pakistan	9	66,401	600,333
Dividend payable		11,459	11,457
Accrued expenses and other liabilities	10	39,681,047	21,229,965
Total liabilities		<u>43,556,075</u>	<u>24,523,812</u>
Net assets		<u>773,674,601</u>	<u>1,253,922,293</u>
Unit holders' fund (as per statement attached)		<u>773,674,601</u>	<u>1,253,922,293</u>
Contingencies and commitments	11		
		----- (Number of units) -----	
Number of units in issue		<u>7,504,108</u>	<u>12,223,742</u>
		----- (Rupees) -----	
Net asset value per unit		<u>103.1001</u>	<u>102.5809</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer_____
Chief Executive Officer_____
Director

INCOME STATEMENT

For The Year Ended June 30, 2024

	Note	2024	2023
		(Rupees)	
Income			
Income on Market Treasury Bills		200,276,600	317,699,546
Profit on balances with banks		41,735,277	68,136,486
Profit on commercial papers		-	19,647,616
Profit on letters of placement		-	18,578,686
Profit on certificate of investments		-	4,700,996
Profit on sukuk certificates		-	47,588,153
Gain / (loss) on sale of investments - net		73,512	(1,493,739)
		242,085,389	474,857,744
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2	619,743	(1,498,260)
Total income		<u>242,705,132</u>	<u>473,359,484</u>
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	7.1	8,777,873	9,519,149
Sindh Sales Tax on remuneration of the Management Company	7.2	1,141,123	1,237,489
Selling and marketing expenses	7.3	7,216,763	12,599,737
Allocated expenses	7.4	2,227,031	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	612,379	1,650,916
Sindh Sales Tax on remuneration of the Trustee	8.2	79,609	214,619
Fee to the Securities and Exchange Commission of Pakistan	9.1	833,248	600,332
Transaction charges		103,813	327,864
Legal and professional charges		130,959	1,075,879
Bank charges		12,563	19,247
Auditors' remuneration	12	786,580	542,180
Fees and subscriptions		428,390	438,579
Printing charges		9,883	27,156
Total expenses		<u>22,360,214</u>	<u>28,253,147</u>
Net income for the year before taxation		<u>220,344,918</u>	<u>445,106,337</u>
Taxation	15	-	-
Net income for the year after taxation		<u>220,344,918</u>	<u>445,106,337</u>
Earnings per unit	3.13		
Allocation of net income for the year			
Net income for the year after taxation		220,344,918	445,106,337
Income already paid on units redeemed		(98,378,468)	(120,830,111)
		<u>121,966,450</u>	<u>324,276,226</u>
Accounting income available for distribution			
- Relating to capital gains		693,255	-
- Excluding capital gains		121,273,195	324,276,226
		<u>121,966,450</u>	<u>324,276,226</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2024

	2024	2023
	----- (Rupees) -----	
Net income for the year after taxation	220,344,918	445,106,337
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>220,344,918</u>	<u>445,106,337</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For The Year Ended June 30, 2024

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Note-----	(Rupees)			(Rupees)		
Net assets at the beginning of the year	1,194,023,425	59,898,868	1,253,922,293	6,894,077,741	55,514,579	6,949,592,320
Issuance of 14,232,136 units (2023: 103,538,942 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,459,945,320	-	1,459,945,320	10,621,117,855	-	10,621,117,855
- Element of income	121,488,675	-	121,488,675	51,981,703	-	51,981,703
Total proceeds on issuance of units	1,581,433,995	-	1,581,433,995	10,673,099,558	-	10,673,099,558
Redemption of 18,951,770 units (2023: 159,309,183 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(1,944,089,623)	-	(1,944,089,623)	(16,342,079,370)	-	(16,342,079,370)
- Element of loss	(45,909,605)	(98,378,468)	(144,288,073)	50,281,133	(120,830,111)	(70,548,978)
Total payments on redemption of units	(1,989,999,228)	(98,378,468)	(2,088,377,696)	(16,291,798,237)	(120,830,111)	(16,412,628,348)
Total comprehensive income for the year	-	220,344,918	220,344,918	-	445,106,337	445,106,337
Distributions during the year	(87,422,733)	(106,226,176)	(193,648,909)	(81,355,637)	(319,891,937)	(401,247,574)
	(87,422,733)	114,118,742	26,696,009	(81,355,637)	125,214,400	43,858,763
Net assets at the end of the year	698,035,459	75,639,142	773,674,601	1,194,023,425	59,898,868	1,253,922,293
Undistributed income brought forward						
- Realised income		61,397,128			55,514,579	
- Unrealised loss		(1,498,260)			-	
		59,898,868			55,514,579	
Distributions during the year		(106,226,176)			(319,891,937)	
Accounting income available for distribution						
- Relating to capital gains		693,255			-	
- Excluding capital gains		121,273,195			324,276,226	
		121,966,450			324,276,226	
Undistributed income carried forward		75,639,142			59,898,868	
Undistributed income carried forward						
- Realised income		75,019,399			61,397,128	
- Unrealised income / (loss)		619,743			(1,498,260)	
		75,639,142			59,898,868	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		102.5809			102.2089	
Net asset value per unit at the end of the year		103.1001			102.5809	

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

For The Year Ended June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		220,344,918	445,106,337
Adjustments for:			
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2	(619,743)	1,498,260
		219,725,175	446,604,597
(Increase) / decrease in assets			
Investments - net		(368,895,460)	1,933,854,117
Advances, deposits, prepayments and other receivables		(8,078,681)	57,996,397
		(376,974,141)	1,991,850,514
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		1,126,744	(1,934,941)
Payable to Central Depository Company of Pakistan Limited - Trustee		(11,633)	(300,579)
Payable to the Securities and Exchange Commission of Pakistan		(533,932)	(1,304,377)
Accrued expenses and other liabilities		18,451,082	(8,516,101)
		19,032,261	(12,055,998)
Net cash (used in) / generated from operating activities		(138,216,705)	2,426,399,113
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		1,494,011,262	10,673,099,558
Payments against redemption and conversion of units		(2,088,377,696)	(16,413,228,348)
Dividend paid		(106,226,174)	(401,247,574)
Net cash used in from financing activities		(700,592,608)	(6,141,376,364)
Net decrease in cash and cash equivalents during the year		(838,809,313)	(3,714,977,251)
Cash and cash equivalents at the beginning of the year		1,262,814,473	4,977,791,724
Cash and cash equivalents at the end of the year	13	424,005,160	1,262,814,473

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer_____
Chief Executive Officer_____
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024****1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Faysal Money Market Fund (the Fund) is an open-ended collective investment scheme established through a Trust Deed under the Trust Act, 1882, entered into on April 22, 2009 between Faysal Asset Management Limited (FAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The investment activities and administration of the Fund are managed by the Management Company.

In the year 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Management Company of the Fund has been licensed by the SECP 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 has been categorised as a 'Money Market 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 December 13, 2010 and are transferable and redeemable by surrendering them to the Fund.
- 1.4** The objective of the Fund is to provide a reasonable rate of return along with maximum possible preservation of capital via investing in money market and debt securities having good credit quality rating and liquidity. The investment objectives and policies are explained in the Fund's offering document.
- 1.5** The Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited dated December 29, 2023 (2023: 'AM2++' dated December 30, 2022). 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 Money Market Fund as of April 18, 2024 (2023: "AA(f)" as of April 17, 2023).
- 1.6** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Accounting Standards) 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 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 differ from the IFRS Accounting Standards, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

2

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

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, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and hence, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

2.3 Standards not yet effective:

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

2.6 Functional and Presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

3

3.2 Financial assets**3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement**3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL),

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment (other than debt securities)

The fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortized cost and at FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

4

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the income statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the "Statement of Assets and Liabilities" when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the 'Statement of Assets and Liabilities' is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net asset value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income / (loss) represents the difference between NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on debt securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on balances with banks and other income is recognised on an accrual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

5

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee to the SECP are recognised in the Income Statement on an accrual basis.

3.12 Taxation**Current**

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

		Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
4	BALANCES WITH BANKS			
	Balances with banks in savings accounts	4.1	<u>132,436,960</u>	<u>111,190,073</u>
4.1	These include a balance of Rs. 1.093 million (2023: Rs. 1.423 million) maintained with Faysal Bank Limited (a related party) that carries profit at the rate of 20.00% (2023: 20.40%) per annum. Other saving accounts of the fund carry profit rates ranging from 11.00% to 20.51% (2023: 7.00% to 19.80%) per annum.			
5	INVESTMENTS			
	Investments 'at fair value through profit or loss'			
	Government securities - Market Treasury Bills	5.1	<u>661,083,403</u>	<u>1,151,624,400</u>
			<u>661,083,403</u>	<u>1,151,624,400</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

5.1 Government securities - Market Treasury Bills

Name of security	Date of issue	Face value				Balance as at June 30, 2024			Market value as percentage of	
		As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised appreciation / (diminution) on revaluation	Net assets of the fund	Total investments of the fund
		(Rupees)					%			
Market Treasury Bills - 03 Months	15 June 2023	700,000,000	725,000,000	1,425,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	4 May 2023	500,000,000	-	500,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	22 June 2023	-	1,325,000,000	1,325,000,000	-	-	-	-	-	-
Market Treasury Bills - 12 Months	20 October 2022	-	100,000,000	100,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	10 August 2023	-	250,000,000	250,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	7 September 2023	-	175,000,000	175,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	21 September 2023	-	225,000,000	225,000,000	-	-	-	-	-	-
Market Treasury Bills - 12 Months	6 April 2023	-	47,000,000	47,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	4 April 2024	-	125,000,000	125,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	7 February 2024	-	100,000,000	100,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	7 March 2024	-	900,000,000	900,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	30 November 2023	-	600,000,000	600,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	22 February 2024	-	600,000,000	600,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	21 September 2023	-	1,040,000,000	1,040,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	7 September 2023	-	50,000,000	50,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	30 November 2023	-	300,000,000	300,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	5 October 2023	-	400,000,000	400,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	22 June 2023	-	100,000,000	100,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	1 July 2023	-	500,000,000	500,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	11 January 2024	-	146,000,000	146,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	4 April 2024	-	175,000,000	175,000,000	-	-	-	-	-	-
Market Treasury Bills - 03 Months	30 May 2024	-	500,000,000	200,000,000	300,000,000	291,462,716	291,568,200	105,484	37.69%	44.10%
Market Treasury Bills - 06 Months	30 May 2024	-	300,000,000	-	300,000,000	276,704,588	277,136,400	431,812	35.82%	41.92%
Market Treasury Bills - 12 Months	30 November 2023	-	100,000,000	-	100,000,000	92,296,356	92,378,803	82,447	11.94%	13.97%
Total as at June 30, 2024						660,463,660	661,083,403	619,743	85%	1.00
Total as at June 30, 2023						1,153,122,660	1,151,624,400	(1,498,260)		

5.2 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets 'at fair value through profit and loss' - net	Note	2024	2023
		(Rupees)	
Market value of investments	5.1	661,083,403	1,151,624,400
Less: carrying value of investments	5.1	(660,463,660)	(1,153,122,660)
		<u>619,743</u>	<u>(1,498,260)</u>

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited - Trustee		100,000	100,000
Prepayments		29,836	-
Profit receivable on balances with banks	6.1	9,165,498	3,564,275
Advance tax	6.2	14,282,009	11,834,387
Other receivables		132,970	132,970
		<u>23,710,313</u>	<u>15,631,632</u>

6.1 This includes profit receivable amounting to Rs. 0.0816 million (2023: Rs. 0.222 million) on balance held with Faysal Bank Limited, a related party.

6.2 As per clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on savings accounts and government securities paid to the fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profits on bank balances amount to Rs. 14.282 million (2023: Rs. 11.834 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of the FBR. In 2016, the Board of the AMCs passed a resolution, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profits received by the Fund has been shown as other receivables as at June 30, 2024, as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
	Remuneration payable	7.1	671,635	653,214
	Sindh Sales Tax payable on remuneration of the Management Company	7.2	87,313	84,918
	Selling and marketing expenses payable	7.3	1,408,213	1,876,264
	Allocated expenses payable	7.4	1,529,285	-
	Sales load payable		44,694	-
			<u>3,741,140</u>	<u>2,614,396</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 remuneration at the rates ranging from 0.60% to 1.00% (2023: 0.25% to 0.60%) of the average annual net assets of the Fund.

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

- 7.2 During the year, an amount of Rs. 1.141 million (2023: Rs.1.237 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate 13% (2023: 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) up to 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 overall return, the annual plan and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the rate 0.55% to 0.85% (2023: 0.35% to 0.60%) of the average annual net assets.

- 7.4 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

During the period ended June 30, 2020, the Board of Directors of the Management Company, in its 106th meeting held on April 17, 2020, had given Management Company the discretion for charging allocated expenses on the Fund as it may decide. Therefore, the Management Company, based on its discretion (duly authorised by the Board of Directors), has charged accounting and operational charges to the Fund at the rate 0.20% (June 30, 2023: Nil).

- 7.5 During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses and allocated expenses to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Board of Directors of the Management Company has responded to the observations highlighted by the SECP and the management is engaged with SECP in this regard. Accordingly, the impact of the SECP's observations on the financial statements, if any, is not determinable as at the reporting date.

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
	Remuneration payable to the Trustee	8.1	49,582	59,877
	Sindh Sales Tax payable on remuneration of the Trustee	8.2	6,446	7,784
			<u>56,028</u>	<u>67,661</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

- 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 0.055% (2023: 0.055%) per annum of net assets of the Fund.

- 8.2 During the year, an amount of Rs. 0.080 million (2023: Rs. 0.215 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate 13% (2023: 13%).

9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 (Rupees)	2023 (Rupees)
	Fee payable	9.1	66,401	600,333

- 9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP).

Accordingly, the Fund has charged the SECP fee at the rate of 0.075% (2023: 0.02%) per annum of the daily net assets during the period.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 (Rupees)	2023 (Rupees)
	Auditor's remuneration payable		493,886	416,541
	Transaction charges payable		7,793	179,545
	Legal and professional charges payable		2,208,595	2,503,966
	Fees and subscription payable		32,055	-
	Printing charges payable		126,742	135,829
	Withholding and capital gain tax payable		19,684,484	1,017,353
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	10.1	14,159,913	14,159,913
	Other liabilities		2,967,579	2,816,818
			<u>39,681,047</u>	<u>21,229,965</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 June 13, 2013 till June 30, 2016 amounting to Rs. 14.160 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re.1.8870 (2023: Re. 1.1584) per unit.

11 CONTINGENCIES AND COMMITMENTS

- 11.1 During the year ended June 30, 2022, an income tax order dated June 3, 2022 was passed for tax year 2017 through which a tax demand of Rs. 22,468,952 was raised by the concerned Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR) by rejecting the Fund's claim for income tax exemption under clause (99) contained in Part I of the Second Schedule to the Income Tax Ordinance, 2001. The order was passed by misconstruing that the Fund allegedly distributed less than 90% of its income to its unitholders which is the sole criterion for income tax exemption claim under clause (99). Whilst reaching this conclusion, the ACIR misinterpreted that amount of Rs. 39,965,974 is 'element of income', whereas actually this amount represents 'Net element of loss'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

9

The Management Company had filed an appeal with the Commissioner (Inland) Revenue Appeals (CIRA) against the demand raised by ACIR. CIRA passed an order dated September 30, 2022 whereby it decided the appeal in favour of the Fund.

- 11.2 There were no other contingencies or commitments outstanding as at June 30, 2024 and June 30, 2023.

	Note	2024 ----- (Rupees) -----	2023 -----
12 AUDITORS' REMUNERATION			
Annual audit fee		417,336	284,000
Fee for half yearly review of condensed interim financial statements		189,565	129,000
Fee for other certifications		85,000	70,000
Out of pocket expenses		36,414	19,019
		<u>728,315</u>	<u>502,019</u>
Sindh Sales Tax		58,265	40,161
		<u>786,580</u>	<u>542,180</u>
13 CASH AND CASH EQUIVALENTS			
Balances with bank	4	132,436,960	111,190,073
Government securities - Market Treasury Bills	5.1	291,568,200	1,151,624,400
		<u>424,005,160</u>	<u>1,262,814,473</u>
14 TOTAL EXPENSE RATIO			

The total expense ratio (TER) of the Fund as at June 30, 2024 is 2.01% (2023: 0.94%) which includes 0.19% (2023: 0.87%) representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2.00% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

15 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 has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

16 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 16.1 Connected persons / related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes being 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 any person or company beneficially owning directly or indirectly 10% or more of the net assets of the Fund.
- 16.2 Transactions with connected persons 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 is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

10

16.5 Selling and marketing expenses and allocated 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 during the year and balances with them as at year end are as follows:

Transactions during the year	2024 ----- (Rupees) -----	2023 -----
Faysal Asset Management Limited - Management Company		
Remuneration of Faysal Asset Management Limited - Management Company	8,777,873	9,519,149
Sindh Sales Tax on remuneration of the Management Company	1,141,123	1,237,489
Selling and marketing expenses	7,216,763	12,599,737
Allocated expenses	2,227,031	-
Units issued: 646 units (2023: 2,898,023 units)	81,982	295,054,823
Units redeemed: 646 units (2023: 5,615,372 units)	68,461	575,830,831
Dividend paid	-	2,452,628
Faysal Bank Limited (Group company / Associated company)		
Units issued: Nil units (2023: Nil units)	-	-
Units redeemed: Nil units (2023: 8,719,740 units)	894,766,199	894,766,199
Profit on balances with bank	866,545	1,464,959
Bank charges	11,606	8,623
Faysal Asset Management Limited - Staff Gratuity Fund		
Units issued: Nil units (2023: 797,464 units)	-	82,483,994
Units redeemed: 73,313 units (2023: 778,253 units)	8,136,491	80,545,907
Dividend reinvested	-	27,390
Faysal Asset Management Limited - Staff Provident Fund		
Units issued: Nil units (2023: 1,089,689 units)	-	112,702,296
Units redeemed: 102,918 units (2023: 1,049,664 units)	11,422,109	108,643,354
Dividend reinvested	-	37,262
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	612,379	1,650,916
Sindh Sales Tax on remuneration of the Trustee	79,609	214,619
Settlement charges	49,414	33,289
Directors, their close family members and Key Management Personnel of the Management Company		
Units issued: Nil units (2023: 20 units)	-	2,066
Units redeemed: 4 units (2023: 15 units)	448	1,581
Dividend paid	129	180
Unit holders with more than 10% holding		
Units issued: 4,876,641 units (2023: 4,156,511 units)	554,200,727	427,265,726
Units redeemed: 3,834,202 units (2023: Nil units)	402,988,597	-
Dividend paid	61,797,487	24,628,138
Amounts / balances outstanding as at year end		
Faysal Asset Management Limited - Management Company		
Remuneration payable	671,635	653,214
Sindh Sales Tax payable on remuneration of the Management Company	87,313	84,918
Selling and marketing expenses payable	1,408,213	1,876,264
Allocated expenses payable	1,529,285	-
Sales load payable	44,694	-
Faysal Bank Limited (Group company / Associated company)		
Balance in savings accounts	1,093,124	1,420,130
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	49,582	59,877
Sindh Sales Tax payable on remuneration of the Trustee	6,446	7,784
Security deposit	100,000	100,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

Transactions during the year	2024 ----- (Rupees) -----	2023 -----
Faysal Asset Management Limited - Staff Gratuity Fund		
Outstanding: Nil units (2023 : 73,313 units)	-	7,520,556
Faysal Asset Management Limited - Staff Provident Fund		
Outstanding: Nil units (2023: 102,918 units)	-	10,557,451
Directors, their close family members and Key Management Personnel of the Management Company *		
Outstanding: 8 units (2023: 11 units)	825	1,128
Unit holders with more than 10% holding *		
Outstanding: 5,006,376 units (2023: 4,522,355 units)	516,157,866	463,907,264

* This reflects the position of related party / connected persons status as at June 30, 2024

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2024 ----- ----- (Rupees) -----		
	At amortised cost	At fair value through profit or loss	Total
Financial assets			
Balances with banks	132,436,960	-	132,436,960
Investments	-	661,083,403	661,083,403
Deposits and other receivables	9,398,468	-	9,398,468
	<u>141,835,428</u>	<u>661,083,403</u>	<u>802,918,831</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	3,741,140	-	3,741,140
Payable to Central Depository Company of Pakistan Limited - Trustee	56,028	-	56,028
Dividend payable	11,459	-	11,459
Accrued expenses and other liabilities	5,836,650	-	5,836,650
	<u>9,645,277</u>	<u>-</u>	<u>9,645,277</u>
	2023 ----- ----- (Rupees) -----		
	At amortised cost	At fair value through profit or loss	Total
Financial assets			
Balances with banks	111,190,073	-	111,190,073
Investments	-	1,151,624,400	1,151,624,400
Deposits and other receivables	3,797,245	-	3,797,245
	<u>114,987,318</u>	<u>1,151,624,400</u>	<u>1,266,611,718</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	2,614,396	-	2,614,396
Payable to Central Depository Company of Pakistan Limited - Trustee	67,661	-	67,661
Dividend payable	11,457	-	11,457
Accrued expenses and other liabilities	6,052,699	-	6,052,699
	<u>8,746,213</u>	<u>-</u>	<u>8,746,213</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

