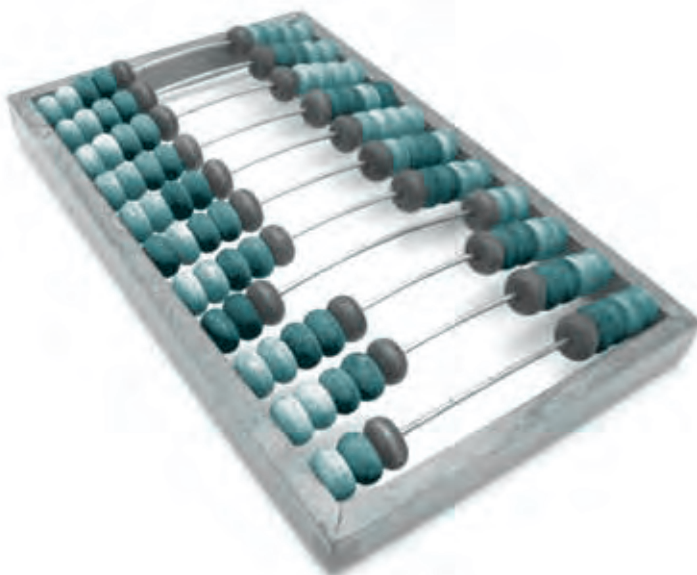


Faysal Halal Amdani Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Report to the Shariah Advisor	07
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	41

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
Dubai Islamic Bank
Zarai Taraqati Bank Limited
Habib bank Limited (Islamic Banking)
Habib Metropolitan (Islamic Banking)
Meezan Bank Limited
Allied Bank Limited (Islamic Banking)
UBL (Ameen) Islamic Banking

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 Halal Amdani Fund is to provide competitive rate of return with maximum possible preservation of capital by investing in liquid and low risk Shariah compliant securities.

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.

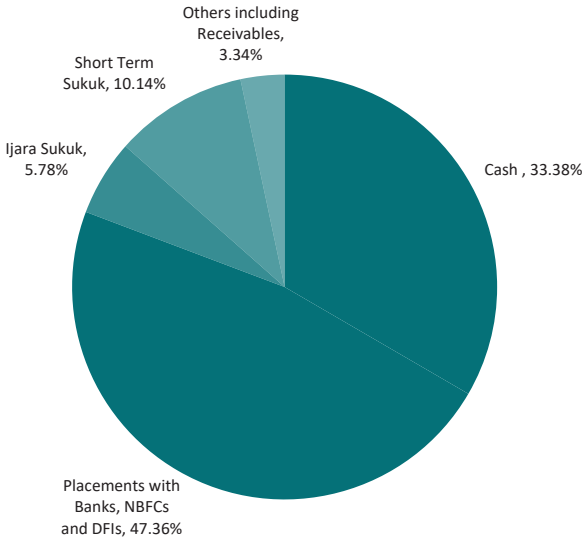
MONEY MARKET REVIEW

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.

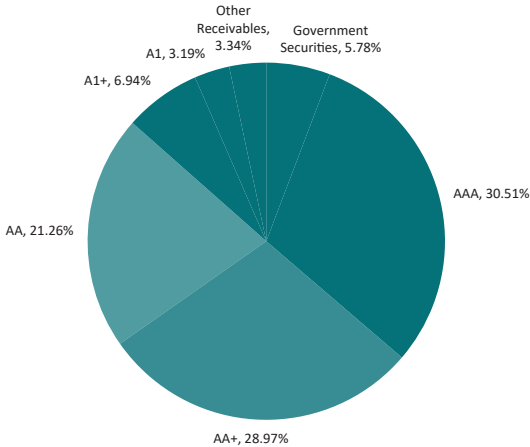
Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Money Market Scheme
Stability Rating	AA (f) (PACRA) October 18, 2023
Risk Profile	Low
Launch Date	October 10, 2019
Trustee	CDC
Auditor	A.F Ferguson & Co.
Management Fee*	Upto 1.75% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1.14%)
Selling and Marketing Expense	0.02%
Front end Load	FEL up to 2% of NAV & BEL 0%
Min Investment	PKR 5,000
Pricing Mechanism	Backward
Benchmark	Three (3) months average deposit rates of three AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 4:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	101.9352
Net Assets (PKR mn)	73,679
Net Assets (PKR mn) excluding FoF	73,679
Total Expense Ratio (Annualized)	1.35%
Total Expense Ratio (Monthly)	1.51%

Fund Return (% p.a.)	FY24	FY23
YTD	21.79%	17.00%
Benchmark (YTD)	10.28%	6.23%

Asset Allocation



Asset Quality



FUND PERFORMANCE

Faysal Halal Amdani Fund (FHAF) yielded an annualized FY24 return of 21.79% versus its benchmark return of 10.28%. At the period’s close, Cash allocation stood at 33.38%, whereas exposures in Short-Term Sukuk, Placements with Banks, Ijarah Sukuk and Others stood at 10.14%, 47.36%, 5.78% and 3.34%, respectively. In the future, the fund managers will continue to explore different avenues within the authorized investment.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،
وعلى آله واصحابه أجمعين. أمّا بعد

Annual Report
of
Faysal Halal Amdani Fund

August 22, 2024

By the blessing of ALLAH, the year ended 30 June, 2024 under analysis of **Faysal Halal Amdani Fund (FHAF)**. I, as the Shariah Advisor of the fund am issuing the report in accordance with the trust deed of the fund. The scope of the report is to express an opinion on the Shariah Compliance of the fund's activities.

In the capability of Shariah Advisor, I have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction.
It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company' personal and review of various documents prepared by the management company to comply with the prescribed criteria.

In the light of above, I hereby certify that:

- I have reviewed and approved the modes of investment of **FHAF** in light of the Shariah guidelines.
- All the provisions of the scheme and investment made on account of **FHAF** by **FAML** Fund Managers are Shariah Compliant and in accordance with the criteria established.

On the basis of information provided by the management, all operations of **Faysal Halal Amdani Fund (FHAF)**. for year ended 30 June 2024 have been in compliance with the Shariah Principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance System.

وصلی الله علی حبیبہ محمد صلی الله علیہ وسلم


Abdul Zahid Farooqi
Shariah Advisor

Faysal Asset Management Limited

Mufti Abdul Zahid Farooqi
Shariah Advisor
Faysal Asset Management Ltd

**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.cdcpakistan.com
Email: info@cdcpak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL HALAL AMDANI 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 Halal Amdani Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 24, 2024


A.F. FERGUSON & Co.
INDEPENDENT AUDITOR'S REPORT
To the Unit holders of Faysal Halal Amdani Fund
Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of Faysal Halal Amdani 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 5 and 6 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. 25,079.85 million and investments aggregated to Rs. 47,537.57 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: AR202410068h2vbuU50j

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
Assets			
Balances with banks	5	25,079,853,978	30,236,104,406
Investments	6	47,537,571,898	10,263,000,000
Receivable against sale of units		361,211,188	14,545,000
Advances, deposits, prepayments and other receivables	7	2,145,945,455	658,384,699
Preliminary expenses and floatation costs	8	53,586	256,715
Total assets		75,124,636,105	41,172,290,820
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	9	323,082,621	97,850,512
Payable to Central Depository Company of Pakistan Limited - Trustee	10	3,874,689	2,020,969
Payable to the Securities and Exchange Commission of Pakistan	11	4,682,108	6,695,337
Dividend payable		122,549	2,180,824
Payable against redemption of units		73,304,406	66,172,469
Accrued expenses and other liabilities	12	1,040,386,655	130,506,989
Total liabilities		1,445,453,028	305,427,100
Net assets		73,679,183,077	40,866,863,720
Unit holders' fund (as per statement attached)		73,679,183,077	40,866,863,720
Contingencies and commitments	14		
----- (Number of units) -----			
Number of units in issue		722,804,042	402,940,855
----- (Rupees) -----			
Net asset value per unit		101.94	101.42