(i) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks and investment in sukuk certificates, term finance certificates, Pakistan Investment Bonds and GOP Ijarah. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 1.324 million (2023: Rs. 1.112 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the FMAP are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

2024					
Effective interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
Rupees					
Financial assets					
Balances with banks	11.00% - 20.51%	132,436,960	-	-	132,436,960
Investments	20.61% - 20.82%	661,083,403	-	-	661,083,403
Deposits and other receivables		-	-	9,398,468	9,398,468
		793,520,363	-	9,398,468	802,918,831
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	3,741,140	3,741,140
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	56,028	56,028
Dividend payable		-	-	11,459	11,459
Accrued expenses and other liabilities		-	-	5,836,650	5,836,650
		-	-	9,645,277	9,645,277
On-balance sheet gap (a)		793,520,363	-	(246,809)	793,273,554
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		793,520,363	-	-	-
Cumulative profit rate sensitivity gap		793,520,363	793,520,363	793,520,363	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

2023					
Effective interest rate (%)	Exposed to interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
Rupees					
Financial assets					
Balances with banks	7.00% to 20.40%	111,190,073	-	-	111,190,073
Investments	15.25% to 20.97%	1,151,624,400	-	-	1,151,624,400
Deposits and other receivables		-	-	3,797,245	3,797,245
		1,262,814,473	-	3,797,245	1,266,611,718
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	2,614,396	2,614,396
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	67,661	67,661
Dividend payable		-	-	11,457	11,457
Accrued expenses and other liabilities		-	-	6,052,699	6,052,699
		-	-	8,746,213	8,746,213
On-balance sheet gap (a)		1,262,814,473	-	(4,948,967)	1,257,865,506
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		1,262,814,473	-	-	-
Cumulative profit rate sensitivity gap		1,262,814,473	1,262,814,473	1,262,814,473	-

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is a risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities at of June 30, 2024 and hence, is not exposed to price risk.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2024.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

14

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	132,436,960	-	-	-	-	132,436,960
Investments	-	291,568,200	369,515,203	-	-	661,083,403
Deposits and other receivables	9,298,468	-	-	-	100,000	9,398,468
	141,735,428	291,568,200	369,515,203	-	100,000	802,918,831
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	3,741,140	-	-	-	-	3,741,140
Payable to Central Depository Company of Pakistan Limited - Trustee	56,028	-	-	-	-	56,028
Dividend payable	11,459	-	-	-	-	11,459
Accrued expenses and other liabilities	5,836,650	-	-	-	-	5,836,650
	9,645,277	-	-	-	-	9,645,277
Net financial assets	132,090,151	291,568,200	369,515,203	-	100,000	793,273,554
2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	111,190,073	-	-	-	-	111,190,073
Investments	-	-	1,151,624,400	-	-	1,151,624,400
Deposits and other receivables	3,697,245	-	-	-	100,000	3,797,245
	114,887,318	-	1,151,624,400	-	100,000	1,266,611,718
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	2,614,396	-	-	-	-	2,614,396
Payable to Central Depository Company of Pakistan Limited - Trustee	67,661	-	-	-	-	67,661
Dividend payable	11,457	-	-	-	-	11,457
Accrued expenses and other liabilities	6,052,699	-	-	-	-	6,052,699
	8,746,213	-	-	-	-	8,746,213
Net financial assets	106,141,106	-	1,151,624,400	-	100,000	1,257,865,506

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees				
Balances with banks	132,436,960	132,436,960	111,190,073	111,190,073
Investments	661,083,403	-	1,151,624,400	-
Advances, deposits, prepayments and other receivables	23,710,313	23,710,313	15,631,632	15,631,632
	<u>817,230,676</u>	<u>156,147,273</u>	<u>1,278,446,105</u>	<u>126,821,705</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

15

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis.

18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks, investments (other than in government backed securities) and mark-up accrued thereon. The credit rating profile of balances with banks is as follows:

Bank balance by rating category	2024	2023
	%	%
AAA	99.99%	0.60%
AA+	0.01%	98.12%
AA *	-	1.28%
	<u>100.00%</u>	<u>100.00%</u>

* Nil due to rounding off.

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2024 and June 30, 2023 are unsecured and are not impaired.

19 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 reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

19.1 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 June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair value:

	2024			Total
	Level 1	Level 2	Level 3	
	(Rupees)			
Financial assets 'at fair value through profit or loss'				
Market Treasury Bills	-	661,083,403	-	661,083,403
	<u>-</u>	<u>661,083,403</u>	<u>-</u>	<u>661,083,403</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

2023			Total
Level 1	Level 2	Level 3	
(Rupees)			
Financial assets 'at fair value through profit or loss'			
Market Treasury Bills	-	1,151,624,400	-
	-	1,151,624,400	1,151,624,400

20 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2024			2023		
	Number of unit holders	Number of units held	Percentage of total	Number of unit holders	Number of units held	Percentage of total
Associated companies	-	-	-	11	411,307	3.36%
Insurance companies	-	-	-	2	782,727	6.40%
Retirement funds	12	655,511	8.74%	14	2,668,773	21.88%
Individuals	618	1,323,872	17.64%	522	3,448,668	28.21%
Banks and DFIs *	1	7,310	0.10%	1	6,194	-
Others	49	5,517,414	73.53%	34	4,906,073	40.14%
	680	7,504,108	100.00%	584	12,223,742	100.00%

* Nil due to rounding off.

22 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Magenta Capital (Private) Limited	24.67%	8.29%
Bright Capital (Private) Limited	12.30%	20.17%
Vector Capital (Private) Limited *	-	2.46%
Arif Habib Limited *	-	4.28%
Invest One Markets Limited *	-	9.69%
C&M Management (Private) Limited	31.25%	18.62%
Continental Exchange (Private) Limited	16.07%	13.84%
BIPL Securities Limited *	-	2.98%
Icon Securities (Private) Limited *	-	0.12%
Currency Markets Associates (Private) Limited *	-	9.92%
BMA Capital Management Limited *	-	2.61%
AKD Securities Limited	7.23%	6.38%
JS Global Capital Limited	8.48%	0.64%
	100.00%	100.00%

* Nil due to rounding off.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Nadir Rahman	Chief Executive Officer	BS (Economics)	Over 33 Years
Mr. Omer Bin Javaid	Deputy Chief Executive Officer	MBA	Over 25 Years
Mr. Muhammad Imran	Chief Investment Officer	MBA	Over 22 Years
Mr. Nafees Imtiaz Malik	Chief Operating Officer	MBA	Over 12 Years
Mr. Shahid Iqbal	Head of Fixed Income	B.Com	Over 32 Years
Mr. Salman Muslim	Chief Operating Officer and Company Secretary	FCA	Over 18 Years
Mr. Shoaib Danish	Equity Fund Specialist	MBA, CFA	Over 9 Years
Mr. Mustajab Alam	Fund Manager	MBA Finance	Over 11 Years
Mr. Abdul Ghani Mianoor	Senior Research Analyst	BSC	Over 5 Years
Syed Eunas Viqar	Head of Internal Audit and Compliance	ACCA	Over 16 Years
Mr. Abdul Basit	Unit Head - Risk Management	MBA	Over 9 Years
Mr. Mohammed Qasim	Senior Manager Risk Management	MBA	Over 15 Years

24 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Shahid Iqbal	Fund Manager	B.Com	Faysal Islamic Savings Growth Fund, Faysal Islamic Asset Allocation Fund, Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Islamic Special Income Fund, Faysal Islamic Financial Planning Fund II, Faysal Islamic Sovereign Fund, Faysal Islamic Financial Growth Fund, Faysal Islamic Mustakil Munafa Fund, Faysal Savings Growth Fund, Faysal Income and Growth Fund, Faysal Financial Sector Opportunity Fund, Faysal MTS Fund, Faysal Financial Value Fund, Faysal Government Securities Fund, Faysal Cash Fund and Faysal Special Savings Fund

25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name of directors	Designation	Attended meeting held on						
		July 12, 2023	August 18, 2023	October 20, 2023	December 12, 2023	January 5, 2024	February 2, 2024	April 19, 2024
Mr. Yousaf Hussain	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Samia Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ehsen Zafar Puri *	Director	-	-	-	Yes	Yes	Yes	Yes
Mr. Nadir Rahman	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Ehsen Zafar Puri appointed as director with date effecting from October 20, 2023.

26 DISTRIBUTIONS DURING THE YEAR

----- June 30, 2024 -----			
Rate per unit	Declaration date	Refund of capital	Distribution from income
----- Rupees -----			
Final distribution for the year ended June 30, 2024	Rs. 21.743	June 22, 2024	87,422,733
			106,226,176
			<u>87,422,733</u>
			<u>106,226,176</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

-----June 30, 2023-----				
	Rate per unit	Declaration date	Refund of capital	Distribution from income
			----- Rupees -----	
First interim distribution	Rs. 1.0662	July 28, 2022	18,443,793	43,604,684
Second interim distribution	Rs. 1.1468	August 27, 2022	6,874,545	36,918,593
Third interim distribution	Rs. 1.1388	September 24, 2022	7,784,826	37,836,430
Fourth interim distribution	Rs. 1.3193	October 26, 2022	5,920,801	42,256,061
Fifth interim distribution	Rs. 1.2711	November 26, 2022	6,640,202	37,362,583
Sixth interim distribution	Rs. 1.1433	December 24, 2022	6,756,521	36,390,160
Seventh interim distribution	Rs. 1.5106	January 27, 2023	6,867,964	17,143,159
Eight interim distribution	Rs. 1.1461	February 24, 2023	3,873,625	11,796,571
Ninth interim distribution	Rs. 1.4415	March 27, 2023	3,934,361	15,342,237
Tenth interim distribution	Rs. 1.7173	April 29, 2023	4,825,048	13,723,589
Eleventh interim distribution	Rs. 1.5095	May 26, 2023	5,689,798	14,245,869
Final distribution for the year ended June 30, 2023	Rs. 1.4082	June 23, 2023	3,744,153	13,272,001
			<u>81,355,637</u>	<u>319,891,937</u>

27 GENERAL**27.1** Figures have been rounded off to the nearest rupee unless otherwise stated.**28 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 22, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

SUPPLEMENTARY NON FINANCIAL INFORMATION
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (I)
AND CLAUSE 11 - PERFORMANCE TABLE OF THE 5TH SCHEDULE TO THE
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

	June 30, 2024	June 30, 2023	June 30, 2022 ----- (Rupees) -----	June 30, 2021	June 30, 2020
(i) PERFORMANCE TABLE					
Net assets	773,674,601	1,253,922,293	6,949,592,320	7,988,166,307	5,257,184,459
Net assets value per unit	103.1001	102.5809	102.2089	101.9585	101.8935
Offer price per unit	105.4302	104.8993	104.4767	104.2628	101.8708
Repurchase price per unit	103.1001	102.5809	102.2089	101.9585	101.8708
Highest offer price per unit	127.0750	106.2119	105.4643	105.1859	114.2849
Highest repurchase price per unit	124.2665	103.8645	103.1334	102.8612	114.2849
Lowest offer price per unit	104.8993	104.5189	102.2915	104.1963	101.7089
Lowest repurchase price per unit	102.5809	102.2089	101.952	101.8935	101.7089
Total return:	21.75%	17.04%	10.49%	6.89%	12.60%
- capital growth	0.55%	15.66%	0.72%	0.06%	0.20%
- income distribution	21.20%	1.38%	9.77%	6.83%	12.40%
Average annual return: (Launch date: Decemeber 13, 2010)					
- one year	21.75%	17.04%	10.49%	6.89%	12.60%
- two years	19.40%	13.77%	8.69%	9.75%	10.62%
- three years	16.43%	11.47%	9.99%	9.38%	N/A
Four Years	14.04%	11.76%	9.66%	N/A	N/A
Five Years	13.75%				
Distribution per unit:					
- Interim distribution (% per unit) *	21.20%	1.38%	9.77%	6.83%	12.40%
- Final distribution (% per unit)	-	-	-	-	-
	<u>21.20%</u>	<u>1.38%</u>	<u>9.77%</u>	<u>6.83%</u>	<u>12.40%</u>

* Announced on 21 June 2024

The Fund's past performance is not necessarily indicative of future performance. Therefore, the unit prices and investment returns may go down, as well as up.

(ii) MEETINGS OF THE AUDIT COMMITTEE

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On			
		17-Aug-23	19-Oct-23	01-Feb-24	18-Apr-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes	Yes	Yes

(iii) MEETINGS OF THE HUMAN REOUSRCE AND REMUNERATION COMMITTEE

Following is the analysis of the attendance in the meetings of the Human Resource and Remuneration Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On				
		08-Aug-23	17-Oct-23	08-Nov-23	01-Feb-24	06-May-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes	Yes
Mr. Yousaf Hussain	Member	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes	Yes	Yes

(iv) MEETINGS OF THE BOARD RISK MANAGEMENT COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Risk Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On		
		10-Aug-23	16-Oct-23	18-Apr-24
Mr. Mian Salman Ali	Chairman	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes	Yes

(v) MEETINGS OF THE BOARD STRATEGY COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Strategy Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On	
		09-Aug-23	16-Oct-23
Mr. Yousaf Hussain	Chairman	Yes	Yes
Syed Majid Ali	Member	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes
*Mr. Ehsan Zafar Puri	Member	N/A	N/A

*Mr. Ehsan Zafar Puri was appointed as director board strategy committee, effective from October 20, 2023.

Head Office

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

Karachi

U 92 21 111329725
F 92 21 38657800

Lahore


T 92 42 35785558
F 92 42 35755196

Islamabad

T 92 51 2605721 / 23
F 92 51 2275252

 faysalfunds.com

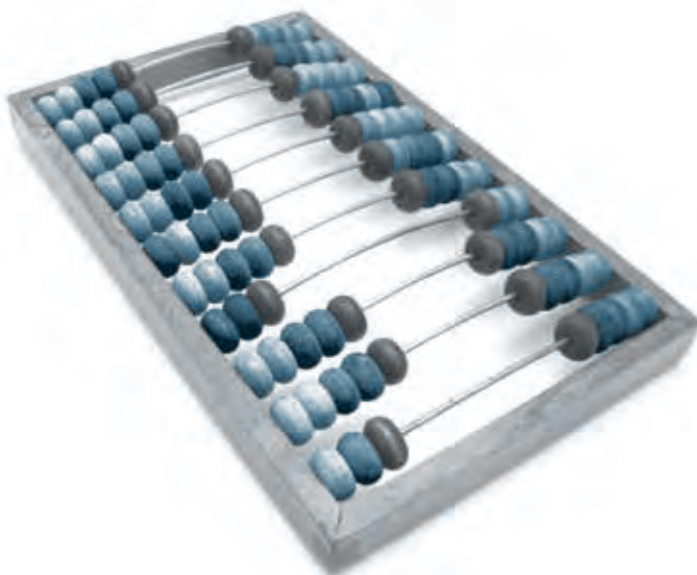
 facebook.com/faysalasset

 x.com/faysalasset

Faysal MTS Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Trustee Report to the Unit Holders	08
Independent Auditor's Report to the Unit Holders	09
Statement of Assets and Liabilities	12
Income Statement	13
Statement of Comprehensive Income	14
Statement of Movement in Unit Holders' Fund	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Supplementary Non Financial Information	36

FUND INFORMATION

Management Company

Faysal Asset Management Limited.

Board of Directors

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Vice Chairman
Mr. Mian Salman Ali, Director
Mrs. Samia Zuberi, Director
Mr. Ali Waqar, Director
Mr. Nadir Rahman, Chief Executive Officer
Mr. Ehsan Zafar Puri, Director

Chief Financial Officer & Company Secretary

Mr. Salman Muslim

Audit Committee

Mrs. Samia Zuberi, Chair Person
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member

HR Committee

Mrs. Samia Zuberi, Chair Person
Mr. Yousaf Hussain, Member
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Risk Committee

Mr. Mian Salman Ali, Chairman
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Board Strategy Committee

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member
Mr. Ehsan Zafar Puri, Member

Trustee to the Fund

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

Auditors

A.F Ferguson & Co. Chartered Accountants

Legal Advisor

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

Registrar

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

Bankers to the Fund

Faysal Bank Limited
Bank Al-Falah Limited
Habib bank Limited
Allied Bank Limited
JS Bank Limited
Zarai Taraqiati 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.

FUND MANAGER'S REPORT

ECONOMIC REVIEW

In 3QFY24, Pakistan's GDP experienced an YoY growth of 2.09%, with a marginal QoQ increase of 0.12%. The Services sector remained flat at 0.83%, offsetting gains in the Industrial and Agriculture sectors, which saw advances of 3.84% and 3.94%, respectively. Albeit Large-Scale Manufacturing Index growth was trivial at 1.47%, improvements in the small-scale sector supported overall industrial growth. Looking ahead, the country's growth rate is likely to be lower than anticipated in the 1HFY25, before gaining momentum in the 2HFY25 due to projected interest rate cuts that could stimulate industrial growth.

Pakistan's external account continued to exhibit improvement, with the Current Account Deficit (CAD) clocking in at ~USD 665mn during FY24, down from ~USD 3.3bn in SPLY. This steep reduction is primarily due to a 12% YoY increase in exports, reaching ~USD 31bn, and an 11% YoY rise in remittances, totaling ~USD 30.2bn. On a QoQ basis, the CAD was ~USD 0.07bn, supported by increased exports and remittances. The trade deficit also improved, decreasing by roughly 11% to USD 22bn in FY24 from USD 24.8bn in the SPLY, attributed to rising exports and declining imports.

The PKR appreciated by ~2.62% since Jun-23, closing 4QFY24 at PKR 278.34 against the USD. Foreign exchange reserves rose by about 10% QoQ to USD 14 bn, driven by strong inflows and roll-overs, including support from the IMF, GCC countries, and FDIs predominantly from China. The FX Reserves improved significantly from USD 9.1bn at the end of June 2023, enhancing the imports cover to above 1.5 months.

The average inflation clocked in at ~24% in FY24, down from ~29.4% in FY23. However, Core inflation rose to about 18.9% in FY24 from 17.8% in the SPLY. However, on QoQ basis, it dropped from 18.1% in 3QFY24 to 14.6% in 4QFY24. Despite higher fuel, power, and food inflation, the appreciation of the PKR and lower international commodity prices helped moderate inflation.

The Federal Board of Revenue (FBR) collected ~PKR 9,285bn in taxes during FY24, surpassing the target of PKR 9,252bn, and marking a 29% YoY increase from PKR 7,167bn in the SPLY. This growth was mainly on account of increased direct taxes and Petroleum Development Levy (PDL), while tax collection on imports remained subdued due to import compression.

Looking forward, the economic outlook for the upcoming quarters is optimistic, bolstered by the IMF program and anticipated rate cuts (a cumulative 250 bps in the last two Monetary Policy Committee meetings). The potential economic rebound FY25, a downward trend in inflation, and PKR stability are key factors supporting this outlook.

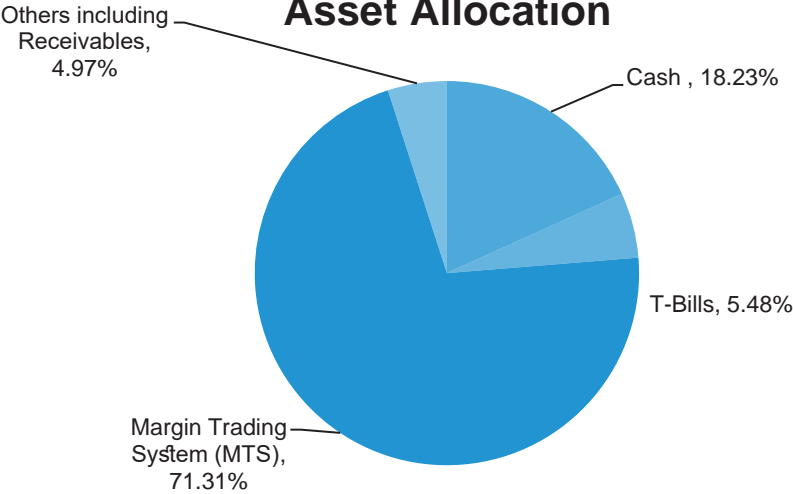
MONEY MARKET REVIEW

For the majority of FY24, the SBP kept the policy rate steady at 22%. However, following a decline in CPI readings, the SBP revised down the policy rate by 150 basis points to 20.5%. During the year, SBP held 26 T-Bill and 10 PIB auctions raising a total of ~PKR 21.3tn through T-Bills and ~PKR 4.5tn through the PIB auctions. During the year, the yields depicted volatility, inching upwards and peaking in Sept'24, before gradually declining thereon. In the first T-bill auction of FY24, the State Bank of Pakistan raised ~PKR 597bn, with weighted average yields realized in the 3M / 6M / 12M tenors clocking in at ~22.75% / 22.96% / 22.99%, respectively. However, in the last auction of FY24 held in June'24, SBP held, the weighted average yields realized in the 3M / 6M / 12M fell to ~20.01% / 19.94% / 18.49%, respectively. The decline in yields since Sept'23 followed expectations of interest rate cuts, which materialized in June'24. A similar trend was witnessed during FY24 in the Islamic Money Market / Sukuk yields.