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 ----- (Rupees) -----	2023 ----- (Rupees) -----
Income			
Profit on balances with banks		5,331,710,750	3,942,389,321
Profit on sukuk certificates		1,112,906,160	1,046,683,755
Profit on letter of placements		1,640,382,991	-
Profit on certificate of mudaraba		1,039,120,197	30,969,247
Profit on certificate of musharakah		741,382,055	119,593,143
Profit on Islamic term deposit receipts		533,225,038	11,630,137
Profit on gop ijarah sukuk		170,448,500	-
Profit on bai muajjal		-	473,686,930
Realised loss on sale of investments - net		(1,571,500)	-
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6.7	16,186,541	-
Total income		10,583,790,732	5,624,952,533
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	9.1	427,752,512	140,740,176
Sindh sales tax on remuneration of the Management Company	9.2	55,607,827	18,296,223
Selling and marketing expenses	9.3	83,613,014	86,495,563
Allocated expenses	9.4	34,377,794	4,633,689
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	27,450,467	18,412,243
Sindh sales tax on remuneration of the Trustee	10.2	3,568,561	2,393,592
Fee to the Securities and Exchange Commission of Pakistan	11.1	37,433,369	6,700,282
Auditors' remuneration	15	786,871	495,529
Amortisation of preliminary expenses and floatation costs	8	203,129	202,020
Legal and professional charges		248,189	116,480
Shariah advisory fee		113,024	29,668
Transaction charges		2,036,450	1,090,644
Bank charges		191,938	113,439
Fees and subscription		310,566	153,569
Printing charges		9,741	30,768
Total expenses		673,703,452	279,903,885
Net income for the year before taxation		9,910,087,280	5,345,048,648
Taxation	16	-	-
Net income for the year after taxation		9,910,087,280	5,345,048,648
Earnings per unit	17		
Allocation of net income for the year			
Net income for the year after taxation		9,910,087,280	5,345,048,648
Income already paid on units redeemed		(5,641,451,818)	(3,114,876,505)
		4,268,635,462	2,230,172,143
Accounting income available for distribution			
- Relating to capital gains		14,615,041	-
- Excluding capital gains		4,254,020,421	2,230,172,143
		4,268,635,462	2,230,172,143

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	9,910,087,280	5,345,048,648
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>9,910,087,280</u>	<u>5,345,048,648</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Faysal Asset Management Limited

(Management Company)

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 beginning of the year	40,474,298,560	392,565,160	40,866,863,720	20,665,256,742	68,701,125	20,733,957,867
Issuance of 1,733,057,085 units (2023: 1,756,252,931 units)						
- Capital value (at net asset value per unit at the beginning of the year)	175,769,249,146	-	175,769,249,146	176,751,929,355	-	176,751,929,355
- Element of income	21,044,073,322	-	21,044,073,322	12,548,422,742	-	12,548,422,742
Total proceeds on issuance of units	196,813,322,468	-	196,813,322,468	189,300,352,097	-	189,300,352,097
Redemption of 1,413,193,898 units (2023: 1,559,329,981 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(143,328,244,926)	-	(143,328,244,926)	(156,933,308,283)	-	(156,933,308,283)
- Element of loss	(11,631,084,539)	(5,641,451,818)	(17,272,536,357)	(9,263,053,365)	(3,114,876,505)	(12,377,929,870)
Total payments on redemption of units	(154,959,329,465)	(5,641,451,818)	(160,600,781,283)	(166,196,361,648)	(3,114,876,505)	(169,311,238,153)
Total comprehensive income for the year	-	9,910,087,280	9,910,087,280	-	5,345,048,648	5,345,048,648
Distribution for the year ended June 30, 2023 @ Rs. 16.2406 per unit declared on June 20, 2023	-	-	-	(3,294,948,631)	(1,906,308,108)	(5,201,256,739)
Distribution for the year ended June 30, 2024 @ Rs. 21.5329 per unit declared on June 21, 2024	(9,396,412,559)	(3,913,896,549)	(13,310,309,108)	-	-	-
Total distributions during the year	(9,396,412,559)	(3,913,896,549)	(13,310,309,108)	(3,294,948,631)	(1,906,308,108)	(5,201,256,739)
Net assets at end of the year	72,931,879,004	747,304,073	73,679,183,077	40,474,298,560	392,565,160	40,866,863,720
Undistributed income brought forward						
- Realised income		392,565,160			68,701,125	
- Unrealised income		-			-	
		<u>392,565,160</u>			<u>68,701,125</u>	
Distributions during the year		(3,913,896,549)			(1,906,308,108)	
Accounting income available for distribution						
- Relating to capital gains		14,615,041			-	
- Excluding capital gains		4,254,020,421			2,230,172,143	
		<u>4,268,635,462</u>			<u>2,230,172,143</u>	
Undistributed income carried forward		<u>747,304,073</u>			<u>392,565,160</u>	
Undistributed income carried forward						
- Realised income		731,117,532			392,565,160	
- Unrealised income		16,186,541			-	
		<u>747,304,073</u>			<u>392,565,160</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>101.4215</u>			<u>100.6415</u>	
Net asset value per unit at the end of the year		<u>101.9352</u>			<u>101.4215</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