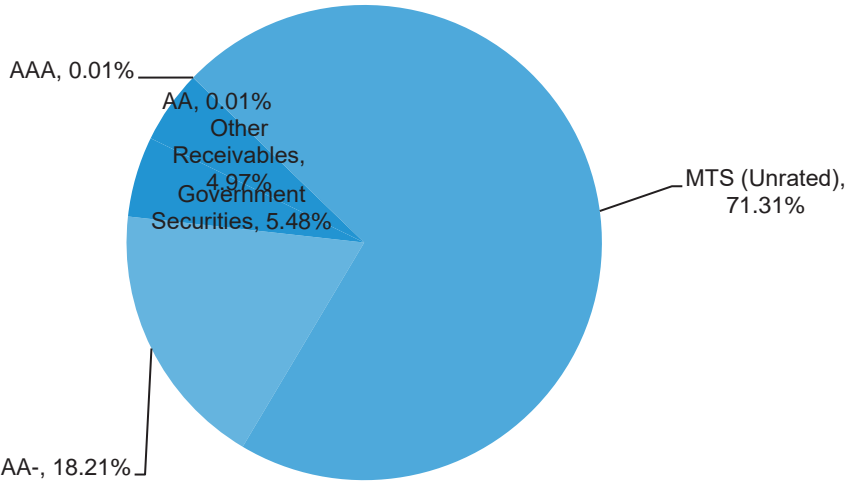
Fund Type	Open Ended
Category	Income scheme
Stability Rating	AA-(f) (PACRA) April 18 ,2024
Risk Profile	Moderate
Launch Date	April 8, 2016
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee*	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1%)
Selling and Marketing Expense	0.61%
Front/Back end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark	Six months KIBOR rates
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	103.45
Net Assets(PKR mn)	869
Total Expense Ratio (Annualized)	3.00%
Total Expense Ratio (Monthly)	3.46%

Fund Returns (% p.a)		
	FY24	FY23
YTD	23.74%	18.38%
Benchmark (YTD)	21.88%	18.33%

Asset Allocation



Asset Quality (as % of total Assets)



FUND PERFORMANCE

Faysal MTS Fund (FMTSF) yielded an annualized return of 23.74% (FY24) versus a benchmark return of 21.88%. Allocations in MTS, T-Bills, Cash and Other Receivables stood at 71.31%, 5.48%, 18.23%, and 4.97%, respectively. Fund management will maintain exposure in MTS as we advance, depending on market conditions

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office:**

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-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) and clause 9 of Schedule V 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), would like to draw the attention of the unit holders towards the fact that Faysal Asset Management Limited (Management Company) due to its conversion from Conventional to Shariah Compliant Asset Management Company did not intend to operate this conventional Fund and therefore Management Company will either transfer the management rights or wind up this Fund.

However, during the year ended June 30, 2024, the Management Company has materially managed the Fund 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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: September 26, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Faysal MTS Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Faysal MTS Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the financial statements)	
	<p>Balances with banks and investments constitute the most significant component of the net asset value. Balances with banks of the Fund as at June 30, 2024 amounted to Rs. 165.42 million and investments aggregated to Rs. 49.72 million.</p> <p>The existence of balances with banks and existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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>

■ KARACHI ■ LAHORE ■ ISLAMABAD



A.F. FERGUSON & CO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

A/He



A·F·FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.
Chartered Accountants
Dated: September 27, 2024
Karachi
UDIN: AR2024100682wQIFVYMA

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Assets			
Balances with banks	4	165,420,054	518,406,283
Investments	5	49,719,650	287,906,100
Receivable against the sale of units		35,610	-
Receivable against Margin Trading System (MTS)		647,001,914	709,805,970
Advances, deposits, prepayments & other receivable	6	45,504,167	40,382,133
Total assets		907,681,395	1,556,500,486
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	7	7,342,309	6,065,381
Payable to Central Depository Company of Pakistan Limited - Trustee	8	83,036	112,149
Payable to the Securities and Exchange Commission of Pakistan	9	73,273	334,463
Accrued expenses and other liabilities	10	31,529,246	9,820,191
Total liabilities		39,027,864	16,332,184
Net assets		868,653,531	1,540,168,302
Unit holders' fund (as per statement attached)		868,653,531	1,540,168,302
Contingencies and commitments	11		
		----- (Number of units) -----	
Number of units in issue		8,396,879	14,967,659
		----- (Rupees) -----	
Net asset value per unit		103.45	102.90

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer_____
Chief Executive Officer_____
Director

INCOME STATEMENT

For The Year Ended June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	-----
Income			
Profit on Market Treasury Bills		36,046,765	30,581,369
Profit on Pakistan Investment Bonds		1,400,000	-
Income from Margin Trading System (MTS)		278,096,649	237,766,901
Profit on commercial papers		-	942,562
Profit on balances with banks		56,794,067	49,120,764
Realised gain / (loss) on sale of investments - net		179,346	(70,756)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	2,150	(377,691)
Total income		<u>372,518,977</u>	<u>317,963,149</u>
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	7.1	13,834,169	9,632,581
Sindh Sales Tax on remuneration of the Management Company	7.2	1,798,442	1,252,236
Selling and marketing expenses	7.3	8,784,330	9,281,005
Accounting and operational charges	7.4	4,414,318	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	1,144,337	1,255,070
Sindh Sales Tax on remuneration of the Trustee	8.2	148,764	163,159
Fee to the Securities and Exchange Commission of Pakistan	9.1	1,143,850	334,488
Auditors' remuneration	12	843,963	594,958
Fees and subscription		384,922	650,478
Transaction charges		13,039,502	14,152,428
Legal and professional charges		161,978	112,290
Printing charges and other expenses		9,917	27,156
Bank charges		11,709	20,871
Total operating expenses		<u>45,720,201</u>	<u>37,476,720</u>
Net income for the year before taxation		<u>326,798,776</u>	<u>280,486,429</u>
Taxation	13	-	-
Net income for the year after taxation		<u><u>326,798,776</u></u>	<u><u>280,486,429</u></u>
Earnings per unit	3.14		
Allocation of net income for the year			
Net income for the year after taxation		326,798,776	280,486,429
Income already paid on units redeemed		<u>(235,354,487)</u>	<u>(60,981,786)</u>
		<u>91,444,289</u>	<u>219,504,643</u>
Accounting income available for distribution			
Relating to capital gains		181,496	-
Excluding capital gains		<u>91,262,793</u>	<u>219,504,643</u>
		<u>91,444,289</u>	<u>219,504,643</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2024

	2024	2023
	----- (Rupees) -----	
Net income for the year after taxation	326,798,776	280,486,429
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>326,798,776</u>	<u>280,486,429</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For The Year Ended June 30, 2024

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	1,505,212,100	34,956,202	1,540,168,302	1,854,170,565	20,878,925	1,875,049,490
Issuance of units 20,207,242 (2023: 18,173,200 units)						
- Capital value (at net asset value per unit at beginning of the year)	2,079,325,202	-	2,079,325,202	1,851,849,084	-	1,851,849,084
- Element of income	209,959,882	-	209,959,882	187,199,518	-	187,199,518
Total proceeds on issuance of units	2,289,285,084	-	2,289,285,084	2,039,048,602	-	2,039,048,602
Redemption of 26,778,022 (2023: 21,606,024 units)						
- Capital value (at net asset value per unit at beginning of the year)	(2,755,458,464)	-	(2,755,458,464)	(2,201,653,924)	-	(2,201,653,924)
- Element of loss	(108,907,118)	(235,354,487)	(344,261,605)	(162,706,250)	(60,981,786)	(223,688,036)
Total payments on redemption of units	(2,864,365,582)	(235,354,487)	(3,099,720,069)	(2,364,360,174)	(60,981,786)	(2,425,341,960)
Total comprehensive income for the year	-	326,798,776	326,798,776	-	280,486,429	280,486,429
Interim distribution for the year ended June 30, 2023 @ Rs. 17.59 per unit (Date of declaration: June 19, 2023)	-	-	-	(23,646,893)	(205,427,366)	(229,074,259)
Interim distribution for the year ended June 30, 2024 @ Rs. 23.82 per unit (Date of declaration: June 21, 2024)	(101,393,144)	(86,485,418)	(187,878,562)	-	-	-
Net assets at the end of the year	828,738,458	39,915,073	868,653,531	1,505,212,100	34,956,202	1,540,168,302
Undistributed income brought forward						
- Realised income		35,333,893			20,891,547	
- Unrealised loss		(377,691)			(12,622)	
		34,956,202			20,878,925	
Accounting income available for distribution						
- Relating to capital gains		181,496			-	
- Excluding capital gains		91,262,793			219,504,643	
		91,444,289			219,504,643	
Interim distribution for the year ended June 30, 2023 @ Rs. 17.59 per unit (Date of declaration: June 19, 2023)		-			(205,427,366)	
Interim distribution for the year ended June 30, 2024 @ Rs. 23.82 per unit (Date of declaration: June 21, 2024)		(86,485,418)			-	
		(86,485,418)			(205,427,366)	
Undistributed income carried forward		39,915,073			34,956,202	
Undistributed income carried forward						
- Realised income		39,912,923			35,333,893	
- Unrealised income / (loss)		2,150			(377,691)	
		39,915,073			34,956,202	
		-- (Rupees) --			-- (Rupees) --	
Net asset value per unit at the beginning of the year		102.90			101.90	
Net asset value per unit at the end of the year		103.45			102.90	

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

For The Year Ended June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		326,798,776	280,486,429
Adjustments for:			
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	(2,150)	377,691
		326,796,626	280,864,120
Decrease / (increase) in assets			
Investments		2,150	205,862,149
Receivable against Margin Trading System (MTS)		62,804,056	804,562,531
Advances, deposits, prepayments & other receivable		(5,122,034)	(11,216,825)
		57,684,172	999,207,855
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		1,276,928	1,343,693
Payable to Central Depository Company of Pakistan Limited - Trustee		(29,113)	(48,898)
Payable to the Securities and Exchange Commission of Pakistan		(261,190)	(524,712)
Accrued expenses and other liabilities		21,709,055	(11,090,774)
		22,695,680	(10,320,691)
Net cash generated from operating activities		407,176,478	1,269,751,284
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		2,289,249,474	2,039,048,602
Payments made against redemption of units		(3,099,720,069)	(2,425,341,960)
Dividend paid		(187,878,562)	(229,074,259)
Net cash used in financing activities		(998,349,157)	(615,367,617)
Net (decrease) / increase in cash and cash equivalents during the year		(591,172,679)	654,383,667
Cash and cash equivalents at the beginning of the year		806,312,383	151,928,716
Cash and cash equivalents at the end of the year	15	215,139,704	806,312,383

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

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) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on November 30, 2021, the above-mentioned Trust Deed has 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++" to the Management Company as at December 29, 2023 (2023: "AM2+" dated December 30, 2022). 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 April 18, 2024 (2023: 'AA-(f)' stability as of April 17, 2023).

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Accounting Standards) 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where 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 IFRS Accounting Standards, 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 have been followed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

2

2.2 Standards, interpretations and amendments to the accounting and reporting standards that are effective in the current year

2.2.1 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, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

2.3 Standards, interpretations and amendments to published accounting standards that are not yet effective

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

3

3.2 Financial assets**3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement**3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment (other than debt securities)

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.2.3.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the "Income statement".

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's Circular.

3.2.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.2.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss arising on derecognition of financial assets is taken to the Income Statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

4

3.3 Receivable against Margin Trading System (MTS)

Transactions for purchase of marketable securities under Margin Trading System (MTS) maintained by National Clearing Company of Pakistan Limited are entered into at contracted rates for specified period of time. Securities purchased under the MTS are not recognised in the statement of assets and liabilities. The amount paid under such agreement is recognised as "Receivable against Margin Trading System (MTS)". Profit is recognised on accrual basis using the effective yield method. Cash releases are adjusted against the receivable as reduction in the amount of receivable. The maximum maturity of MTS contract is 60 working days and 25% of the exposure is released automatically at the expiry of every 15th working day.

3.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the "Income Statement".

3.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the "Statement of Assets and Liabilities" when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the "Statement of Assets and Liabilities" is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net asset value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.9 Distribution to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

5

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which these arise.
- Mark-up on government securities and income from Margin Trading System (MTS) are recognised on a time proportion basis using effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on balances with banks is recognised on an accrual basis.

3.12 Expenses

All expenses chargeable to the Fund including remuneration of the management company and Trustee and annual fee of the SECP are recognised in the "Income Statement" on an accrual basis.

3.13 Taxation**Current**

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

3.14 Earnings per unit

Earnings per unit is calculated by dividing the net profit of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

4	BALANCES WITH BANKS	Note	2024	2023
			----- (Rupees) -----	
	In savings accounts	4.1	<u>165,420,054</u>	<u>518,406,283</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

- 4.1 These savings accounts carry mark-up ranging between 10% and 21.50% (2023: 10% and 22.1%) per annum. Deposits in savings accounts also include Rs. 131.293 million (2022: Rs. 14.234 million) with Faysal Bank Limited, a related party, and carry mark-up at the rate of 20% (2023: 11%) per annum.

5	INVESTMENTS	Note	2024	2023
			(Rupees)	
	At fair value through profit or loss			
	Government securities - Market Treasury Bills	5.1	49,719,650	287,906,100
	Government securities - Pakistan Investment Bonds	5.2	-	-
			<u>49,719,650</u>	<u>287,906,100</u>

5.1 Government securities - Market Treasury Bills

Particulars	Yield	Date of issue	Maturity date	Face value			Balance as at June 30, 2024			Market value as		
				As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	carrying value	market value	unrealised appreciation / (diminution) on revaluation	total investments of the fund	percentage of net assets of the fund
(Rupees)											%	
Market Treasury Bill - 03 Months	22.55%	June 15, 2023	September 7, 2023	300,000,000	100,000,000	400,000,000	-	-	-	-	-	
Market Treasury Bill - 03 Months	21.70%	June 22, 2023	September 21, 2023	-	100,000,000	100,000,000	-	-	-	-	-	
Market Treasury Bill - 03 Months	22.79%	September 21, 2023	December 14, 2023	-	178,000,000	178,000,000	-	-	-	-	-	
Market Treasury Bill - 03 Months	21.65%	November 30, 2023	February 22, 2024	-	150,000,000	150,000,000	-	-	-	-	-	
Market Treasury Bill - 03 Months	21.65%	April 18, 2024	July 11, 2024	-	150,000,000	100,000,000	50,000,000	49,717,500	49,719,650	2,150	0.06	
Market Treasury Bill - 03 Months	20.94%	May 30, 2024	August 22, 2024	-	100,000,000	100,000,000	-	-	-	-	-	
Market Treasury Bill - 06 Months	21.10%	November 2, 2023	May 2, 2024	-	150,000,000	150,000,000	-	-	-	-	-	
Total as at June 30, 2024							49,717,500	49,719,650	2,150			
Total as at June 30, 2023							288,283,791	287,906,100	(377,691)			

- 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 Government securities - Pakistan Investment Bonds

Name of the security	Interest payments / principal redemptions	Issue date	Maturity date	Coupon rate	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Percentage in relation to	
					As at July 1, 2023	Purchased during the year	Sold during the year	As at June 30, 2024				net assets of the Fund	total investments of the Fund
					(Rupees)							%	
Fixed Rate:													
Pakistan Investment Bonds - 03 years	Semi-annually / At maturity	February 15, 2024	February 15, 2027	14.00%	-	200,000,000	200,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - 05 years	Semi-annually / At maturity	January 17, 2024	January 17, 2029	14.00%	-	65,000,000	65,000,000	-	-	-	-	-	-
Total as at June 30, 2024										-		-	
Total as at June 30, 2023										-		-	

5.4	Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	2024	2023
			(Rupees)	
	Market value of investments	5.1 & 5.2	49,719,650	287,906,100
	Less: carrying value of investments	5.1 & 5.2	49,717,500	288,283,791
			<u>2,150</u>	<u>(377.691)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

6	ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLE	Note	2024	2023
			(Rupees)	
	Prepayments		198,838	35,401
	Security deposits			
	- National Clearing Company of Pakistan Limited		250,000	250,000
	- Central Depository Company of Pakistan Limited		100,000	100,000
			350,000	350,000
	Income receivable on Margin Trading System (MTS)		33,791,194	29,727,839
	Profit receivable on balances with banks	6.1	10,286,240	9,627,607
	Advance tax	6.2	641,286	641,286
	Other receivable		236,609	-
			<u>45,504,167</u>	<u>40,382,133</u>

6.1 This includes profit receivable amounting to Rs. 0.316 million (2023: Rs. 0.183 million) on bank balance held with Faysal Bank Limited, a related party.

6.2 As per clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to Collective Investment Schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profits on balances with banks paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CiR) is not produced before him by the withholder. The tax withheld on profits on bank balances amounts to Rs. 0.641 million (2023: Rs. 0.641 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of the FBR. On January 28, 2016, the Board of Directors of AMCs passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profits received by the Fund has been shown as advance tax as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			(Rupees)	
	Remuneration of the Management Company	7.1	981,502	918,686
	Sindh Sales Tax on remuneration of the Management Company	7.2	127,595	119,429
	Sales load payable		1,998,268	2,216,763
	Selling and marketing expenses payable	7.3 & 7.5	3,130,988	2,810,503
	Accounting and operational charges payable	7.4 & 7.5	1,103,956	-
			<u>7,342,309</u>	<u>6,065,381</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 rates ranging from 0.70% to 1.00% (2023: 0.45% to 0.70%) of the average annual net assets of the Fund.

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

7.2 During the year, an amount of Rs. 1.798 million (2023: Rs. 1.252 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

8

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 rates ranging between 0.40% to 0.80% (2023: 0.25% to 0.60%).

- 7.4 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

During the year ended June 30, 2020, the Board of Directors of the Management Company, in its 106th meeting held on April 17, 2020, had given Management Company the discretion for charging allocated expenses on the Fund as it may decide. The Management Company has, therefore charged the expense to the Fund at the rates between 0.2% to 0.5% (2023: Nil) of the daily net assets of the Fund, during the year ended June 30, 2024.

- 7.5 During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses and accounting & operational charges to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Board of Directors of the Management Company has responded to the observations highlighted by the SECP and the management is engaged with SECP in this regard. Accordingly, the impact of the SECP's observations on the financial statements, if any, is not determinable as at the reporting date.

	Note	2024 ----- (Rupees) -----	2023 -----
8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	8.1	73,483	99,247
Sindh Sales Tax on remuneration of the Trustee	8.2	9,553	12,902
		<u>83,036</u>	<u>112,149</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% per annum of net assets (June 30, 2023: 0.075%).

- 8.2 During the year, an amount of Rs. 0.148 million (2023: Rs. 0.164 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13%.

	Note	2024 ----- (Rupees) -----	2023 -----
9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Fee payable	9.1	<u>73,273</u>	<u>334,463</u>

- 9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2023: 0.02%) per annum of the daily net assets during the year ended June 30, 2024.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

	Note	2024 ----- (Rupees) -----	2023 -----
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		551,556	476,229
Settlement charges payable		6,261,671	6,514,849
Capital gain tax payable		10,602,333	-
Withholding tax payable		13,527,638	2,716,592
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	10.1	66,238	66,238
Other accrued liabilities		<u>519,810</u>	<u>46,283</u>
		<u>31,529,246</u>	<u>9,820,191</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

9

- 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 June 30, 2024 would have been higher by Re. 0.0079 (June 30, 2023: Re. 0.0044) per unit.

11 CONTINGENCIES AND COMMITMENTS**11.1 Contingencies**

There were no contingencies as at June 30, 2024 and June 30, 2023.

11.2 Commitments

	2024	2023
	----- (Rupees) -----	
Margin Trading System (MTS) transactions entered into by the Fund which have not been settled as at year end:		
Sale transactions	72,891,748	65,949,093

12 AUDITORS' REMUNERATION

Annual audit fee	430,000	307,421
Half yearly review of condensed interim financial statements	220,000	128,491
Fee for other certifications	92,447	76,071
Out of pocket expenses	39,000	38,904
	781,447	550,887
Sindh Sales Tax	62,516	44,071
	843,963	594,958

13 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed at least 90% of the Fund's accounting income for the year ended June 30, 2024 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

10

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 3.00% (2023: 2.24%) which includes 0.20% (2023: 0.10%) representing government levies on the Fund such as sales taxes and fee to the SECP etc. This ratio is within the maximum prescribed limit of 3.00% under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
15 CASH AND CASH EQUIVALENTS			
Bank balances		165,420,054	518,406,283
Market Treasury Bills - having original maturity of three months or less	5.1	49,719,650	287,906,100
		<u>215,139,704</u>	<u>806,312,383</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, 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 year end.