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		9,910,087,280	5,345,048,648
Adjustments for:			
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6.7	(16,186,541)	-
Amortisation of preliminary expenses and floatation costs	8	203,129	202,020
		9,894,103,868	5,345,250,668
Increase / (decrease) in assets			
Investments - net		(9,785,817,048)	512,000,000
Advances, deposits and other receivables		(1,487,560,756)	(337,189,421)
		(11,273,377,804)	174,810,579
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		225,232,109	49,915,565
Payable to Central Depository Company of Pakistan Limited - Trustee		1,853,720	984,211
Payable to the Securities and Exchange Commission of Pakistan		(2,013,229)	3,642,730
Accrued expenses and other liabilities		909,879,666	27,872,106
		1,134,952,266	82,414,612
Net cash (used in) / generated from operating activities		(244,321,670)	5,602,475,859
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt against issuance units - net of refund of capital		187,070,243,721	189,285,807,097
Payment against redemption and conversion of units		(160,593,649,346)	(169,252,263,478)
Dividend paid		(3,915,954,824)	(5,199,099,502)
Net cash generated from financing activities		22,560,639,551	14,834,444,117
Net increase in cash and cash equivalents during the year		22,316,317,881	20,436,919,976
Cash and cash equivalents at the beginning of the year		36,486,104,406	16,049,184,430
Cash and cash equivalents at the end of the year	13	58,802,422,287	36,486,104,406

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 Halal Amdani Fund (the Fund) is an open-ended collective investment scheme established through a Trust Deed under the Trust Act, 1882, entered into on July 31, 2019 between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The investment activities and administration of the Fund are managed by the Management Company. The Fund was registered under the Sindh Trusts Act, 2020, on November 16, 2021.

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).

- 1.2** The Fund has been categorised as an open end 'Shariah Compliant Money Market 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 11, 2019 and are transferable and redeemable by surrendering them to the Fund.
- 1.3** According to the Trust Deed, the objective of the Fund is to provide competitive rate of return with maximum possible preservation of capital by investing in liquid and low risk Shari'ah compliant bank deposits, money market and debt securities. The investment objectives and policies are explained in the Fund's offering document.
- 1.4** The Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited dated December 29, 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)' rating to Faysal Halal Amdani Fund as of April 18, 2024 (2023: 'AA(f)' 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 as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION**3.1 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 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

3.2 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 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.

3.3 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 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; 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.

3.4 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 the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 5).

3.5 Accounting convention

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

3.6 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.

4 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.

4.1 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

4.2 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the term of the transaction.

4.3 Financial assets**4.3.1 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.

4.3.2 Classification and subsequent measurement**4.3.2.1 Debt instruments**

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

- 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.

4.3.3 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. 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.

4.3.3.1 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.

4.3.4 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.

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

4

4.3.5 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 the risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.4 Financial liabilities**4.4.1 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 value and subsequently stated at amortised cost.

4.4.2 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.

4.5 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.

4.6 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.

4.7 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.

4.8 Issuance 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.

4.9 Distributions to unit holders

Distribution 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.

4.10 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

4.11 Revenue recognition

- Realised gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on balances with banks is recognised on accrual basis.
- Profit from bai muajjal is recognised on time proportionate basis, the difference between the sale and the credit price is recognised over the period.
- Profit on sukuk certificates, government securities, term deposit receipts and letter of placements are 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

5	BALANCES WITH BANKS	Note	2024	2023
			(Rupees)	
	Balances with banks in savings accounts	5.1	25,079,853,978	30,236,104,406

- 5.1 These include a balance of Rs. 14,453.495 million (2023: Rs. 22,575.286 million) maintained with Faysal Bank Limited (a related party) that carries profit at the rate of 20.00% (2023: 20.40%) per annum. Other savings accounts of the Fund carry profit rates ranging from 6.50% to 20.75% (2023: 6.5% to 20.4%) per annum.

6	INVESTMENTS	Note	2024	2023
			(Rupees)	
	At fair value through profit or loss			
	Corporate sukuk certificates	6.1	7,617,000,000	4,013,000,000
	Letter of placements	6.2	28,481,721,898	-
	GoP Ijarah Sukuk	6.3	4,338,850,000	-
	Islamic term deposit receipts	6.4	7,100,000,000	-
	Certificates of mudaraba	6.5	-	6,250,000,000
	Certificates of musharakah	6.6	-	-
			47,537,571,898	10,263,000,000

6.1 Corporate sukuk certificates

Name of the investee company	Maturity date	Profit rate	Face value				Balance 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	Carrying value	Market value	Unrealised appreciation / (diminution)	total investments	net assets
			Rupees							%	
K-Electric Short Term Sukuk Certificate - XIII(A1+, PACRA)	August 9, 2023	6 months KIBOR plus base rate of 1.00%	400,000,000	400,000,000	800,000,000	-	-	-	-	-	
K-Electric Short Term Sukuk Certificate - XVI(A1+, VIS)	October 11, 2023	6 months KIBOR plus base rate of 0.30%	750,000,000	5,100,000,000	5,850,000,000	-	-	-	-	-	
K-Electric Short Term Sukuk Certificate - XVII(A1+, VIS)	November 16, 2023	6 months KIBOR plus base rate of 0.45%	750,000,000	4,350,000,000	5,100,000,000	-	-	-	-	-	
K-Electric Short Term Sukuk Certificate - XVIII(A1+, PACRA)	February 9, 2024	6 months KIBOR plus base rate of 0.6%	-	2,195,000,000	2,195,000,000	-	-	-	-	-	
K-Electric Short Term Sukuk Certificate - XX(A1+, VIS)	March 22, 2024	6 months KIBOR plus base rate of 0.55%	-	750,000,000	750,000,000	-	-	-	-	-	
K-Electric Limited - Short Term Sukuk - XXV(A1+, VIS)	November 1, 2024	6 months KIBOR plus base rate of 0.15%	-	500,000,000	-	500,000,000	500,000,000	500,000,000	-	1.05% 0.68%	
Lucky Electric Power Company Limited - Sukuk - VIII(A1+, PACRA)	October 5, 2023	6 months KIBOR plus base rate of 0.40%	400,000,000	-	400,000,000	-	-	-	-	-	
Lucky Electric Power Company Limited - Sukuk - IX(A1+, PACRA)	October 11, 2023	6 months KIBOR plus base rate of 0.30%	533,000,000	-	533,000,000	-	-	-	-	-	
Lucky Electric Power Company Limited - Sukuk - X(A1+, PACRA)	October 27, 2023	6 months KIBOR plus base rate of 0.40%	680,000,000	-	680,000,000	-	-	-	-	-	
Lucky Electric Power Company Limited - Short Term Sukuk - XIV(A1+, PACRA)	April 11, 2024	3 months KIBOR plus base rate of 0.45%	-	1,000,000,000	1,000,000,000	-	-	-	-	-	
Lucky Electric Power Company Limited - Short Term Sukuk - XV(A1+, PACRA)	June 28, 2024	6 months KIBOR plus base rate of 0.30%	-	500,000,000	500,000,000	-	-	-	-	-	
Lucky Electric Power Company Limited - Short Term Sukuk - XVI(A1+, PACRA)	August 15, 2024	6 months KIBOR plus base rate of 0.15%	-	1,000,000,000	-	1,000,000,000	1,000,000,000	1,000,000,000	-	2.10% 1.36%	
Lucky Electric Power Company Limited - Short Term Sukuk - XVII(A1+, PACRA)	September 29, 2024	6 months KIBOR plus base rate of 0.25%	-	242,000,000	-	242,000,000	242,000,000	242,000,000	-	0.51% 0.33%	
Lucky Electric Power Company Limited - Short Term Sukuk - XVIII(A1+, PACRA)	October 15, 2024	6 months KIBOR plus base rate of 0.25%	-	800,000,000	-	800,000,000	800,000,000	800,000,000	-	1.68% 1.09%	
Lucky Electric Power Company Limited - Short Term Sukuk - XIX(A1+, PACRA)	December 27, 2024	6 months KIBOR plus base rate of 0.15%	-	900,000,000	-	900,000,000	900,000,000	900,000,000	-	1.89% 1.22%	
China Power Hub Generation Company Limited - Short Term Sukuk - II(A1+, PACRA)	October 5, 2023	6 months KIBOR plus base rate of 0.70%	500,000,000	-	500,000,000	-	-	-	-	-	