16.2 Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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 is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

16.5 Accounting and operational charges 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 / related parties during the year and balances with them as at year end are as follows:

	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
16.6.1 Transactions during the year		
Faysal Asset Management Limited (the Management Company)		
Remuneration charged	13,834,169	9,632,581
Sindh Sales Tax on remuneration of the Management Company	1,798,442	1,252,236
Issuance of 719 units (2023: 4,906,068 units)	76,152	555,700,690
Redemption of 718 units (2023: 4,906,068 units)	76,500	557,040,326
Selling and marketing expenses	8,784,330	9,281,005
Accounting and operational charges	4,414,318	-
Faysal Bank Limited		
Profit on balances with banks	1,990,015	864,257
Redemption of Nil units (2023: 1,353 units)	-	149,935
FAML-Staff Gratuity Fund		
Issuance of 103,704 units (2023: 4,034 units)	11,636,491	456,420
Redemption of 105,881 units (2023: 1,857 units)	12,814,748	222,221
FAML-Employees Provident Fund		
Issuance of 110,820 units (2023: 11,887 units)	12,422,109	1,344,935
Redemption of 117,235 units (2023: 5,472 units)	14,188,947	654,821

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

Transactions during the year	2024	2023
	(Rupees)	
Central Depository Company of Pakistan Limited (the Trustee)		
Remuneration of the Trustee	1,144,337	1,255,070
Sindh Sales Tax on remuneration of the Trustee	148,764	163,159
CDS charges	2,910,348	2,690,103
Directors and Key Management Personnel and their relatives		
Issuance of Nil units (2023: 251 units)	-	26,344
Redemption of Nil units (2023: 251 units)	-	28,414
Dividend re-investment of 29 units (2023: Nil units)	3,503	-
Unit holders holding 10% or more units		
Issuance of 3,025,206 units (2023: 4,246,728 units)	357,280,219	486,841,570
Redemption of 2,116,744 units (2023: 4,246,728 units)	266,545,668	489,094,538
Dividend paid	30,111,746	-
16.6.2 Outstanding balances	2024	2023
	(Rupees)	
Faysal Asset Management Limited (the Management Company)		
Management fee payable	981,502	918,686
Sindh Sales Tax payable on management fee	127,595	119,429
Sales load payable	1,998,268	2,216,763
Selling and marketing expenses payable	3,130,988	2,810,503
Accounting and operational charges payable	1,103,956	-
Outstanding 1 unit (2023: Nil units)	103	-
Faysal Bank Limited		
Balance in savings accounts	131,293,177	14,234,179
Profit receivable on savings account	316,096	183,280
Central Depository Company of Pakistan Limited (the Trustee)		
Security deposit	100,000	100,000
Remuneration payable to the Trustee	73,483	99,247
Sindh Sales Tax payable on Trustee fee	9,553	12,902
FAML-Staff Gratuity Fund		
Outstanding Nil units (2023: 2,177 units)	-	224,013
FAML-Employees Provident Fund		
Outstanding Nil units (2023: 6,415 units)	-	660,104
Directors and Key Management Personnel and their relatives		
Outstanding 176 units (2023: 147 units)	18,207	15,126
Unit holders holding 10% or more units*		
Outstanding 1,556,584 (2023: 2,473,573) units at net asset value	161,028,615	254,530,662

* This reflect the position of related parties / connected persons as at June 30, 2024.

17 FINANCIAL INSTRUMENTS BY CATEGORY

2024		
At amortised cost	At fair value through profit or loss	Total
Rupees		
Financial assets		
Balances with banks	165,420,054	-
Investments	-	49,719,650
Receivable against the sale of units	35,610	-
Receivable against margin trading system (MTS)	-	647,001,914
Deposits and other receivables	44,664,043	-
	210,119,707	696,721,564
		906,841,271

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

2024			
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	7,342,309	-	7,342,309
Payable to Central Depository Company of Pakistan Limited - Trustee	83,036	-	83,036
Accrued expenses and other liabilities	7,333,037	-	7,333,037
	14,758,382	-	14,758,382
2023			
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	518,406,283	-	518,406,283
Investments	-	287,906,100	287,906,100
Receivable against margin trading system (MTS)	-	709,805,970	709,805,970
Deposits and other receivables	39,705,446	-	39,705,446
	558,111,729	997,712,070	1,555,823,799
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	6,065,381	-	6,065,381
Payable to Central Depository Company of Pakistan Limited - Trustee	112,149	-	112,149
Accrued expenses and other liabilities	7,037,361	-	7,037,361
	13,214,891	-	13,214,891

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with bank and receivable against Margin Trading System (MTS). The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

(a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks and receivable against Margin Trading System (MTS) which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 8.124 million (2023: 12.282 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

13

The composition of the Fund's investment portfolio, profit rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

----- 2024 -----					
Effective interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
Financial assets					
Balances with banks	10% - 21.5%	165,420,054	-	-	165,420,054
Investments	21.65%	49,719,650	-	-	49,719,650
Receivable against the sale of units		-	-	35,610	35,610
Receivable against Margin Trading System (MTS)		-	-	647,001,914	647,001,914
Deposits and other receivables		-	-	44,664,043	44,664,043
		215,139,704	-	691,701,567	906,841,271
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	7,342,309	7,342,309
Payable to Central Depository Company Limited - Trustee		-	-	83,036	83,036
Accrued expenses and other liabilities		-	-	7,333,037	7,333,037
		-	-	14,758,382	14,758,382
On-balance sheet gap (a)		215,139,704	-	676,943,185	892,082,889
Off-balance sheet financial instruments		-	-	72,891,748	-
Off-balance sheet gap (b)		-	-	72,891,748	-
Total profit rate sensitivity gap (a+b)		215,139,704	-	-	
Cumulative profit rate sensitivity gap		215,139,704	215,139,704	215,139,704	

----- 2023 -----					
Effective interest rate (%)	Exposed to interest rate risk			Not exposed to interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
Financial assets					
Balances with banks	10% - 21.1%	518,406,283	-	-	518,406,283
Investments	12.97% - 21.97%	287,906,100	-	-	287,906,100
Receivable against Margin Trading System (MTS)		-	-	709,805,970	709,805,970
Deposits and other receivables		-	-	39,705,446	39,705,446
		806,312,383	-	749,511,416	1,555,823,799
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	6,065,381	6,065,381
Payable to Central Depository Company Limited - Trustee		-	-	112,149	112,149
Accrued expenses and other liabilities		-	-	7,037,361	7,037,361
		-	-	13,214,891	13,214,891
On-balance sheet gap (a)		806,312,383	-	736,296,525	1,542,608,908
Off-balance sheet financial instruments		-	-	65,949,093	-
Off-balance sheet gap (b)		-	-	65,949,093	-
Total profit rate sensitivity gap (a+b)		806,312,383	-	-	
Cumulative profit rate sensitivity gap		806,312,383	806,312,383	806,312,383	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

14

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2024.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be disclosed by the fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2024.

The table below summarises the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2024					Total
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity
Rupees						
Financial assets						
Balances with banks	165,420,054	-	-	-	-	165,420,054
Investments	49,719,650	-	-	-	-	49,719,650
Receivable against the sale of units	35,610	-	-	-	-	35,610
Receivable against Margin Trading System (MTS)	647,001,914	-	-	-	-	647,001,914
Deposits and other receivables	44,314,043	-	-	-	350,000	44,664,043
	906,491,271	-	-	-	350,000	906,841,271
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	7,342,309	-	-	-	-	7,342,309
Payable to Central Depository Company Limited - Trustee	83,036	-	-	-	-	83,036
Accrued expenses and other liabilities	6,781,481	551,556	-	-	-	7,333,037
	14,206,826	551,556	-	-	-	14,758,382
Net financial assets	892,284,445	(551,556)	-	-	350,000	892,082,889

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

15

	2023					Total
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity
	Rupees					
Financial assets						
Balances with banks	518,406,283	-	-	-	-	518,406,283
Investments	-	287,906,100	-	-	-	287,906,100
Receivable against Margin Trading						
System (MTS)	709,805,970	-	-	-	-	709,805,970
Deposits and other receivables	39,355,446	-	-	-	350,000	39,705,446
	1,267,567,700	287,906,100	-	-	-	1,555,823,799
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	6,065,381	-	-	-	-	6,065,381
Payable to Central Depository Company Limited - Trustee	112,149	-	-	-	-	112,149
Accrued expenses and other liabilities	6,561,132	476,229	-	-	-	7,037,361
	12,738,662	476,229	-	-	-	13,214,891
Net financial assets	<u>1,254,829,038</u>	<u>287,429,871</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>1,542,608,908</u>

18.3 Credit risk

- 18.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against Margin Trading System (MTS) and receivable against conversion of units.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees			
Balances with banks	165,420,054	165,420,054	518,406,283	518,406,283
Investments	49,719,650	-	287,906,100	-
Receivable against the sale of units	35,610	35,610	-	-
Receivable against Margin Trading				
System (MTS)	647,001,914	647,001,914	709,805,970	709,805,970
Deposits and other receivables	44,664,043	44,664,043	39,705,446	39,705,446
	<u>906,841,271</u>	<u>857,121,621</u>	<u>1,555,823,799</u>	<u>1,267,917,699</u>

All balances with banks, NCCPL and CDC are highly rated and risk of default is considered minimal. Furthermore, investments in government securities i.e. Market Treasury Bills and Pakistan Investment Bonds are not exposed to credit risk.

18.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its balances with banks and mark-up accrued thereon, receivable against sale of units and against investments and receivable against Margin Trading System (MTS). The credit rating profile of balances with banks is as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

Rating category	2024	2023
	----- % -----	----- % -----
Balances with banks		
AAA	0.12%	0.21%
AA+	-	0.09%
AA	14.51%	0.93%
AA-	29.14%	32.72%

Market Treasury Bills issued by government owned entities are government guaranteed.

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

The Fund does not have any collateral against any of the aforementioned assets. However, the Fund has pledged market treasury bills as given in note 5 and margin deposit as given in note 7 with National Clearing Company of Pakistan Limited (NCCPL) as a security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

Due to the Fund's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, the Management Company does not expect non-performance by these counter parties on their obligations to the Fund.

19 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 reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

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 reporting date, the Fund held the following financial instruments measured at fair values:

	2024		
	Level 1	Level 2	Level 3
	----- (Rupees) -----		
Financial assets at fair value through profit or loss			Total
Market Treasury Bills	-	49,719,650	-
Receivable against MTS*	-	647,001,914	-
	-	49,719,650	-
			696,721,564

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

	2023			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets 'at fair value through profit or loss'				
Market Treasury Bills	-	287,906,100	-	287,906,100
Receivable against MTS*	-	709,805,970	-	709,805,970
	-	997,712,070	-	997,712,070

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

During the year ended June 30, 2024, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

20 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2024			2023		
	Number of unit holders	Number of units held	Percentage of total	Number of unit holders	Number of units held	Percentage of total
Individuals	681	6,647,923	79.17%	802	14,592,273	97.49%
Retirement funds	8	1,028,151	12.24%	3	201,317	1.35%
Corporates	31	720,516	8.58%	-	-	-
Insurance company*	1	288	-	-	-	-
Associated companies*	1	1	-	-	-	-
Others	-	-	-	7	174,069	1.16%
	722	8,396,879	100.00%	812	14,967,659	100.00%

* Nil due to rounding up.

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Bright Capital (Private) Limited	46.05%	57.28%
C&M Management (Private) Limited	19.65%	21.63%
Currency Markets Associates (Private) Limited	-	16.32%
Continental Exchange (Private) Limited	29.89%	2.39%
JS Global Capital Limited	-	2.39%
Invest One Markets Limited	4.41%	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience
Mr. Nadir Rahman	Chief Executive Officer	BS (Economics)	Over 33 Years
Mr. Omer Bin Javaid	Deputy Chief Executive Officer	MBA	Over 25 Years
Mr. Muhammad Imran	Chief Investment Officer	MBA	Over 22 Years
Mr. Nafees Imtiaz Malik	Chief Operating Officer	MBA	Over 12 Years
Mr. Shahid Iqbal	Head of Fixed Income	B.Com	Over 32 Years
Mr. Salman Muslim	Chief Operating Officer and Company Secretary	FCA	Over 18 Years
Mr. Shoaib Danish	Equity Fund Specialist	MBA, CFA	Over 9 Years
Mr. Mustajab Alam	Fund Manager	MBA Finance	Over 11 Years
Mr. Abdul Ghani Mianoor	Senior Research Analyst	BSC	Over 5 Years
Syed Eunus Viqar	Head of Internal Audit and Compliance	ACCA	Over 16 Years
Mr. Abdul Basit	Unit Head - Risk Management	MBA	Over 9 Years
Mr. Mohammed Qasim	Senior Manager Risk Management	MBA	Over 16 Years

24 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Syed Shahid Iqbal	Fund Manager	Bachelors in Commerce	Faysal Cash Fund, Faysal Islamic Savings Growth Fund, Faysal Islamic Asset Allocation Fund, Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Islamic Special Income Fund, Faysal Islamic Financial Planning Fund II, Faysal Islamic Sovereign Fund, Faysal Islamic Financial Growth Fund, Faysal Islamic Mustakil Munafa Fund, Faysal Income & Growth Fund, Faysal Money Market Fund, Faysal Savings Growth Fund, Faysal Financial Sector Opportunity Fund, Faysal Financial Value Fund, Faysal Government Securities Fund and Faysal Special Savings Fund

25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name of directors	Designation	Attended meeting held on						
		July 12, 2023	August, 18 2023	October 20, 2023	December 12, 2023	January 5, 2024	February 2, 2024	April 19, 2024
Mr. Yousaf Hussain	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Samia Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ehsen Zafar Puri*	Director	-	-	-	Yes	Yes	Yes	Yes
Mr. Nadir Rahman	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Ehsen Zafar Puri was appointed on board in a meeting held on October 20, 2023.

26 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

27 GENERAL

27.1 Figures have been rounded off to the nearest rupee unless otherwise specified.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

19

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 22, 2024 by the Board of Directors of the Management Company.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

SUPPLEMENTARY NON FINANCIAL INFORMATION
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (I)
AND CLAUSE 11 - PERFORMANCE TABLE OF THE 5TH SCHEDULE TO THE
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

	June 30, 2024 Rupees	June 30, 2023 Rupees	June 30, 2022 Rupees	June 30, 2021 Rupees	June 30, 2020 Rupees
(i) PERFORMANCE TABLE					
Net assets	868,653,531	1,540,168,304	1,875,049,490	5,461,481,099	1,000,635,346
Net assets value per unit	103.45	102.90	101.9	101.31	101.00
Offer price per unit	105.79	105.82	104.21	103.60	103.02
Repurchase price per unit	103.45	102.90	101.9	101.31	101.00
Highest offer price per unit	129.48	122.53	113.82	111.41	116.03
Highest repurchase price per unit	126.62	119.82	111.3	108.94	113.75
Lowest offer price per unit	105.23	102.66	101.5	103.31	102.84
Lowest repurchase price per unit	102.90	101.95	101.34	101.02	100.82
Total return:	23.74%	18.38%	10.41%	8.02%	13.07%
- capital growth	0.59%	1.12%	0.64%	0.32%	0.22%
- income distribution	23.15%	17.26%	9.77%	7.70%	12.85%
Average annual return: (Launch date: Decemeber 13, 2010)					
- one year	23.74%	18.38%	10.41%	8.02%	13.07%
- two years	21.06%	14.40%	9.22%	10.55%	11.06%
- three years	17.51%	12.27%	10.50%	10.04%	9.24%
Four Year	15.14%	12.47%	10.14%	N/A	N/A
Five Years	14.72%				
Distribution per unit:					
- Interim distribution (% per unit)	23.15%	17.26%	9.77%	7.70%	12.85%
- Final distribution (% per unit)	-	-	-	-	-
	23.15%	17.26%	9.77%	7.70%	12.85%

* Announced on 21 June 2024

The Fund's past performance is not necessarily indicative of future performance. Therefore, the unit prices and investment returns may go down, as well as up.

(ii) MEETINGS OF THE AUDIT COMMITTEE

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On			
		17-Aug-23	19-Oct-23	01-Feb-24	18-Apr-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes	Yes	Yes

(iii) MEETINGS OF THE HUMAN REQOURSCE AND REMUNERATION COMMITTEE

Following is the analysis of the attendance in the meetings of the Human Resource and Remuneration Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On				
		08-Aug-23	17-Oct-23	08-Nov-23	01-Feb-24	06-May-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes	Yes
Mr. Yousaf Hussain	Member	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes	Yes	Yes

(iv) MEETINGS OF THE BOARD RISK MANAGEMENT COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Risk Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On		
		10-Aug-23	16-Oct-23	18-Apr-24
Mr. Mian Salman Ali	Chairman	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes	Yes

(v) MEETINGS OF THE BOARD STRATEGY COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Strategy Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On	
		09-Aug-23	16-Oct-23
Mr. Yousaf Hussain	Chairman	Yes	Yes
Syed Majid Ali	Member	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes
*Mr. Ehsan Zafar Puri	Member	N/A	N/A

*Mr. Ehsan Zafar Puri was appointed as director board strategy committee, effective from October 20, 2023.

Head Office

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

Karachi

U 92 21 111329725
F 92 21 38657800

Lahore

T 92 42 35785558
F 92 42 35755196

Islamabad

T 92 51 2605721 / 23
F 92 51 2275252

🌐 faysalfunds.com

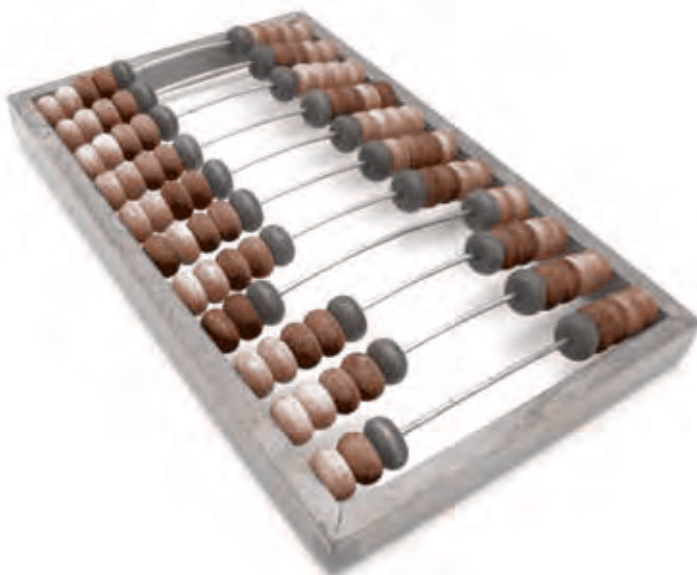
f facebook.com/faysalasset

X x.com/faysalasset

Faysal Savings Growth Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Trustee Report to the Unit Holders	08
Independent Auditor's Report to the Unit Holders	09
Statement of Assets and Liabilities	12
Income Statement	13
Statement of Comprehensive Income	14
Statement of Movement in Unit Holders' Fund	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Supplementary Non Financial Information	35

FUND INFORMATION

Management Company

Faysal Asset Management Limited.

Board of Directors

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Vice Chairman
Mr. Mian Salman Ali, Director
Mrs. Samia Zuberi, Director
Mr. Ali Waqar, Director
Mr. Nadir Rahman, Chief Executive Officer
Mr. Ehsan Zafar Puri, Director

Chief Financial Officer & Company Secretary

Mr. Salman Muslim

Audit Committee

Mrs. Samia Zuberi, Chair Person
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member

HR Committee

Mrs. Samia Zuberi, Chair Person
Mr. Yousaf Hussain, Member
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Risk Committee

Mr. Mian Salman Ali, Chairman
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Board Strategy Committee

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member
Mr. Ehsan Zafar Puri, Member

Trustee to the Fund

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

Auditors

A.F Ferguson & Co. Chartered Accountants

Legal Advisor

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

Registrar

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

Bankers to the Fund

Faysal Bank Limited
Bank Al-Falah Limited
MCB (Islamic Banking)
JS Bank Limited
Allied Bank Limited
Soneri Bank Limited
HBL Microfinance Bank limited
U- Microfinance Bank limited
Khushhali Bank Limited
Zarai Taraqati 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 Savings Growth Fund seeks to provide investors a consistent income stream with maximum preservative of capital.

FUND MANAGER'S REPORT

ECONOMIC REVIEW

increase of 0.12%. The Services sector remained flat at 0.83%, offsetting gains in the Industrial and Agriculture sectors, which saw advances of 3.84% and 3.94%, respectively. Albeit Large-Scale Manufacturing Index growth was trivial at 1.47%, improvements in the small-scale sector supported overall industrial growth. Looking ahead, the country's growth rate is likely to be lower than anticipated in the 1HFY25, before gaining momentum in the 2HFY25 due to projected interest rate cuts that could stimulate industrial growth.

Pakistan's external account continued to exhibit improvement, with the Current Account Deficit (CAD) clocking in at ~USD 665mn during FY24, down from ~USD 3.3bn in SPLY. This steep reduction is primarily due to a 12% YoY increase in exports, reaching ~USD 31bn, and an 11% YoY rise in remittances, totaling ~USD 30.2bn. On a QoQ basis, the CAD was ~USD 0.07bn, supported by increased exports and remittances. The trade deficit also improved, decreasing by roughly 11% to USD 22bn in FY24 from USD 24.8bn in the SPLY, attributed to rising exports and declining imports.

The PKR appreciated by ~2.62% since Jun-23, closing 4QFY24 at PKR 278.34 against the USD. Foreign exchange reserves rose by about 10% QoQ to USD 14 bn, driven by strong inflows and roll-overs, including support from the IMF, GCC countries, and FDIs predominantly from China. The FX Reserves improved significantly from USD 9.1bn at the end of June 2023, enhancing the imports cover to above 1.5 months.