For The Year Ended June 30, 2024

7

Name of the investee company	Maturity date	Profit rate	Face value				Balance 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	Carrying value	Market value	Unrealised appreciation / (diminution)	total investments	net assets	
Rupees												%
Nishat Mills Limited - Short Term Sukuk - III (A1+, PACRA)	May 23, 2024	3 months KIBOR plus base rate of 0.15%	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-	
Pakistan Mobile Communications Limited - Short Term Sukuk - I(AA, PACRA)	October 24, 2024	6 months KIBOR + base rate of 0.60%	-	1,900,000,000	-	1,900,000,000	1,900,000,000	1,900,000,000	-	4.00%	2.58%	
Pakistan Telecommunication Company Limited - Short Term Sukuk - I (A1+, VIS)	June 20, 2024	6 months KIBOR plus base rate of 0.2%	-	750,000,000	750,000,000	-	-	-	-	-	-	
Pakistan Telecommunication Company Limited - Short Term Sukuk - III (A-1+, VIS)	September 19, 2024	6 months KIBOR plus base rate of 0.15%	-	500,000,000	-	500,000,000	500,000,000	500,000,000	-	1.05%	0.68%	
Pakistan Telecommunication Company Limited - Short Term Sukuk - V (A-1+, VIS)	December 26, 2024	6 months KIBOR plus base rate of 0.15%	-	375,000,000	-	375,000,000	375,000,000	375,000,000	-	0.79%	0.51%	
Thar Energy Limited - Short Term Sukuk - I(A1, PACRA)	October 18, 2024	6 months KIBOR plus base rate of 0.6%	-	500,000,000	-	500,000,000	500,000,000	500,000,000	-	1.05%	0.68%	
The Hub Power Company Limited - Sukuk Certificates - XIII(AA+, PACRA)	November 1, 2024	6 months KIBOR plus base rate of 0.25%	-	900,000,000	-	900,000,000	900,000,000	900,000,000	-	1.89%	1.22%	
Total as at June 30, 2024							7,617,000,000	7,617,000,000	-	16.02%	10.34%	
Total as at June 30, 2023							4,013,000,000	4,013,000,000	-			

6.2 Letter of placements

[illegible]

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

6.3 GoP Ijarah sukuk

Name of the security	Profit payment / principal redemptions	Issue date	Maturity date	Profit rate	Face value				Balance 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	Carrying Value	Market Value	Unrealised appreciation	net assets of the Fund	total investments of the Fund
GoP Ijarah Sukuk Certificates - XXXII - VRR	Semi-annually / At maturity	June 26, 2023	June 26, 2024	Weighted Average 6 months T-Bills	-	28,140,000,000	28,140,000,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXV - VRR	Semi-annually / At maturity	July 12, 2023	July 12, 2024	Weighted Average 6 months T-Bills	-	600,000,000	600,000,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXIX - FRR	Annually / At maturity	October 9, 2023	October 9, 2024	19.34%	-	2,000,000,000	2,000,000,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - GIS - VRR*	Semi-annually / At maturity	May 10, 2024	May 9, 2025	Weighted Average 6 months T-Bills	-	500,000,000	-	500,000,000	428,141,429	430,600,000	2,458,571	0.58%	0.91%
GoP Ijarah Sukuk Certificates - GIS - VRR*	Semi-annually / At maturity	March 15, 2024	March 14, 2025	Weighted Average 6 months T-Bills	-	2,000,000,000	-	2,000,000,000	1,765,129,846	1,766,000,000	870,154	2.40%	3.71%
GoP Ijarah Sukuk Certificates - GIS - VRR*	Semi-annually / At maturity	May 24, 2024	May 23, 2025	Weighted Average 6 months T-Bills	-	2,500,000,000	-	2,500,000,000	2,129,392,184	2,142,250,000	12,857,816	2.91%	4.51%
Total as at June 30, 2024						5,000,000,000	4,322,663,459	4,338,850,000	16,186,541	5.89%	9.13%		
Total as at June 30, 2023						-	-	-	-	-	-	-	-

*The nominal value of these sukuk certificates is Rs 100,000 each except for GoP Ijarah sukuk certificates-GIS-VRR having nominal value of Rs. 5,000 each.

6.4 Islamic term deposit receipts

Name of investee company	Rating	Maturity date	Profit rate	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	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							%	
United Bank Limited	AAA, VIS	June 7, 2024	21.10%	-	6,000,000,000	6,000,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	January 12, 2024	21.25%	-	1,500,000,000	1,500,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	November 3, 2023	21.00%	-	800,000,000	800,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	January 22, 2024	21.25%	-	2,200,000,000	2,200,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	December 20, 2023	21.00%	-	2,000,000,000	2,000,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	February 22, 2024	21.25%	-	2,400,000,000	2,400,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	March 22, 2024	21.25%	-	2,400,000,000	2,400,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	March 12, 2024	21.25%	-	1,500,000,000	1,500,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	February 12, 2024	21.25%	-	1,500,000,000	1,500,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	April 15, 2024	21.25%	-	3,900,000,000	3,900,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	May 15, 2024	21.25%	-	3,900,000,000	3,900,000,000	-	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	July 22, 2024	20.00%	-	5,100,000,000	-	5,100,000,000	5,100,000,000	5,100,000,000	-	6.92%	10.73%
Bank Alfalah Limited	AAA, PACRA	July 26, 2024	20.00%	-	2,000,000,000	-	2,000,000,000	2,000,000,000	2,000,000,000	-	2.71%	4.21%
Bank Alfalah Limited	AAA, PACRA	June 20, 2024	21.20%	-	3,900,000,000	3,900,000,000	-	-	-	-	-	-
Total as at June 30, 2024								7,100,000,000	7,100,000,000	-		
Total as at June 30, 2023								-	-	-		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

9

6.5 Certificates of mudaraba

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Accrued profit during the year	Sold / matured during the year	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Carrying value as a percentage of	
											net assets of the Fund	total investments of the Fund
Rupees												
Bank Alfalah Limited	AAA, PACRA	October 18, 2023	21.00%	-	2,000,000,000	34,520,548	2,000,000,000	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	November 2, 2023	21.00%	-	1,000,000,000	17,835,616	1,000,000,000	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	November 17, 2023	21.00%	-	2,000,000,000	34,520,548	2,000,000,000	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	December 1, 2023	21.00%	-	1,000,000,000	16,684,932	1,000,000,000	-	-	-	-	-
Bank Alfalah Limited	AAA, PACRA	December 4, 2023	21.00%	-	800,000,000	14,268,493	800,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	July 21, 2023	21.05%	-	4,000,000,000	16,147,945	4,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	August 25, 2023	21.15%	-	3,000,000,000	13,906,849	3,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	August 25, 2023	21.15%	-	800,000,000	3,244,932	800,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	November 10, 2023	21.20%	-	2,650,000,000	3,078,356	2,650,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	November 17, 2023	21.15%	-	2,800,000,000	11,357,260	2,800,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	November 24, 2023	21.10%	-	4,100,000,000	16,590,959	4,100,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	December 1, 2023	21.00%	-	4,000,000,000	16,109,589	4,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	March 1, 2024	21.00%	-	3,000,000,000	24,164,384	3,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	March 15, 2024	21.10%	-	3,000,000,000	24,279,452	3,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	August 2, 2023	20.70%	-	3,000,000,000	13,610,959	3,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	August 4, 2023	20.70%	-	1,000,000,000	5,104,110	1,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	August 28, 2023	20.90%	-	2,000,000,000	11,452,055	2,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	September 8, 2023	20.70%	-	2,000,000,000	7,939,726	2,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	November 17, 2023	20.50%	-	3,900,000,000	15,332,877	3,900,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	November 30, 2023	20.65%	-	4,000,000,000	13,578,082	4,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	December 6, 2023	20.60%	-	4,400,000,000	12,416,438	4,400,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	July 21, 2023	20.25%	3,600,000,000	-	39,945,205	3,600,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 2, 2023	21.25%	-	500,000,000	4,075,342	500,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	August 2, 2023	21.25%	-	3,600,000,000	25,150,685	3,600,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	September 4, 2023	21.10%	-	3,800,000,000	72,491,507	3,800,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	September 15, 2023	20.90%	-	3,800,000,000	23,934,735	3,800,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	October 18, 2023	21.10%	-	3,700,000,000	70,583,836	3,700,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	November 8, 2023	21.00%	-	3,900,000,000	47,120,548	3,900,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	December 15, 2023	21.05%	-	3,900,000,000	83,219,589	3,900,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	March 15, 2024	20.25%	-	3,000,000,000	11,650,685	3,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	July 7, 2023	20.37%	1,150,000,000	-	3,850,767	1,150,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	July 7, 2023	21.00%	1,500,000,000	-	5,178,082	1,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	July 18, 2023	21.10%	-	2,500,000,000	10,116,438	2,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	July 21, 2023	21.05%	-	2,500,000,000	4,325,342	2,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	August 18, 2023	21.20%	-	3,000,000,000	13,939,726	3,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	August 30, 2023	21.20%	-	2,000,000,000	5,808,219	2,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	August 30, 2023	21.20%	-	1,500,000,000	1,742,466	1,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	September 1, 2023	21.20%	-	3,200,000,000	3,717,260	3,200,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	October 13, 2023	20.90%	-	1,500,000,000	3,435,616	1,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	October 13, 2023	21.25%	-	2,172,000,000	3,788,745	2,172,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	October 13, 2023	21.20%	-	2,172,000,000	3,788,745	2,172,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	November 1, 2023	21.00%	-	3,000,000,000	3,452,055	3,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	November 24, 2023	21.15%	-	1,700,000,000	6,885,479	1,700,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	November 24, 2023	21.10%	-	2,500,000,000	15,897,260	2,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	December 4, 2023	21.05%	-	3,000,000,000	12,110,959	3,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	December 12, 2023	21.15%	-	1,000,000,000	4,056,164	1,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	December 18, 2023	21.10%	-	3,000,000,000	24,279,452	3,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	December 22, 2023	21.55%	-	1,000,000,000	1,771,233	1,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	December 22, 2023	21.55%	-	1,100,000,000	5,845,068	1,100,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	January 26, 2024	21.30%	-	2,500,000,000	4,376,712	2,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	January 31, 2024	21.35%	-	2,000,000,000	5,849,915	2,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	February 2, 2024	21.25%	-	2,100,000,000	3,667,808	2,100,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	February 13, 2024	21.25%	-	4,100,000,000	16,708,904	4,100,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	February 26, 2024	21.30%	-	2,500,000,000	10,212,329	2,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	February 29, 2024	21.60%	-	1,000,000,000	4,142,466	1,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	March 1, 2024	21.15%	-	2,500,000,000	1,448,630	2,500,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	March 1, 2024	21.60%	-	1,000,000,000	4,142,466	1,000,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	March 14, 2024	21.20%	-	4,800,000,000	27,931,507	4,800,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	March 14, 2024	21.25%	-	4,800,000,000	27,931,507	4,800,000,000	-	-	-	-	-
Zara Taraqqi Bank Limited	AAA, VIS	March 28, 2024	21.30%	-	3,700,000,000	12,955,068	3,700,000,000	-	-	-	-	-