The average inflation clocked in at ~24% in FY24, down from ~29.4% in FY23. However, Core inflation rose to about 18.9% in FY24 from 17.8% in the SPLY. However, on QoQ basis, it dropped from 18.1% in 3QFY24 to 14.6% in 4QFY24. Despite higher fuel, power, and food inflation, the appreciation of the PKR and lower international commodity prices helped moderate inflation.

The Federal Board of Revenue (FBR) collected ~PKR 9,285bn in taxes during FY24, surpassing the target of PKR 9,252bn, and marking a 29% YoY increase from PKR 7,167bn in the SPLY. This growth was mainly on account of increased direct taxes and Petroleum Development Levy (PDL), while tax collection on imports remained subdued due to import compression.

Looking forward, the economic outlook for the upcoming quarters is optimistic, bolstered by the IMF program and anticipated rate cuts (a cumulative 250 bps in the last two Monetary Policy Committee meetings). The potential economic rebound FY25, a downward trend in inflation, and PKR stability are key factors supporting this outlook.

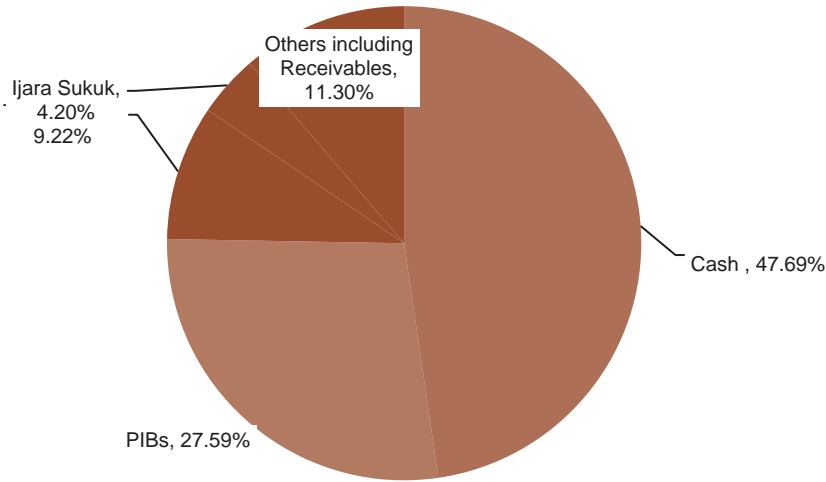
MONEY MARKET REVIEW

For the majority of FY24, the SBP kept the policy rate steady at 22%. However, following a decline in CPI readings, the SBP revised down the policy rate by 150 basis points to 20.5%. During the year, SBP held 26 T-Bill and 10 PIB auctions raising a total of ~PKR 21.3tn through T-Bills and ~PKR 4.5tn through the PIB auctions. During the year, the yields depicted volatility, inching upwards and peaking in Sept'24, before gradually declining thereon. In the first T-bill auction of FY24, the State Bank of Pakistan raised ~PKR 597bn, with weighted average yields realized in the 3M / 6M / 12M tenors clocking in at ~22.75% / 22.96% / 22.99%, respectively. However, in the last auction of FY24 held in June'24, SBP held, the weighted average yields realized in the 3M / 6M / 12M fell to ~20.01% / 19.94% / 18.49%, respectively. The decline in yields since Sept'23 followed expectations of interest rate cuts, which materialized in June'24. A similar trend was witnessed during FY24 in the Islamic Money Market / Sukuk yields.

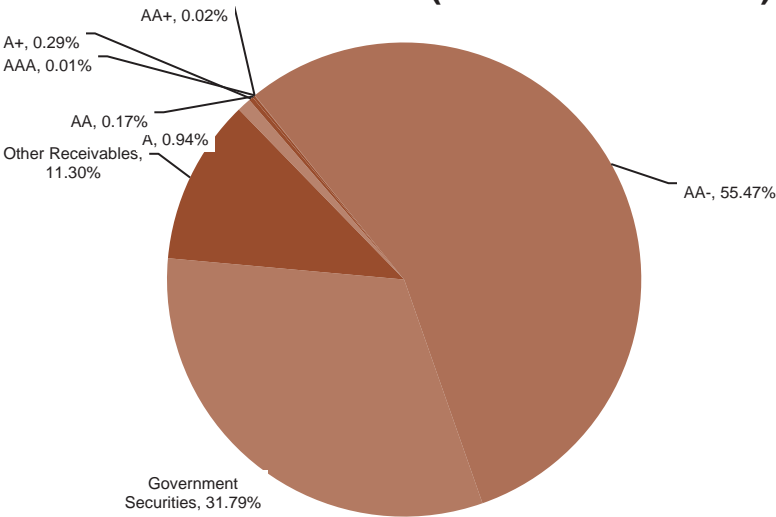
Fund Information	
Fund Type	Open Ended
Category	Income scheme
Stability Rating	AA-(f) (PACRA) April 18 ,2024
Risk Profile	Medium
Launch Date	May 12, 2007
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee*	Upto 1.5% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1.50%)
Selling and Marketing Expense	0.60%
Front/Back end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark	Six months KIBOR rates
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	104.43
Net Assets(PKR mn)	484
Total Expense Ratio (Annualized)	2.64%
Total Expense Ratio (Monthly)	2.89%

Fund Returns (% p.a)		
	FY24	FY23
YTD	20.37%	15.91%
Benchmark (YTD)	21.88%	18.33%

Asset Allocation



Asset Allocation (% of total Assets)



FUND PERFORMANCE

Faysal Savings and Growth Fund (FSGF) yielded a FY24 annualized return of 20.37% relative to its benchmark of 21.88%. At the close of the period, the fund's allocation in Cash, TFCs/Sukuk, PIBs, Ijara Sukuk and Other Receivables were 47.69%, 9.22%, 27.59%, 4.20% and 11.30%, respectively. In the future, your fund will continue to explore investment avenues to provide competitive returns.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office:**

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

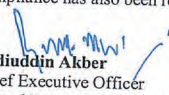
**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL SAVINGS GROWTH FUND****Report of the Trustee pursuant to Regulation 41(h) and clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Faysal Savings Growth Fund (the Fund), would like to draw the attention of the unit holders towards the fact that Faysal Asset Management Limited (Management Company) due to its conversion from Conventional to Shariah Compliant Asset Management Company did not intend to operate this conventional Fund and therefore Management Company will either transfer the management rights or wind up this Fund.

However, during the year ended June 30, 2024, the Management Company has materially managed the Fund 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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.

For the purpose of information, we would like to draw the attention of the unit holders towards the requirement of point 3 of Schedule XIX of the Non-Banking Finance Companies and Notified Entities Regulations 2008 which requires that the exposure to any single entity shall not exceed ten percent of the net assets of the Fund. In this regard, the Fund was non-compliant with the said requirement in Term Finance Certificates (TFCs) of TPL Corporation Limited from January 04, 2024 to June 09, 2024 with maximum exposure up to 22.35%. The said non-compliance has also been reported to Securities and Exchange Commission of Pakistan.


Badiuddin Akber
Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: September 26, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT**To the Unit holders of Faysal Savings Growth Fund****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Faysal Savings Growth Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the financial statements)	
	Balances with banks and investments constitute the most significant component of the net asset value. Balances with banks of the Fund as at June 30, 2024 amounted to Rs. 248.45 million and investments aggregated to Rs. 213.67 million.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.
	The existence of balances with banks and existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	

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>

■ KARACHI ■ LAHORE ■ ISLAMABAD



A·F·FERGUSON & CO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

A/He



A·F·FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 27, 2024

Karachi

UDIN: AR202410068TbSm4WwoZ

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
Assets			
Balances with banks	4	248,445,876	252,963,659
Investments	5	213,674,127	509,059,899
Receivable against sale of units		771,133	-
Deposits, prepayments and other receivables	6	58,186,606	60,491,025
Total assets		<u>521,077,742</u>	<u>822,514,583</u>
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	7	3,501,354	3,235,179
Payable to Central Depository Company of Pakistan Limited - Trustee	8	42,247	109,326
Payable to the Securities and Exchange Commission of Pakistan	9	37,088	450,390
Accrued expenses and other liabilities	10	33,191,465	37,718,566
Total liabilities		<u>36,772,154</u>	<u>41,513,461</u>
Net assets		<u>484,305,588</u>	<u>781,001,122</u>
Unit holders' fund (as per statement attached)		<u>484,305,588</u>	<u>781,001,122</u>
Contingencies and commitments	11		
		----- (Number of units) -----	
Number of units in issue		<u>4,637,458</u>	<u>7,499,096</u>
		----- (Rupees) -----	
Net asset value per unit		<u>104.43</u>	<u>104.15</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT

For The Year Ended June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 -----
Income			
Income on Pakistan Investment Bonds		19,424,931	11,447,159
Income on Market Treasury Bills		2,980,660	76,773,735
Profit on GoP ijarah sukuk certificates		2,857,808	41,873,050
Income on term finance certificates		36,544,549	53,697,540
Profit on sukuk certificates		7,641,979	48,761,049
Interest on letter of placements		-	3,745,206
Profit on balances with banks		125,896,747	137,244,655
Loss on sale of investments - net		(8,240,561)	(5,271,870)
		187,106,113	368,270,524
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.6	(2,806,723)	3,279,830
Total income		184,299,390	371,550,354
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	7.1	12,402,950	33,781,112
Sindh Sales Tax on remuneration of the Management Company	7.2	1,612,384	4,391,545
Selling and marketing expenses	7.3	5,733,501	5,630,185
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	663,382	1,689,056
Sindh Sales Tax on remuneration of the Trustee	8.2	86,240	220,362
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	663,382	450,474
Auditors' remuneration	12	987,193	758,631
Legal and professional charges		387,843	288,310
Fees and subscriptions		428,388	405,853
Transaction charges		359,665	222,899
Settlement charges		-	264,260
Printing charges		9,882	27,156
Bank charges		18,526	50,084
Total expenses		23,353,336	48,179,927
Net income for the year before taxation		160,946,054	323,370,427
Taxation	14	-	-
Net income for the year after taxation		160,946,054	323,370,427
Earnings per unit	3.13		
Allocation of net income for the year			
Net income for the year after taxation		160,946,054	323,370,427
Income already paid on units redeemed		(69,492,562)	(140,048,401)
		91,453,492	183,322,026
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		91,453,492	183,322,026
		91,453,492	183,322,026

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2024

	2024	2023
	----- (Rupees) -----	
Net income for the year after taxation	160,946,054	323,370,427
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>160,946,054</u>	<u>323,370,427</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For The Year Ended June 30, 2024

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	744,740,748	36,260,374	781,001,122	2,354,799,329	28,757,545	2,383,556,874
Issuance 57,382,517 units (2023: 22,077,022 units)						
- Capital value (at net asset value per unit at the beginning of the year)	5,976,389,146	-	5,976,389,146	2,273,050,185	-	2,273,050,185
- Element of income	220,933,188	-	220,933,188	136,535,997	-	136,535,997
Total proceeds on issuance of units	6,197,322,334	-	6,197,322,334	2,409,586,183	-	2,409,586,183
Redemption of 60,244,155 units (2023: 37,727,452 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(6,274,428,743)	-	(6,274,428,743)	(3,884,418,413)	-	(3,884,418,413)
- Element of loss	(206,178,243)	(69,492,562)	(275,670,805)	(99,034,123)	(140,048,401)	(239,082,524)
Total payments on redemption of units	(6,480,606,986)	(69,492,562)	(6,550,099,548)	(3,983,452,536)	(140,048,401)	(4,123,500,937)
Total comprehensive income for the year	-	160,946,054	160,946,054	-	323,370,427	323,370,427
Interim cash distribution for the year ended June 30, 2024 @ Rs.6.71 per unit (declared on November 17, 2023)	(14,752,429)	(34,171,180)	(48,923,609)	-	-	-
Final cash distribution for the year ended June 30, 2024 @ Rs 13.36 per unit declared on June 26, 2024 (2023: Rs. 15.06 per unit declared on June 16, 2023)	(7,240,189)	(48,700,576)	(55,940,765)	(36,192,228)	(175,819,197)	(212,011,425)
	(21,992,618)	78,074,298	56,081,680	(36,192,228)	147,551,230	111,359,002
Net assets at the end of the year	439,463,478	44,842,110	484,305,588	744,740,748	36,260,374	781,001,122
Undistributed income brought forward						
- Realised income		32,980,544			27,274,000	
- Unrealised income		3,279,830			1,483,545	
		36,260,374			28,757,545	
Distribution made during the year		(82,871,756)			(175,819,197)	
Accounting income available for distribution		-			-	
- Relating to capital gains		91,453,492			183,322,026	
- Excluding capital gains		91,453,492			183,322,026	
Undistributed income carried forward		44,842,110			36,260,374	
Undistributed income carried forward						
- Realised income		44,842,110			32,980,544	
- Unrealised income		-			3,279,830	
		44,842,110			36,260,374	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		104.15			102.96	
Net asset value per unit at the end of the year		104.43			104.15	

The annexed notes from 1 to 26 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

For The Year Ended June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		160,946,054	323,370,427
Adjustments for:			
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.6	2,806,723	(3,279,830)
		163,752,777	320,090,597
Decrease / (increase) in assets			
Investments		292,579,049	236,595,228
Deposits, prepayments and other receivables		2,304,419	(32,678,925)
		294,883,468	203,916,303
(Decrease) / increase in liabilities			
Payable to Faysal Asset Management Limited - Management Company		266,175	(2,128,145)
Payable to Central Depository Company of Pakistan Limited - Trustee		(67,079)	(73,334)
Payable to the Securities and Exchange Commission of Pakistan		(413,302)	(100,054)
Accrued expenses and other liabilities		(4,527,101)	7,976,090
		(4,741,307)	5,674,557
Net cash generated from operating activities		453,894,938	529,681,457
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		6,196,551,201	2,373,393,955
Payments against redemption and conversion of units		(6,550,099,548)	(4,123,500,937)
Dividend paid		(104,864,374)	(175,819,197)
Net cash used in financing activities		(458,412,721)	(1,925,926,179)
Net decrease in cash and cash equivalents during the year		(4,517,783)	(1,396,244,722)
Cash and cash equivalents at beginning of the year		252,963,659	1,649,208,381
Cash and cash equivalents at end of the year	4	248,445,876	252,963,659

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)_____
Chief Financial Officer_____
Chief Executive Officer_____
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Faysal Savings Growth Fund (the Fund) is an open-ended collective investment scheme established through a Trust Deed under the Trust Act, 1882, entered into on December 28, 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.

In the year 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2 The Management Company of the Fund has been licensed by the SECP 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 Shahr-e-Faisal, Karachi, Pakistan. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 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. 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 May 7, 2007 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The objective of the Fund is to generate competitive returns by investing primarily in debt and fixed income instruments having investment grade credit rating. The investment objectives and policies are explained in the Fund's offering document.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned a "AA-(f)" stability rating to Faysal Savings Growth Fund as of April 18, 2024 (2023: "AA-(f)" dated April 17, 2023).
- 1.6 The Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited dated December 29, 2023 (2023: 'AM2++' dated December 30, 2022). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.7 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.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Accounting Standards) 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
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where 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 differ from the IFRS Accounting Standards, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

2

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

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, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and therefore, have not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

2.3 Standards not yet effective:

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

3

3.2 Financial assets**3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement**3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL),

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment (other than debt securities)

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

4

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net asset value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income / (loss) represents the difference between NAV per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

5

3.10 Revenue recognition

- Income on debt securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis;
- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Profit on balances with banks and other income is recognised on an accrual basis.
- Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are recorded in the period in which these arise.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee to the SECP are recognised in the Income Statement on an accrual basis.

3.12 Taxation**Current**

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2024 ----- (Rupees) -----	2023
4 BALANCES WITH BANKS			
Balances with banks in savings accounts	4.1	<u>248,445,876</u>	<u>252,963,659</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

- 4.1 Deposits in savings accounts include Rs.4.133 million (2023: Rs. 5.007 million) maintained with Faysal Bank Limited, (a related party) and carry mark-up at the rate of 20.00% (2023: 11.00%) per annum. Other savings accounts carry markup at the rates ranging from 20.25% to 22.50% (2023: 18.10% to 23.00%) per annum.

	Note	2024	2023
5 INVESTMENTS		(Rupees)	
Investments 'at fair value through profit or loss'			
Term finance certificates	5.1	48,035,000	183,564,900
Sukuk certificates	5.2	-	255,509,999
Government securities - Pakistan Investment Bonds	5.3	143,744,127	47,465,000
Government securities - Market Treasury Bills	5.4	-	-
Government securities - GoP ijarah sukuk certificates	5.5	21,895,000	22,520,000
		213,674,127	509,059,899

5.1 Term finance certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised (diminution) / appreciation as at June 30, 2024	Percentage in relation to Net assets of the Fund	Total market value of investment of the Fund
				Number of certificates			(Rupees)			%		
INVESTMENT COMPANIES												
Jahangir Siddiqui & Company Limited (AA+, PACRA, non-traded) (Face value of 2,250 per certificate)	Semi-annually	July 18, 2023	6 months KIBOR plus base rate of 1.40%	20,000	-	20,000	-	-	-	-	-	-
Jahangir Siddiqui & Company Limited (AA+, PACRA, non-traded) (Face value of 3,334 per certificate)	Semi-annually	September 6, 2023	6 months KIBOR plus base rate of 1.40%	20,000	-	20,000	-	-	-	-	-	-
MISCELLANEOUS												
TPL Corp Limited (AA-, PACRA) (Face value of 100,000 per certificate)	Quarterly	June 28, 2027	3 months KIBOR plus base rate of 2.50%	1,500	-	1,000	500	51,421,400	48,035,000	(3,386,400)	9.92%	22.48%
Total as at June 30, 2024								51,421,400	48,035,000	(3,386,400)	9.92%	22.48%
Total as at June 30, 2023								180,313,418	183,564,900	3,251,482		

5.2 Sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to Net assets of the Fund	Total market value of investment of the Fund
				Number of certificates			(Rupees)			%		
POWER GENERATION & DISTRIBUTION												
The Hub Power Company Limited (AA+, PACRA, traded) (Face value of 100,000 per certificate)	Semi-annually	March 19, 2024	12 months KIBOR plus base rate of 1.90%	1,000	-	1,000	-	-	-	-	-	-
Hub Power Holdings Limited (AA+, PACRA, non-traded) (Face value of 100,000 per certificate)	Semi-annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	2,000	-	2,000	-	-	-	-	-	-
Total as at June 30, 2024								-	-	-	-	-
Total as at June 30, 2023								251,242,450	255,509,999	4,267,549		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

5.3 Government securities - Pakistan Investment Bonds

Name of security	Issue Date	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation/ (diminution) as at June 30, 2024	Percentage in relation to	
		As at July 1, 2023	Purchased during the year	Sold / Matured during the year	As at June 30, 2024				Net assets of the Fund	Total market value of investment of the Fund
(Rupees)										%
Pakistan Investment Bonds - 10 years	June 28, 2018	500	-	-	500	47,465,000	48,965,000	1,500,000	10.11%	22.92%
Pakistan Investment Bonds - 5 years	January 17, 2024	-	1,000	-	1,000	95,074,450	94,779,127	(295,324)	19.57%	44.36%
Pakistan Investment Bonds - 5 years	April 18, 2024	-	2,000	2,000	-	-	-	-	-	-
Total as at June 30, 2024						142,539,450	143,744,127	1,204,677	29.68%	67.27%
Total as at June 30, 2023						50,000,000	47,465,000	(2,535,000)		

5.3.1 The Fund holds investment in floating rate Pakistan Investment Bonds which currently carries mark-up at the rate of 22.42% (2023: 22.42%) per annum.

5.4 Government securities - Market Treasury Bills

Name of security	Issue Date	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market value as percentage of total investments of the Fund	Market value as percentage of net assets of the Fund
		As at July 1, 2023	Purchased during the year	Sold / Matured during the year	As at June 30, 2024					
(Rupees)										
Market Treasury Bills - 12 months	October 19, 2023	-	500,000,000	500,000,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	January 11, 2024	-	250,000,000	250,000,000	-	-	-	-	-	-
Market Treasury Bills - 12 months	May 30, 2024	-	300,000,000	300,000,000	-	-	-	-	-	-
Total as at June 30, 2024						<u><u>-</u></u>				
Total as at June 30, 2023						<u><u>-</u></u>				

5.5 Government securities - GoP ijarah sukuk certificates

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution as at June 30, 2024	Percentage in relation to	
												Net assets of the Fund	Total market value of investments
(Rupees)												% -----	
GoP Ijarah Sukuk Certificates - FRR XI	Semi-annually / At maturity	December 15, 2021	December 15, 2026	11.40%	250	-	-	250	22,520,000	21,895,000	(625,000)	4.52%	10.25%
Total as at June 30, 2024									22,520,000	21,895,000	(625,000)	4.52%	10.25%
Total as at June 30, 2023									24,224,201	22,520,000	(1,704,201)	hh	

5.5.1 The nominal value of these sukuk certificates is Rs. 100,000 each.

5.6 Unrealised (diminution) / appreciation on investments classified as 'financial assets at fair value through profit or loss' - net

	Note	2024	2023
		Rupees	
Market value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	213,674,127	509,059,899
Less: carrying value of investments	5.1, 5.2, 5.3, 5.4 & 5.5	(216,480,850)	(505,780,069)
		(2,806,723)	3,279,830

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

6	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2024	2023
			Rupees	
	Security deposit with			
	- National Clearing Company of Pakistan Limited		2,750,000	2,750,000
	- Central Depository Company of Pakistan Limited		100,000	100,000
			2,850,000	2,850,000
	Exposure deposit with the National Clearing Company of Pakistan Limited against spread transactions		193,566	193,566
	Prepaid rating fees		29,639	47,453
	Profit receivable on sukuk certificates		59,860	28,220,112
	Profit receivable on term finance certificates		11,030,896	10,168,357
	Profit receivable on Pakistan Investment Bonds		6,480,595	4,441,871
	Profit receivable on GoP ijarah sukuk certificates		1,553,836	124,931
	Profit receivable on balances with banks		32,401,674	10,858,195
	Advance tax	6.1	3,586,540	3,586,540
			<u>58,186,606</u>	<u>60,491,025</u>

- 6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on balances with banks and debt instruments paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholding agent. The tax withheld on profit on debt amounts to Rs. 3.586 million (2023: Rs. 3.586 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of the FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax on profits received by the Fund has been shown as other receivables as at June 30, 2024, as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			(Rupees)	
	Remuneration payable	7.1	1,404,482	1,914,363
	Sindh Sales Tax payable on remuneration of the Management Company	7.2	182,583	248,866
	Selling and marketing expenses payable	7.3	1,914,289	1,071,950
			<u>3,501,354</u>	<u>3,235,179</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 rates ranging from 1.00% to 1.50% (2023: 1.50%) per annum of the average annual net assets of the Fund during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.
- 7.2 During the year, an amount of Rs. 1.612 million (2023: Rs. 4.392 million) was charged on account of sales tax at the rate of 13% (2023: 13%) on management fee levied through the Sindh Sales Tax on Services Act, 2011.
- 7.3 In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rates ranging from 0% to 0.60% (2023: 0.25%) per annum of the average annual net assets of the Fund during the year ended June 30, 2024 while keeping in view the overall return and total expense ratio limit of the Fund as defined under the NBFC Regulations, subject to total expense charged being lower than actual expense incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

9

- 7.4 During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Board of Directors of the Management Company has responded to the observations highlighted by the SECP and the management is engaged with SECP in this regard. Accordingly, the impact of the SECP's observations on the financial statements, if any, is not determinable as at the reporting date.

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024 ----- (Rupees) -----	2023
	Remuneration payable to the Trustee	8.1	37,387	95,716
	Sindh Sales Tax payable on remuneration of the Trustee	8.2	4,860	13,610
			<u>42,247</u>	<u>109,326</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% (2023: 0.075%) of average annual net assets of the Fund.

- 8.2 During the year, an amount of Rs 0.086 million (2023: Rs 0.220 million) was charged on account of sales tax at the rate of 13% (2023: 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	2024 ----- (Rupees) -----	2023
	Annual fee payable	9.1	<u>37,088</u>	<u>450,390</u>

- 9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.075% per annum of the daily net assets during the year ended June 30, 2024.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ----- (Rupees) -----	2023
	Transaction charges payable		1,484,706	1,489,954
	Auditors' remuneration payable		624,521	587,728
	Printing charges payable		159,027	168,970
	Legal and professional charges payable		627,663	445,260
	Zakat payable		33,331	33,331
	Withholding tax payable		9,038,330	12,579,886
	Capital gain tax payable		2,449,331	3,720,753
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	10.1	18,281,365	18,281,365
	Other liabilities		<u>493,191</u>	<u>411,319</u>
			<u>33,191,465</u>	<u>37,718,566</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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

10

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 18.281 million is being retained in the 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 would have been higher by Re 3.942 (2023: Re 2.438) per unit.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at June 30, 2024 and June 30, 2023.

12 AUDITORS' REMUNERATION	2024	2023
	----- (Rupees) -----	-----
Annual audit fee	618,726	496,000
Fee for half yearly review of condensed interim financial statements	163,414	131,000
Fee for other certifications	85,000	70,000
Out of pocket expenses	46,928	5,436
	<u>914,068</u>	<u>702,436</u>
Sindh Sales Tax	73,125	56,195
	<u>987,193</u>	<u>758,631</u>

13 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 2.64% (2023: 2.14%) which includes 0.27% (2023: 0.22%) 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% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

14 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed at least 90% of the Fund's accounting income for the year ended June 30, 2024 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these 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 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 15.1** Connected persons / related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes being 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 any person or company beneficially owning directly or indirectly 10% or more of the net assets of the Fund.
- 15.2** Transactions with connected persons 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 is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

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 during the year and balances with them as at year end are as follows:

Transactions during the year	2024	2023
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Remuneration of Faysal Asset Management Limited - Management Company	12,402,950	33,781,112
Sindh Sales Tax on remuneration of the Management Company	1,612,384	4,391,545
Selling and marketing expenses	5,733,501	5,630,185
Units issued Nil units (2023: 7,126 units)	-	753,796
Units redeemed Nil units (2023: 7,126 units)	-	755,507
Faysal Bank Limited - Group Company		
Profit on balances with banks	1,011,322	905,686
Units redeemed Nil units (2023: 6,555,452 units)	-	726,344,057
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	663,382	1,689,056
Sindh Sales Tax on remuneration of the Trustee	86,240	220,362
Settlement charges	359,665	264,260
More than 10% holding		
Units issued 869,913 units (2023: 1,197,130 units)	99,470,212	151,962,576
Units redeemed 518,422 units (2023: 1,084,283 units)	60,557,846	135,261,764
Dividend paid	-	12,600,747
Outstanding balances	2024	2023
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Remuneration payable	1,404,482	1,914,363
Company	182,583	248,866
Selling and marketing expense payable	1,914,289	1,071,950
Faysal Bank Limited - Group Company		
Balance with banks	4,133,775	5,017,188
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	37,387	95,716
Sindh Sales Tax payable on remuneration of the Trustee	4,860	13,610
Security deposit	100,000	100,000
More than 10% holding *		
Outstanding 2,690,028 units (2023: 2,303,416 units)	280,928,818	239,900,745

*This reflects the position of related party / connected persons status as at June 30, 2024

16 FINANCIAL INSTRUMENTS BY CATEGORY

	-----2024-----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Financial assets			
Balances with banks	248,445,876	-	248,445,876
Investments	-	213,674,127	213,674,127
Receivable against sale of units	771,133	-	771,133
Deposits and other receivables	54,570,427	-	54,570,427
	<u>303,787,436</u>	<u>213,674,127</u>	<u>517,461,563</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

2024			
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	3,501,354	-	3,501,354
Payable to Central Depository Company of Pakistan Limited - Trustee	42,247	-	42,247
Accrued expenses and other liabilities	3,389,108	-	3,389,108
	<u>6,932,709</u>	<u>-</u>	<u>6,932,709</u>
2023			
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	252,963,659	-	252,963,659
Investments	-	509,059,899	509,059,899
Deposits and other receivables	56,857,032	-	56,857,032
	<u>309,820,691</u>	<u>509,059,899</u>	<u>818,880,590</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	3,235,179	-	3,235,179
Payable to Central Depository Company of Pakistan Limited - Trustee	109,326	-	109,326
Accrued expenses and other liabilities	3,103,231	-	3,103,231
	<u>6,447,736</u>	<u>-</u>	<u>6,447,736</u>

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

17.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

(i) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2024, the Fund is exposed to such risk on its balances with banks and investment in sukuk certificates, term finance certificates and government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks and KIBOR based term finance and sukuk certificates which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 2.97 million (2023: Rs. 6.92 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

13

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan (FMAP) are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

2024					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
Financial assets					
Balances with banks	20.00% - 22.50%	248,445,876	-	-	248,445,876
Investments	11.00% - 22.42%	-	-	213,674,127	213,674,127
Receivable against sale of units		-	-	771,133	771,133
Deposits and other receivables		-	-	54,570,427	54,570,427
		248,445,876	-	213,674,127	517,461,563
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	3,501,354	3,501,354
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	42,247	42,247
Accrued expenses and other liabilities		-	-	3,389,108	3,389,108
		-	-	6,932,709	6,932,709
On-balance sheet gap (a)		248,445,876	-	213,674,127	510,528,854
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		248,445,876	-	213,674,127	
Cumulative profit rate sensitivity gap		248,445,876	248,445,876	462,120,003	

2023					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
Financial assets					
Balances with banks	11.00% - 23.00%	252,963,659	-	-	252,963,659
Investments	12.52% - 24.43%	439,074,899	69,985,000	-	509,059,899
Deposits and other receivables		-	-	56,857,032	56,857,032
		692,038,558	69,985,000	-	818,880,590
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	3,235,179	3,235,179
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	109,326	109,326
Accrued expenses and other liabilities		-	-	3,103,231	3,103,231
		-	-	6,447,736	6,447,736
On-balance sheet gap (a)		692,038,558	69,985,000	-	812,432,854
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		692,038,558	69,985,000	-	
Cumulative profit rate sensitivity gap		692,038,558	762,023,558	762,023,558	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

14

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2024.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement subject to the maximum limit which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund. However, no borrowing was required to be obtained by the Fund during the year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2024.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

----- 2024 -----							
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total	
----- Rupees -----							
Financial assets							
Balances with banks	248,445,876	-	-	-	-	248,445,876	
Investments	-	-	-	69,930,000	143,744,127	213,674,127	
Receivable against sale of units	771,133	-	-	-	-	771,133	
Deposits and other receivables	51,720,427	-	-	-	2,850,000	54,570,427	
	300,937,436	-	-	69,930,000	143,744,127	2,850,000	517,461,563
Financial liabilities							
Payable to Faysal Asset Management Limited - Management Company	3,501,354	-	-	-	-	3,501,354	
Payable to Central Depository Company of Pakistan Limited - Trustee	42,247	-	-	-	-	42,247	
Accrued expenses and other liabilities	1,643,733	1,252,184	493,191	-	-	3,389,108	
	5,187,334	1,252,184	493,191	-	-	6,932,709	
Net financial assets	295,750,102	(1,252,184)	(493,191)	69,930,000	143,744,127	2,850,000	510,528,854

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

15

	2023					
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity
	Rupees					
Financial assets						
Balances with banks	252,963,659	-	-	-	-	252,963,659
Investments	12,520,900	16,779,800	50,250,000	382,044,199	47,465,000	509,059,899
Deposits and other receivables	54,007,032	-	-	-	-	2,850,000
	319,491,591	16,779,800	50,250,000	382,044,199	47,465,000	818,880,590
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	3,235,179	-	-	-	-	3,235,179
Payable to Central Depository Company of Pakistan Limited - Trustee	109,326	-	-	-	-	109,326
Accrued expenses and other liabilities	1,658,924	1,032,988	411,319	-	-	3,103,231
	5,003,429	1,032,988	411,319	-	-	6,447,736
Net financial assets	314,488,162	15,746,812	49,838,681	382,044,199	47,465,000	812,432,854

17.3 Credit risk

17.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities and receivable against conversion of units.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees			
Balances with banks	248,445,876	248,445,876	252,963,659	252,963,659
Investments	213,674,127	48,035,000	509,059,899	439,074,899
Receivable against sale of units	771,133	771,133	-	-
Deposits, prepayments and other receivables	58,186,606	50,152,175	60,491,025	55,924,223
	521,077,742	347,404,184	822,514,583	747,962,781

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

17.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks, investments (other than in government backed securities) and mark-up accrued thereon. The credit rating profile of balances with banks is as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

	% of bank balances exposed to credit risk	
	2024	2023
	-----%-----	
Balances with banks and profit accrued thereon		
AAA	30.00%	0.07%
AA+	0.01%	-
AA	0.26%	0.59%
AA-	23.88%	25.42%
A+	0.03%	0.61%
A	-	0.10%
A-	-	5.41%
Term finance certificates and profit accrued thereon		
AA+	-	3.76%
AA-	11.34%	19.79%
Sukuk certificates and profit accrued thereon		
AA+	-	34.50%

17.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2024 and June 30, 2023 are unsecured and are not impaired.

18 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.

18.1 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 June 30, 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

ASSETS	2024		
	Level 1	Level 2	Level 3
	-----Rupees-----		
Financial assets at fair value through profit or loss			
Term finance certificates	-	48,035,000	48,035,000
Government securities - Pakistan Investment Bonds	-	143,744,127	143,744,127
Government securities - GoP ijarah sukuk certificates	-	21,895,000	21,895,000
	-	<u>213,674,127</u>	<u>213,674,127</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

ASSETS

Financial assets at fair value through profit or loss

	2023		
	Level 1	Level 2	Level 3
	Rupees		
Term finance certificates	-	183,564,900	183,564,900
Sukuk certificates	-	255,509,999	255,509,999
Government securities - Pakistan Investment Bonds	-	47,465,000	47,465,000
Government securities - GoP ijarah sukuk certificates	-	22,520,000	22,520,000
	-	509,059,899	509,059,899

19 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 17, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

20 UNIT HOLDING PATTERN OF THE FUND

Category	2024			2023		
	Number of unit holders	Number of units held	Percentage of total	Number of unit holders	Number of units held	Percentage of total
Insurance company	1	70,875	1.53%	2	70,519	0.94%
Retirement funds	8	115,051	2.48%	8	98,417	1.31%
Individuals	771	4,041,778	87.15%	694	5,876,666	78.37%
Other corporates	23	409,754	8.84%	20	1,453,494	19.38%
	803	4,637,458	100.00%	724	7,499,096	100.00%

21 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
C&M Management (Private) Limited	-	26.10%
Bright Capital (Private) Limited	-	20.80%
Continental Exchange (Private) Limited	12.10%	12.65%
Magenta Capital (Private) Limited	-	7.88%
Arif Habib Limited	12.18%	7.10%
ICON Management (Private) Limited	-	6.80%
Vector Capital (Private) Limited	-	6.26%
Invest One Markets Limited	-	3.11%
BMA Capital Management Limited	-	3.05%
Currency Markets Associates (Private) Limited	-	2.94%
AKD Securities Limited	12.00%	-
AlFalsh Securities (Private) Limited	6.25%	-
Next Capital Limited	57.47%	-
	100.00%	96.70%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

22 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience
Mr. Nadir Rahman	Chief Executive Officer	BS (Economics)	Over 33 Years
Mr. Omer Bin Javaid	Deputy Chief Executive Officer	MBA	Over 25 Years
Mr. Muhammad Imran	Chief Investment Officer	MBA	Over 22 Years
Mr. Nafees Imtiaz Malik	Chief Operating Officer	MBA	Over 12 Years
Mr. Shahid Iqbal	Head of Fixed Income	B.Com	Over 32 Years
Mr. Salman Muslim	Chief Financial Officer and Company Secretary	FCA	Over 18 Years
Mr. Shoaib Danish	Equity Fund Specialist	MBA, CFA	Over 9 Years
Mr. Mudtajib Alam	Fund Manager	MBA Finance	Over 11 Years
Mr. Abdul Ghani Mianoor	Senior Research Analyst	B.Sc	Over 5 Years
Syed Eunis Viqar	Head of Internal Audit and Compliance	ACCA	Over 16 Years
Mr. Abdul Basit	Unit Head - Risk Management	MBA	Over 9 Years

23 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Shahid Iqbal	Fund Manager	B.Com	Faysal Islamic Savings Growth Fund, Faysal Islamic Asset Allocation Fund, Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Islamic Special Income Fund, Faysal Islamic Financial Planning Fund II, Faysal Islamic Sovereign Fund, Faysal Islamic Financial Growth Fund, Faysal Islamic Mustakil Munafa Fund, Faysal Income & Growth Fund, Faysal Money Market Fund, Faysal Financial Sector Opportunity Fund, Faysal MTS Fund, Faysal Financial Value Fund, Faysal Government Securities Fund, Faysal Cash Fund and Faysal Special Savings Fund

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name of directors	Designation	Attended meeting held on						
		July 12, 2023	August 18, 2023	October 20, 2023	December 12, 2023	January 5, 2024	February 2, 2024	April 19, 2024
Mr. Yousaf Hussain	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Samia Zuber	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ehsen Zafar Puri*	Director	N/A	N/A	N/A	Yes	Yes	Yes	Yes
Mr. Nadir Rahman	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Ehsen Zafar Puri was appointed on board in a meeting held on October 20, 2023.

25 GENERAL

25.1 Figures are rounded off to the nearest rupee unless otherwise stated.

26 DATE OF AUTHORISATION FOR ISSUEThese financial statements were authorised for issue on August 22, 2024 by the Board of Directors of the Management Company.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

SUPPLEMENTARY NON FINANCIAL INFORMATION
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (I)
AND CLAUSE 11 - PERFORMANCE TABLE OF THE 5TH SCHEDULE TO THE
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

	June 30, 2024	June 30, 2023	June 30, 2022 (Rupees)	June 30, 2021	June 30, 2020
(i) PERFORMANCE TABLE					
Net assets	484,305,588	781,001,122	2,383,556,874	2,434,507,154	2,610,847,476
Net assets value per unit	104.43	104.15	102.96	102.82	102.52
Offer price per unit	106.80	106.51	105.29	105.15	104.58
Repurchase price per unit	104.43	104.15	102.96	102.82	102.52
Highest offer price per unit	120.13	121.15	114.34	113.27	116.52
Highest repurchase price per unit	117.48	118.47	111.81	110.76	114.23
Lowest offer price per unit	106.50	105	105.15	104.56	104.47
Lowest repurchase price per unit	104.15	103.00	102.82	102.24	102.42
Total return:	20.37%	15.91%	8.80%	6.47%	11.71%
- capital growth	-25.54%	1.28%	0.14%	0.31%	0.11%
- income distribution	45.91%	14.63%	8.66%	6.16%	11.56%
Average annual return:					
(Launch date: May 12, 2007)					
- one year	20.37%	15.91%	8.80%	6.47%	11.71%
- two years	18.14%	12.36%	7.64%	9.09%	9.65%
- three years	15.03%	10.39%	8.99%	8.59%	N/A
Four Years	12.89%	10.72%	8.64%	N/A	N/A
Five Years	12.65%				
Distribution per unit:					
- Interim distribution (% per unit)	45.91%	14.63%	8.66%	6.16%	11.56%
- Final distribution (% per unit) *	-	-	-	-	-
	45.91%	14.63%	8.66%	6.16%	7.45%

* Announced on 26 June 2024

The Fund's past performance is not necessarily indicative of future performance. Therefore, the unit prices and investment returns may go down, as well as up.

(ii) MEETINGS OF THE AUDIT COMMITTEE

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On			
		17-Aug-23	19-Oct-23	01-Feb-24	18-Apr-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes	Yes	Yes

(iii) MEETINGS OF THE HUMAN RESOURCE AND REMUNERATION COMMITTEE

Following is the analysis of the attendance in the meetings of the Human Resource and Remuneration Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On				
		08-Aug-23	17-Oct-23	08-Nov-23	01-Feb-24	06-May-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes	Yes
Mr. Yousaf Hussain	Member	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes	Yes	Yes

(iv) MEETINGS OF THE BOARD RISK MANAGEMENT COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Risk Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On		
		10-Aug-23	16-Oct-23	18-Apr-24
Mr. Mian Salman Ali	Chairman	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes	Yes

(v) MEETINGS OF THE BOARD STRATEGY COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Strategy Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On	
		09-Aug-23	16-Oct-23
Mr. Yousaf Hussain	Chairman	Yes	Yes
Syed Majid Ali	Member	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes
*Mr. Ehsan Zafar Puri	Member	N/A	N/A

*Mr. Ehsan Zafar Puri was appointed as director board strategy committee, effective from October 20, 2023.

Head Office

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

Karachi

U 92 21 111329725
F 92 21 38657800

Lahore

T 92 42 35785558
F 92 42 35755196

Islamabad

T 92 51 2605721 / 23
F 92 51 2275252

🌐 faysalfunds.com

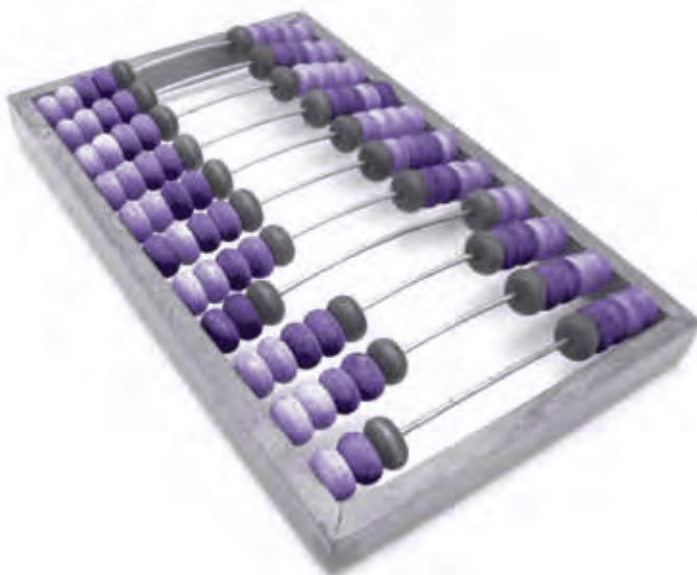
f facebook.com/faysalasset

✕ x.com/faysalasset

Faysal Cash Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Trustee Report to the Unit Holders	08
Independent Auditor's Report to the Unit Holders	09
Statement of Assets and Liabilities	12
Income Statement	13
Statement of Comprehensive Income	14
Statement of Movement in Unit Holders' Fund	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Supplementary Non Financial Information	34

FUND INFORMATION

Management Company

Faysal Asset Management Limited.

Board of Directors

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Vice Chairman
Mr. Mian Salman Ali, Director
Mrs. Samia Zuberi, Director
Mr. Ali Waqar, Director
Mr. Nadir Rahman, Chief Executive Officer
Mr. Ehsan Zafar Puri, Director

Chief Financial Officer & Company Secretary

Mr. Salman Muslim

Audit Committee

Mrs. Samia Zuberi, Chair Person
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member

HR Committee

Mrs. Samia Zuberi, Chair Person
Mr. Yousaf Hussain, Member
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Risk Committee

Mr. Mian Salman Ali, Chairman
Syed Majid Ali, Member
Mr. Ali Waqar, Member

Board Strategy Committee

Mr. Yousaf Hussain, Chairman
Syed Majid Ali, Member
Mr. Mian Salman Ali, Member
Mr. Ehsan Zafar Puri, Member

Trustee to the Fund

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

Auditors

A.F Ferguson & Co. Chartered Accountants

Legal Advisor

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

Registrar

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

Bankers to the Fund

Faysal Bank Limited
Bank Al-Falah Limited
Habib 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

Faysal Cash Fund endeavors to provide maximum possible preservation of capital and a reasonable rate of return via investing in money market securities having good credit quality rating and liquidity.

FUND MANAGER'S REPORT

ECONOMIC REVIEW

In 3QFY24, Pakistan's GDP experienced an YoY growth of 2.09%, with a marginal QoQ increase of 0.12%. The Services sector remained flat at 0.83%, offsetting gains in the Industrial and Agriculture sectors, which saw advances of 3.84% and 3.94%, respectively. Albeit Large-Scale Manufacturing Index growth was trivial at 1.47%, improvements in the small-scale sector supported overall industrial growth. Looking ahead, the country's growth rate is likely to be lower than anticipated in the 1HFY25, before gaining momentum in the 2HFY25 due to projected interest rate cuts that could stimulate industrial growth.

Pakistan's external account continued to exhibit improvement, with the Current Account Deficit (CAD) clocking in at ~USD 665mn during FY24, down from ~USD 3.3bn in SPLY. This steep reduction is primarily due to a 12% YoY increase in exports, reaching ~USD 31bn, and an 11% YoY rise in remittances, totaling ~USD 30.2bn. On a QoQ basis, the CAD was ~USD 0.07bn, supported by increased exports and remittances. The trade deficit also improved, decreasing by roughly 11% to USD 22bn in FY24 from USD 24.8bn in the SPLY, attributed to rising exports and declining imports.

The PKR appreciated by ~2.62% since Jun-23, closing 4QFY24 at PKR 278.34 against the USD. Foreign exchange reserves rose by about 10% QoQ to USD 14 bn, driven by strong inflows and roll-overs, including support from the IMF, GCC countries, and FDIs predominantly from China. The FX Reserves improved significantly from USD 9.1bn at the end of June 2023, enhancing the imports cover to above 1.5 months.

The average inflation clocked in at ~24% in FY24, down from ~29.4% in FY23. However, Core inflation rose to about 18.9% in FY24 from 17.8% in the SPLY. However, on QoQ basis, it dropped from 18.1% in 3QFY24 to 14.6% in 4QFY24. Despite higher fuel, power, and food inflation, the appreciation of the PKR and lower international commodity prices helped moderate inflation.

The Federal Board of Revenue (FBR) collected ~PKR 9,285bn in taxes during FY24, surpassing the target of PKR 9,252bn, and marking a 29% YoY increase from PKR 7,167bn in the SPLY. This growth was mainly on account of increased direct taxes and Petroleum Development Levy (PDL), while tax collection on imports remained subdued due to import compression.

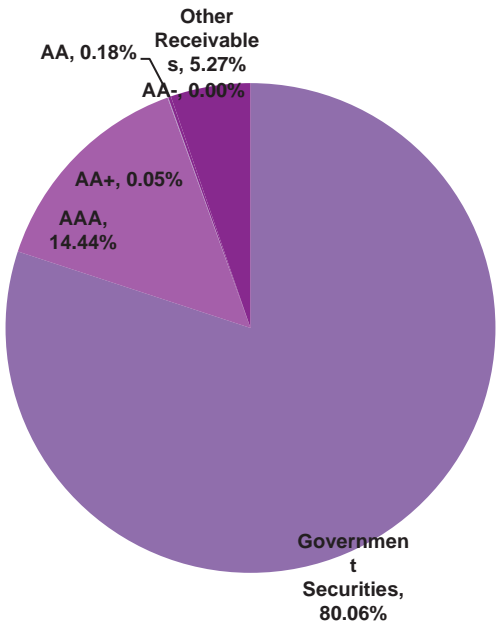
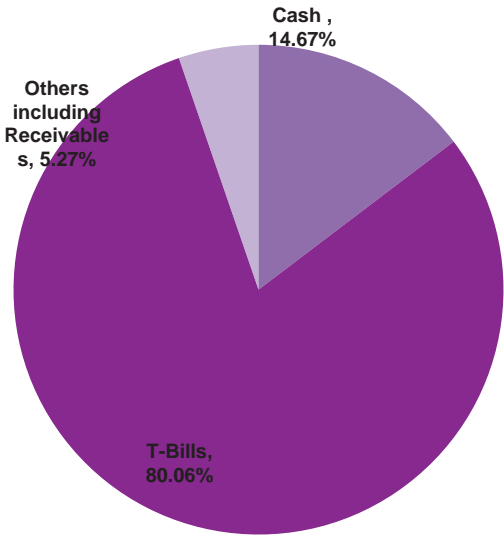
Looking forward, the economic outlook for the upcoming quarters is optimistic, bolstered by the IMF program and anticipated rate cuts (a cumulative 250 bps in the last two Monetary Policy Committee meetings). The potential economic rebound FY25, a downward trend in inflation, and PKR stability are key factors supporting this outlook.

MONEY MARKET REVIEW

For the majority of FY24, the SBP kept the policy rate steady at 22%. However, following a decline in CPI readings, the SBP revised down the policy rate by 150 basis points to 20.5%. During the year, SBP held 26 T-Bill and 10 PIB auctions raising a total of ~PKR 21.3tn through T-Bills and ~PKR 4.5tn through the PIB auctions. During the year, the yields depicted volatility, inching upwards and peaking in Sept'24, before gradually declining thereon. In the first T-bill auction of FY24, the State Bank of Pakistan raised ~PKR 597bn, with weighted average yields realized in the 3M / 6M / 12M tenors clocking in at ~22.75% / 22.96% / 22.99%, respectively. However, in the last auction of FY24 held in June'24, SBP held, the weighted average yields realized in the 3M / 6M / 12M fell to ~20.01% / 19.94% / 18.49%, respectively. The decline in yields since Sept'23 followed expectations of interest rate cuts, which materialized in June'24. A similar trend was witnessed during FY24 in the Islamic Money Market / Sukuk yields.

Fund Information	
Fund Type	Open Ended
Category	Money Market Scheme
Stability Rating	AA+(f) (VIS) December 15 ,2023
Risk Profile	Low
Launch Date	January 8, 2021
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee*	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.70%)
Selling and Marketing Expense	0.00%
Front/Back end Load	FEL Upto 2% BEL 0%
Min Subscription	PKR 5000
Benchmark	70% Three months PKRV rates + 30% three months average deposit rates of three AA rated scheduled Banks
Pricing Mechanism	Backward
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 04:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	102.5390
Net Assets (PKR mn)	39
Net Assets(PKR mn) excluding FoF	39
Total Expense Ratio (Annualized)	2.10%
Total Expense Ratio (Monthly)	-1.48%

Fund Return (% p.a.)	FY24	FY23
YTD	23.82%	16.78%
Benchmark (YTD)	20.90%	17.01%



FUND PERFORMANCE

Faysal Cash Fund (FCF) yielded an annualized FY24 return of 23.82%, relative to its benchmark of 20.90%. By the end of the period, allocations in Cash, T-Bills and Other Receivables stood at 14.67%, 80.06% and 5.27%, respectively. As we advance, management will explore other investment avenues for deployment.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

FAYSAL CASH FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Faysal Cash Fund (the Fund), would like to draw the attention of the unit holders towards the fact that Faysal Asset Management Limited (Management Company) due to its conversion from Conventional to Shariah Compliant Asset Management Company did not intend to operate this conventional Fund and therefore Management Company will either transfer the management rights or wind up this Fund.

However, during the year ended June 30, 2024, the Management Company has materially managed the Fund 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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.

For the purpose of information, we would like to draw the attention of the unit holders towards Regulation 54 of the Non-Banking Finance Companies and Notified Entities Regulations which requires that minimum net assets of an Open End Scheme shall be one hundred million rupees at all times during the life of the scheme and in case of any breach, the Asset Management Company shall ensure compliance with the minimum fund size within three months of its breach. In this regard, the Fund was non-complaint with the said requirement from February 25, 2024 till date as the fund size of the scheme was reduced to the minimum of Rs.39.14 million as on June 30, 2024. The said non-compliance has also been reported to the Securities and Exchange Commission of Pakistan.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited
Karachi: September 26, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Faysal Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Faysal Cash Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 4 and 5 to the financial statements)	
	<p>Balances with banks and investments constitute the most significant component of the net asset value. Balances with banks of the Fund as at June 30, 2024 amounted to Rs. 6.23 million and investments aggregated to Rs. 34.02 million.</p> <p>The existence of balances with banks and existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.

A/11/10

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>

■ KARACHI ■ LAHORE ■ ISLAMABAD



A.F. FERGUSON & CO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



A.F. FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 27, 2024

Karachi

UDIN: AR202410068rISRTdoKZ

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
Assets			
Balances with banks	4	6,233,943	73,077,715
Investments	5	34,016,290	95,968,706
Advances, deposits, prepayments and other receivables	6	1,627,705	867,538
Receivable from Faysal Asset Management Limited - Management Company	7	460,000	-
Preliminary expenses and floatation costs	8	152,000	252,650
Total assets		42,489,938	170,166,609
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	9	129,251	190,822
Payable to Central Depository Company of Pakistan Limited - Trustee	10	2,224	6,418
Payable to the Securities and Exchange Commission of Pakistan	11	2,289	93,312
Accrued expenses and other liabilities	12	3,208,374	1,693,264
Total liabilities		3,342,138	1,983,816
Net assets		<u>39,147,800</u>	<u>168,182,793</u>
Unit holders' fund (as per statement attached)		<u>39,147,800</u>	<u>168,182,793</u>
Contingencies and commitments	13		
		----- (Number of units) -----	
Number of units in issue		<u>381,784</u>	<u>1,654,728</u>
		----- (Rupees) -----	
Net asset value per unit		<u>102.5390</u>	<u>101.6377</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

INCOME STATEMENT

For The Year Ended June 30, 2024

Note	2024	2023
	------(Rupees)-----	
Income		
Profit on balances with banks	5,785,447	11,926,830
Profit on Market Treasury Bills	10,894,077	18,354,157
Income on commercial papers	-	12,599,611
Profit on sukuk certificates	-	25,140,193
Income on Pakistan Investment Bonds	-	850,859
Loss on sale of investments - net	(12,255)	(534,403)
Unrealised appreciation/ (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2 12,307	(119,532)
Total income	<u>16,679,576</u>	<u>68,217,715</u>
Expenses		
Remuneration of Faysal Asset Management Limited - Management Company	9.1 333,335	1,262,220
Sindh Sales Tax on remuneration of the Management Company	9.2 43,334	164,089
Selling and marketing expenses	9.3 222,410	1,648,612
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 41,238	256,609
Sindh Sales Tax on remuneration of the Trustee	10.2 5,361	33,359
Annual fee to the Securities and Exchange Commission of Pakistan	11.1 56,433	93,312
Amortisation of preliminary expenses and floatation costs	8.1 100,650	100,375
Transaction charges	19,623	37,984
Accounting and operational charges	9.4 86,038	-
Auditors' remuneration	14 728,924	541,693
Fee and subscription	196,314	189,070
Total Expense Ratio (TER) Adjustment	7.1 (460,000)	-
Bank charges	12,166	12,070
Legal and professional charges	177,602	128,647
Printing charges	9,890	27,156
Total operating expenses	<u>1,573,318</u>	<u>4,495,196</u>
Net income for the year before taxation	<u>15,106,258</u>	<u>63,722,519</u>
Taxation	15 -	-
Net income for the year after taxation	<u><u>15,106,258</u></u>	<u><u>63,722,519</u></u>
Earnings per unit	16	
Allocation of net income for the year		
Net income for the year after taxation	15,106,258	63,722,519
Income already paid on units redeemed	(11,717,610)	(54,651,600)
	<u>3,388,648</u>	<u>9,070,919</u>
Accounting income available for distribution		
- Relating to capital gains	52	-
- Excluding capital gains	3,388,596	9,070,919
	<u>3,388,648</u>	<u>9,070,919</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer_____
Chief Executive Officer_____
Director

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2024

	2024	2023
	----- (Rupees) -----	
Net income for the year after taxation	15,106,258	63,722,519
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>15,106,258</u>	<u>63,722,519</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

For The Year Ended June 30, 2024

	2024			2023		
	Capital value	Undistribut d income	Total	Capital value	Undistribut d income	Total
	-- (Rupees)			-- (Rupees)		
Net assets at the beginning of the year	163,500,120	4,682,673	168,182,793	1,379,180,749	3,380,598	1,382,561,347
Issuance of 2,070,222 (2023: 19,577,469) units						
- Capital value (at net asset value per unit at the beginning of the year)	210,412,603	-	210,412,603	1,961,981,507	-	1,961,981,507
- Element of income	23,635,093	-	23,635,093	62,176,816	-	62,176,816
Total proceeds on issuance of units	234,047,696	-	234,047,696	2,024,158,323	-	2,024,158,323
Redemption of 3,343,166 (2023: 31,718,508) units						
- Capital value (at net asset value per unit at the beginning of the year)	(339,791,703)	-	(339,791,703)	(3,178,711,513)	-	(3,178,711,513)
- Element of loss	(18,606,044)	(11,717,610)	(30,323,654)	(52,275,155)	(54,651,600)	(106,926,755)
Total payments on redemption of units	(358,397,747)	(11,717,610)	(370,115,357)	(3,230,986,668)	(54,651,600)	(3,285,638,268)
Total comprehensive income for the year	-	15,106,258	15,106,258	-	63,722,519	63,722,519
Distribution for the year ended June 30, 2024 @ Rs. 23.1704 per unit declared on June 22, 2024 (2023: Rs. 15.3038 per unit declared on June 17, 2023)	(5,029,116)	(3,044,474)	(8,073,590)	(8,852,284)	(7,768,844)	(16,621,128)
Net income for the year less distribution	(5,029,116)	12,061,784	7,032,668	(8,852,284)	55,953,675	47,101,391
Net assets at the end of the year	34,120,953	5,026,847	39,147,800	163,500,120	4,682,673	168,182,793
Undistributed income brought forward						
- Realised income		4,802,205			3,380,598	
- Unrealised loss		(119,532)			-	
		4,682,673			3,380,598	
Accounting income available for distribution:						
- Relating to capital gains	52			-		
- Excluding capital gains	3,388,596			9,070,919		
	3,388,648			9,070,919		
Distribution for the year	(3,044,474)			(7,768,844)		
Undistributed income carried forward	5,026,847			4,682,673		
Undistributed income carried forward						
- Realised income		5,014,540			4,802,205	
- Unrealised income / (loss)		12,307			(119,532)	
		5,026,847			4,682,673	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		101.6377			100.2163	
Net asset value per unit at the end of the year		102.5390			101.6377	

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

Chief Financial Officer

Chief Executive Officer

Director

CASH FLOW STATEMENT

For The Year Ended June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		15,106,258	63,722,519
Adjustments for:			
Unrealised (appreciation)/ diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2	(12,307)	119,532
Amortisation of preliminary expenses and floatation costs	8	100,650	100,375
		15,194,601	63,942,426
Decrease / (increase) in assets			
Investments - net		12,307	1,087,280,856
Advances, deposits, prepayments and other receivables		(760,167)	24,151,554
Receivable from Faysal Asset Management Limited - Management Company		(460,000)	-
		(1,207,860)	1,111,432,410
(Decrease) / increase in liabilities			
Payable to Faysal Asset Management Limited - Management Company		(61,571)	(870,190)
Payable to Central Depository Company of Pakistan Limited - Trustee		(4,194)	(83,900)
Payable to the Securities and Exchange Commission of Pakistan		(91,023)	(79,580)
Accrued expenses and other liabilities		1,515,110	(3,081,721)
		1,358,322	(4,115,391)
Net cash generated from operating activities		15,345,063	1,171,259,445
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		229,018,580	2,024,158,323
Payment against redemption and conversion of units		(370,115,357)	(3,285,656,456)
Dividend paid		(3,044,474)	(16,621,128)
Net cash used in financing activities		(144,141,251)	(1,278,119,261)
Net decrease in cash and cash equivalents during the year		(128,796,188)	(106,859,816)
Cash and cash equivalents at the beginning of the year		169,046,421	275,906,237
Cash and cash equivalents at the end of the year	18	40,250,233	169,046,421

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)_____
Chief Financial Officer_____
Chief Executive Officer_____
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Cash Fund (the Fund) is an open end mutual fund constituted under a trust deed entered into between Faysal Asset Management Limited as the Management Company ("the Management Company") and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was registered on June 9, 2020. 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 and 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 November 29, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Fund has been categorised as an open end money market scheme by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 issued by SECP. 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 January 8, 2021 and are transferable and redeemable by surrendering them to the Fund.
- 1.3** The objective of the Fund is to seek maximum possible preservation of capital and a competitive rate of return via investing primarily in money market securities.
- 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 dated December 29, 2023 (2023: "AM2++" as of December 30, 2022). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been assigned a quality rating of AA+(f) by VIS dated December 15, 2023 (2023: AA+(f) dated December 26, 2022).

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Accounting Standards) 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 IFRS Accounting Standards, 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 have been followed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

2

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

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, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and hence, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

2.3 Standards, interpretations and amendments to published accounting standards that are not yet effective

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been valued at fair values.

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

3

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets**3.2.1 Initial recognition and measurement**

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised in the income statement.

3.2.2 Classification and subsequent measurement**3.2.2.1 Debt instruments**

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment (other than debt securities)

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.4 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

4

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net asset value per unit

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the net asset value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to the NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the period also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

5

3.10 Revenue recognition

- Profit on balances with banks is recognised on an accrual basis;
- Income on debt securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis;
- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place;
- Unrealised gains / (losses) arising on remeasurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the year in which these arise.

3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the trust deed of the Fund and NBFC Regulations.

3.13 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders.

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.

3.14 Earnings per unit

Earnings per unit is calculated by dividing the income of the year after taxation of the Fund by the weighted average number of units outstanding during the year. The determination of earnings per unit is not practicable as disclosed in note 15.

3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistan Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2024	2023
4 BALANCES WITH BANKS		------(Rupees)-----	
Balances with banks in saving accounts	4.1	<u>6,233,943</u>	<u>73,077,715</u>
4.1 These balances in savings accounts carry interest rates at 10.00% to 20.75% (2023: 10.00% to 19.80%) per annum. Deposits in savings accounts also include Rs. 0.354 million (2023: 51.049 million) maintained with Faysal Bank Limited, a related party, and carry interest at the rate of 20.00% (2023: 11.00%) per annum.			
5 INVESTMENTS		------(Rupees)-----	
At fair value through profit or loss			
Market Treasury Bills	5.1	<u>34,016,290</u>	<u>95,968,706</u>
		<u>34,016,290</u>	<u>95,968,706</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

5.1 Government Securities - Market Treasury Bills

Issue date	Tenor	Profit rate	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution as at June 30, 2024	Market value as percentage of	
			As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024				net assets of the Fund	total investments of the Fund
			(Rupees)							%	
June 15, 2023	3 months	21.79%	100,000,000	-	100,000,000	-	-	-	-	-	
June 22, 2023	3 months	22.00%	-	75,000,000	75,000,000	-	-	-	-	-	
August 10, 2023	3 months	21.75%	-	75,000,000	75,000,000	-	-	-	-	-	
September 7, 2023	3 months	21.40%	-	75,000,000	75,000,000	-	-	-	-	-	
September 21, 2023	3 months	22.79%	-	50,000,000	50,000,000	-	-	-	-	-	
November 30, 2023	3 months	21.34%	-	50,000,000	50,000,000	-	-	-	-	-	
December 28, 2023	3 months	20.58%	-	30,000,000	30,000,000	-	-	-	-	-	
March 21, 2024	3 months	21.52%	-	35,000,000	35,000,000	-	-	-	-	-	
May 30, 2024	3 months	20.94%	-	35,000,000	-	35,000,000	34,003,983	34,016,290	12,307	86.89% 100.00%	
Total as at June 30, 2024							34,003,983	34,016,290	12,307		
Total as at June 30, 2023							96,088,238	95,968,706	(119,532)		

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

Note	2024	2023
	(Rupees)	
Market value of investments	34,016,290	95,968,706
Less: Carrying value of investments	(34,003,983)	(96,088,238)
	12,307	(119,532)

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Profit receivable on bank balances	6.1	1,175,456	415,289
Advance tax	6.2	352,249	352,249
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
		1,627,705	867,538

6.1 This includes profit receivable amounting to Rs. 0.056 million (2023: 0.18 million) on bank balance held with Faysal Bank Limited, a related party.

6.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL-II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholding agent. The tax withheld on profit on debt amounts to Rs 0.352 (2023: 0.352) million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on debt, has been shown as other receivable as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7 RECEIVABLE FROM FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Note	2024	2023
	(Rupees)	
Reimbursement from the Management Company	7.1	460,000
		-

7.1 The Total Expense Ratio (TER) of the Fund shall be within the maximum limit of 2% as prescribed under the NBFC Regulations for a collective investment scheme categorised as an Money Market Scheme. Hence, the Fund has recorded reimbursement from the Management Company to ensure compliance with the maximum limit of 2% for TER of the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

8	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2024	2023
			(Rupees)	
	Balance at beginning of the year		252,650	353,025
	Less: amortisation during the year	8.1	(100,650)	(100,375)
	Balance at end of the year		<u>152,000</u>	<u>252,650</u>
8.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of five years in accordance with the Trust Deed of the Fund and the NBFC Regulations.			
9	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024	2023
			(Rupees)	
	Remuneration payable to the Management Company	9.1	27,511	51,634
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	3,576	6,712
	Selling and marketing charges payable	9.3	<u>98,164</u>	<u>132,476</u>
			<u>129,251</u>	<u>190,822</u>
9.1	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 rates ranging from 0.5% to 0.7% (2023: 0.25% to 0.50%) per annum of the average annual net assets of the fund during the year. The remuneration is payable to the Management Company in arrears.			
9.2	During the year, an amount of Rs 0.0433 million (2023: Rs 0.164 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%).			
9.3	The SECP has allowed the asset management companies to charge selling and marketing to all categories of open-end mutual funds (except fund of funds) up to 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. Keeping in view the maximum allowable threshold, the Management Company has charged expense at the rates ranging from 0.00% to 0.65% (2023: 0.35% to 0.40%) per annum of the average annual net assets during the year.			
9.4	During the period ended June 30, 2020, the Board of Directors of the Management Company, in its 106th meeting held on April 17, 2020, had given Management Company the discretion for charging accounting and operational expenses on the Fund as it may decide. Therefore, the Management Company, based on its discretion (duly authorised by the Board of Directors), has charged allocated expenses to the Fund at the rates ranging from 0% to 0.20% (June 30, 2023: Nil).			
9.5	During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses and accounting & operational charges to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Board of Directors of the Management Company has responded to the observations highlighted by the SECP and the management is engaged with SECP in this regard. Accordingly, the impact of the SECP's observations on the financial statements, if any, is not determinable as at the reporting date.			
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024	2023
			(Rupees)	
	Remuneration payable to the Trustee	10.1	1,968	5,680
	Sindh Sales Tax on remuneration of the Trustee	10.2	<u>256</u>	<u>738</u>
			<u>2,224</u>	<u>6,418</u>
10.1	The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.055% per annum of the average annual net assets of the Fund (June 30, 2023: 0.055%).			
10.2	During the year, an amount of Rs. 0.0054 million (2023: Rs. 0.033 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%).			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024	2023
			----- (Rupees) -----	
	Annual fee payable	11.1	<u>2,289</u>	<u>93,312</u>

- 11.1 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 0.075% (2023: 0.02%) of average annual net assets of the Fund.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	2024	2023
		----- (Rupees) -----	
	Transaction charges payable	13,966	16,265
	Auditors' remuneration payable	340,565	320,877
	Legal and professional charges payable	294,572	216,480
	Rating fee payable	286,600	299,901
	Printing charges payable	34,528	43,439
	Capital gain tax and withholding tax payable	897,295	258,236
	Others	<u>1,340,848</u>	<u>538,066</u>
		<u>3,208,374</u>	<u>1,693,264</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

14	AUDITORS' REMUNERATION	2024	2023
		----- (Rupees) -----	
	Annual audit fee	330,000	270,000
	Half yearly review fee	220,000	110,000
	Other certifications	85,000	70,000
	Out of pocket expense	<u>39,930</u>	<u>51,568</u>
		674,930	501,568
	Sindh Sales tax	<u>53,994</u>	<u>40,125</u>
		<u>728,924</u>	<u>541,693</u>

15 TAXATION

The income of the Fund is exempt from income tax under clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

16 EARNINGS PER UNIT

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

17 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund for the year ended June 30, 2024 is 2.10% (2023: 0.96%) which includes 0.14% (2023: 0.06%) representing government levies on the Fund such as sales taxes and annual fee payable to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

9

	Note	2024	2023
		(Rupees)	
18 CASH AND CASH EQUIVALENTS			
Balances with banks	4	6,233,943	73,077,715
Investments - Market Treasury Bills	5	34,016,290	95,968,706
		<u>40,250,233</u>	<u>169,046,421</u>

19 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

19.1 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, 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 year end.

19.2 Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

19.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

19.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

19.5 Selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

Transactions during the year	2024	2023
	(Rupees)	
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	333,335	1,262,220
Sales tax on remuneration of the Management Company	43,334	164,089
Selling and marketing expenses	222,410	1,648,612
Accounting and operational charges	86,038	-
Issuance of nil units (2023: 5,677,623 units)	-	573,431,783
Redemption of nil units (2023: 5,677,623 units)	-	589,552,722
Faysal Bank Limited (Group / Associated company)		
Profit on balance with bank	380,827	1,726,776
Bank charges	7,625	3,996
FAML-Staff Gratuity Fund		
Issuance of nil units (2023: 63,827 units)	-	7,293,618
Redemption of 63,827 units (2023: 55,437 units)	7,003,447	6,445,996
FAML-Employees Provident Fund		
Issuance of nil units (2023: 73,388 units)	-	8,386,135
Redemption of 73,388 units (2023: 63,740 units)	8,052,500	7,411,547
Central Depository Company of Pakistan Limited - the Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	41,238	256,609
Sindh sales tax on remuneration of the Trustee	5,361	33,359
CDS charges	14,118	14,533
Sales Tax on CDS charges	1,835	130
Unit holder holding 10% or more units*		
Issuance of 1,668,638 units (2023: 1,926,283 units)	188,588,268	204,601,872
Redemption of 1,432,548 units (2023: 1,212,876 units)	163,974,624	136,189,104
Dividend paid	1,291,722	3,292,984

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

10

Outstanding balances	2024	2023
	(Rupees)	
Faysal Asset Management Limited (Management Company)		
Management fee payable	27,511	51,634
Sindh sales tax payable on Management fee	3,576	6,712
Selling and marketing expenses payable	98,164	132,476
Faysal Bank Limited (group company / associated company)		
Balance with bank	354,622	51,048,580
Profit receivable on balance with bank	56,281	180,788
FAML-Staff Gratuity Fund		
Units outstanding: Nil units (2023: 63,827 units)	-	6,487,229
FAML-Employees Provident Fund		
Units outstanding: Nil units (2023: 73,388 units)	-	7,458,998
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee payable	1,968	5,680
Sindh sales tax payable on Trustee fee	256	738
Unit holder holding 10% or more units*		
Units outstanding: 301,462 units (2023: 966,553 units)	30,911,563	98,238,248

* The Fund had different unit holders holding more than 10% units as at June 30, 2024 and June 30, 2023.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	6,233,943	-	6,233,943
Investments	-	34,016,290	34,016,290
Receivable from Faysal Asset Management Limited - Management Company	460,000	-	460,000
Deposits and other receivables	1,275,456	-	1,275,456
	<u>7,969,399</u>	<u>34,016,290</u>	<u>41,985,689</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	129,251	-	129,251
Payable to Central Depository Company of Pakistan Limited - Trustee	2,224	-	2,224
Accrued expenses and other liabilities	2,311,079	-	2,311,079
	<u>2,442,554</u>	<u>-</u>	<u>2,442,554</u>
	2023		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Balances with banks	73,077,715	-	73,077,715
Investments	-	95,968,706	95,968,706
Deposits and other receivables	515,289	-	515,289
	<u>73,593,004</u>	<u>95,968,706</u>	<u>169,561,710</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	190,822	-	190,822
Payable to Central Depository Company of Pakistan Limited - Trustee	6,418	-	6,418
Accrued expenses and other liabilities	1,435,028	-	1,435,028
	<u>1,632,268</u>	<u>-</u>	<u>1,632,268</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks and investments in T- Bills. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.0623 million (2023: Rs. 0.731 million).

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

----- 2024 -----					
Effective interest rate (%)	Exposed to interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
Financial assets					
Balances with banks	10.00% to 20.75%	6,233,943	-	-	6,233,943
Investments	21.97%	34,016,290	-	-	34,016,290
Receivable from Faysal Asset Management Limited - Management Company		-	-	460,000	460,000
Deposits and other receivables		-	-	1,275,456	1,275,456
		40,250,233	-	1,735,456	41,985,689
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	129,251	129,251
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	2,224	2,224
Accrued expenses and other liabilities		-	-	2,311,079	2,311,079
		-	-	2,442,554	2,442,554
On-balance sheet gap (a)		40,250,233	-	(707,098)	39,543,135
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		40,250,233	-	-	-
Cumulative interest rate sensitivity gap		40,250,233	40,250,233	40,250,233	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

2023					
Effective interest rate (%)	Exposed to interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
Rupees					
Financial assets					
Balances with banks	10.00% to 19.80%	73,077,715	-	-	73,077,715
Investments	21.97%	95,968,706	-	-	95,968,706
Deposits and other receivables		-	-	515,289	515,289
		169,046,421	-	515,289	169,561,710
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	190,822	190,822
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	6,418	6,418
Accrued expenses and other liabilities		-	-	1,435,028	1,435,028
		-	-	-	-
		-	-	1,632,268	1,632,268
On-balance sheet gap (a)					
		169,046,421	-	(1,116,979)	167,929,442
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap (b)					
		-	-	-	-
Total interest rate sensitivity gap (a+b)					
		169,046,421	-	-	-
Cumulative interest rate sensitivity gap					
		169,046,421	169,046,421	169,046,421	-

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets up to 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	6,233,943	-	-	-	-	6,233,943
Investments	-	34,016,290	-	-	-	34,016,290
Receivable from Faysal Asset Management Limited - Management Company	460,000	-	-	-	-	460,000
Deposits and other receivables	1,175,456	-	-	-	100,000	1,275,456
	7,869,399	34,016,290	-	-	100,000	41,985,689
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	129,251	-	-	-	-	129,251
Payable to Central Depository Company of Pakistan Limited - Trustee	2,224	-	-	-	-	2,224
Accrued expenses and other liabilities	1,970,514	340,565	-	-	-	2,311,079
	2,101,989	340,565	-	-	-	2,442,554
Net financial assets	5,767,410	33,675,725	-	-	100,000	39,543,135

2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total
Rupees						
Financial assets						
Balances with banks	73,077,715	-	-	-	-	73,077,715
Investments	-	95,968,706	-	-	-	95,968,706
Deposits and other receivables	415,289	-	-	-	100,000	515,289
	73,493,004	95,968,706	-	-	100,000	169,561,710
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	190,822	-	-	-	-	190,822
Payable to Central Depository Company of Pakistan Limited - Trustee	6,418	-	-	-	-	6,418
Accrued expenses and other liabilities	1,114,151	320,877	-	-	-	1,435,028
	1,311,391	320,877	-	-	-	1,632,268
Net financial assets	72,181,613	95,647,829	-	-	100,000	167,929,442

21.3 Credit risk

21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks and credit exposure arising on investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DVP) mechanism applied by the Trustee of the Fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**For The Year Ended June 30, 2024**

14

The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- Rupees -----				
Balances with banks	6,233,943	6,233,943	73,077,715	73,077,715
Investments	34,016,290	-	95,968,706	-
Deposits, prepayments and other receivables	1,275,456	1,275,456	515,289	515,289
	<u>41,525,689</u>	<u>7,509,399</u>	<u>169,561,710</u>	<u>73,593,004</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets. The difference is due to investment in government securities which is not exposed to credit risk as they are government backed.

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investments in term finance certificates and profit accrued thereon. The credit rating profile of balances with banks is as follows:

	% of financial assets exposed to credit risk	
	2024	2023
Banks		
AAA	13.96	0.21
AA+	0.20	12.78
AA	0.85	0.04
AA-	-	-
	<u>15.01</u>	<u>13.03</u>

21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the "Statement of Movement in Unit Holders' Fund".

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has not maintained and complied with the requirement of minimum fund size at all times during the year. The Fund has historically maintained and complied with the requirement of minimum fund size at all times except for the periods from September 10, 2023 to September 29, 2023, October 30, 2023, November 22, 2023 to November 29, 2023, December 1, 2023 to January 30, 2024 and February 6, 2024 to June 30, 2024. As part of Management Company's conversion to a full-fledged Shariah Compliant AMC in line with the parent bank, the Management Company is in the process of transferring the management rights of all conventional funds being managed by FAML to another Asset Management Company. Accordingly, the Management Company is not soliciting additional investments in this Fund due to the said transfer of management rights.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

For The Year Ended June 30, 2024

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

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 reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

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 June 30, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair values:

-----2024-----				
ASSETS	Level 1	Level 2	Level 3	Total
				----- Rupees -----

**Financial assets at fair value
through profit or loss**

Market Treasury Bills	-	34,016,290	-	34,016,290
-----------------------	---	------------	---	------------

	-----2023-----			
ASSETS	Level 1	Level 2	Level 3	Total
				Rupees -----

**Financial assets at fair value
through profit or loss**

Market Treasury Bills	-	95,968,706	-	95,968,706
	-	95,968,706	-	95,968,706

Category	2024			2023		
	Number of unit holders	Number of units held	Percentage of total	Number of unit holders	Number of units held	Percentage of total
Individuals	116	379,393	99.37%	79	1,107,240	66.91%
Insurance companies	-	-	-	1	285,743	17.27%
Other corporates	7	2,391	0.63%	1	206	0.01%
Retirement Funds	-	-	-	2	137,215	8.30%
Others	-	-	-	1	124,324	7.51%
	123	381,784	100.00%	84	1,654,728	100.00%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

25 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Bright Capital (Private) Limited	33.38%	15.32%
Continental Exchange (Private) Limited	10.00%	11.09%
Magenta Capital (Private) Limited	33.79%	-
JS Global Capital Limited	22.83%	-
C&M Management (Private) Limited	-	21.88%
Invest One Markets Limited	-	7.35%
AKD Securities Limited	-	37.94%
Arif Habib Limited	-	1.57%
Vector Capital (Private) Limited	-	2.87%
Currency Markets Associates (Private) Limited	-	1.98%
	<u>100.00%</u>	<u>100.00%</u>

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience
Mr. Nadir Rahman	Chief Executive Officer	BS (Economics)	Over 33 Years
Mr. Omer Bin Javaid	Deputy Chief Executive Officer	MBA	Over 25 Years
Mr. Muhammad Imran	Chief Investment Officer	MBA	Over 22 Years
Mr. Nafees Imtiaz Malik	Chief Operating Officer	MBA	Over 12 Years
Mr. Shahid Iqbal	Head of Fixed Income	B.Com	Over 32 Years
Mr. Salman Muslim	Chief Financial Officer and Company Secretary	FCA	Over 18 Years
Mr. Shoaib Danish	Equity Fund Specialist	MBA, CFA	Over 9 Years
Mr. Mustajab Alam	Fund Manager	MBA Finance	Over 11 Years
Mr. Abdul Ghani Mianoor	Senior Research Analyst	BSc	Over 5 Years
Syed Eunis Viqar	Head of Internal Audit and Compliance	ACCA	Over 16 Years
Mr. Abdul Basit	Unit Head - Risk Management	MBA	Over 9 Years
Mr. Muhammad Qasim	Senior Manager Risk Management	MBA	Over 16 Years

27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Syed Shahid Iqbal	Fund Manager	Bachelors in Commerce	Faysal Islamic Savings Growth Fund, Faysal Islamic Asset Allocation Fund, Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Islamic Special Income Fund, Faysal Islamic Financial Planning Fund II, Faysal Islamic Sovereign Fund, Faysal Islamic Financial Growth Fund, Faysal Islamic Mustakil Munafa Fund, Faysal Income & Growth Fund, Faysal Money Market Fund, Faysal Savings Growth Fund, Faysal Financial Sector Opportunity Fund, Faysal MTS Fund, Faysal Financial Value Fund, Faysal Government Securities Fund and Faysal Special Savings Fund

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of directors	Designation	Attended meeting held on						
		July 12, 2023	August, 18 2023	October 20, 2023	December 12, 2023	January 5, 2024	February 2, 2024	April 19, 2024
Mr. Yousaf Hussain	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Samia Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ehsen Zafar Puri*	Director	-	-	-	Yes	Yes	Yes	Yes
Mr. Nadir Rahman	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Ehsen Zafar Puri was appointed as Director with effect from October 20, 2023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2024

17

29 GENERAL

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

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 22, 2024.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

SUPPLEMENTARY NON FINANCIAL INFORMATION
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS SUB CLAUSE (I)
AND CLAUSE 11 - PERFORMANCE TABLE OF THE 5TH SCHEDULE TO THE
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
(i) PERFORMANCE TABLE				
Net assets	39,147,800	168,182,793	113,592,400	113,592,400
Net assets value per unit	102.5390	101.6377	100.2163	100.00
Offer price per unit	104.8564	103.9348	102.4460	102.26
Repurchase price per unit	102.5390	101.6377	100.1818	99
Highest offer price per unit	126.1993	118.9049	108.5507	101.32
Highest repurchase price per unit	123.4102	116.277	106.1516	102.35
Lowest offer price per unit	103.9348	102.4812	102.2600	103.39
Lowest repurchase price per unit	101.6377	100.2163	99.00	100
Total return:	23.82%	16.78%	9.92%	5.62%
- capital growth	1.02%	1.51%	7.46%	0.00%
- income distribution	22.80%	15.27%	2.46%	5.62%
Average annual return: (Launch date: January 02, 2020)				
- one year	23.82%	16.78%	9.92%	5.62%
- two years	20.30%	13.35%	7.77%	N/A
- three years	16.84%	10.77%	N/A	N/A
Four Years	14.04%			
Distribution per unit:				
- Interim distribution (% per unit) *	22.80%	15.27%	2.46%	5.62%
- Final distribution (% per unit)		-	-	-
	22.80%	15.27%	2.46%	5.62%

* Announced on 21 June 2024

The Fund's past performance is not necessarily indicative of future performance. Therefore, the unit prices and investment returns may go down, as well as up.

(ii) MEETINGS OF THE AUDIT COMMITTEE

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On			
		17-Aug-23	19-Oct-23	01-Feb-24	18-Apr-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes	Yes	Yes

(iii) MEETINGS OF THE HUMAN RESOURCE AND REMUNERATION COMMITTEE

Following is the analysis of the attendance in the meetings of the Human Resource and Remuneration Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On				
		08-Aug-23	17-Oct-23	08-Nov-23	01-Feb-24	06-May-24
Ms. Samia Zuberi	Chairperson	Yes	Yes	Yes	Yes	Yes
Mr. Yousaf Hussain	Member	Yes	Yes	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes	Yes	Yes

(iv) MEETINGS OF THE BOARD RISK MANAGEMENT COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Risk Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On		
		10-Aug-23	16-Oct-23	18-Apr-24
Mr. Mian Salman Ali	Chairman	Yes	Yes	Yes
Syed Majid Ali	Member	Yes	Yes	Yes
Mr. Ali Waqar	Member	Yes	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes	Yes

(v) MEETINGS OF THE BOARD STRATEGY COMMITTEE

Following is the analysis of the attendance in the meetings of the Board Strategy Committee of the Management Company during the year:

Name of Directors	Designation	Attended Meetings Held On	
		09-Aug-23	16-Oct-23
Mr. Yousaf Hussain	Chairman	Yes	Yes
Syed Majid Ali	Member	Yes	Yes
Mr. Mian Salman Ali	Member	Yes	Yes
Mr. Nadir Rahman	Member	Yes	Yes
*Mr. Ehsan Zafar Puri	Member	N/A	N/A

*Mr. Ehsan Zafar Puri was appointed as director board strategy committee, effective from October 20, 2023.

Head Office

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

Karachi

U 92 21 111329725
F 92 21 38657800

Lahore


T 92 42 35785558
F 92 42 35755196

Islamabad

T 92 51 2605721 / 23
F 92 51 2275252

 faysalfunds.com

 facebook.com/faysalasset

 x.com/faysalasset