For The Year Ended June 30, 2024

10

Name of investee company	Rating	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Accrued profit during the year	Sold / matured during the year	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation (diminution)	Carrying value as a percentage of	
											net assets of the Fund	Total investment of the Fund
Rupees											%	
Zarai Taraqati Bank Limited	AAA	VIS	March 29, 2024	21.50%	-	300,000,000	176,712	300,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	April 15, 2024	21.05%	-	4,500,000,000	28,547,260	4,500,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	April 19, 2024	21.25%	-	3,000,000,000	6,986,301	3,000,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	April 26, 2024	21.25%	-	3,200,000,000	13,041,096	3,200,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	May 3, 2024	21.20%	-	3,400,000,000	13,823,562	3,400,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	May 10, 2024	21.25%	-	3,300,000,000	13,448,630	3,300,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	May 15, 2024	21.30%	-	2,000,000,000	2,334,247	2,000,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	May 17, 2024	21.25%	-	2,000,000,000	8,150,685	2,000,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	May 24, 2024	21.25%	-	2,000,000,000	8,150,685	2,000,000,000	-	-	-	-
Zarai Taraqati Bank Limited	AAA	VIS	May 31, 2024	21.20%	-	4,550,000,000	18,499,178	4,550,000,000	-	-	-	-
Total as at June 30, 2024					6,250,000,000	176,744,000,000	1,070,840,849	182,994,000,000	-	-	-	-
Total as at June 30, 2023					-	-	-	6,250,000,000	-	-	-	-

6.6 Certificates of musharakah

Name of the counterparty	Rating	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Accrued profit during the year	Sold / matured during the year	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution)	Carrying value as a percentage of	
											net assets of the Fund	total investment of the Fund
Rupiah											%	
United Bank Limited	AAA, VIS	January 5, 2024	21.25%	-	3,000,000,000	36,678,082	3,000,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	January 26, 2024	21.10%	-	2,500,000,000	5,780,822	2,500,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	January 12, 2024	21.05%	-	3,000,000,000	12,110,959	3,000,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	February 15, 2024	21.10%	-	2,500,000,000	11,561,644	2,500,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	January 19, 2024	21.10%	-	3,000,000,000	12,139,726	3,000,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	February 2, 2024	21.10%	-	2,000,000,000	3,468,493	2,000,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	May 24, 2024	21.10%	-	6,000,000,000	38,153,425	6,000,000,000	-	-	-	-	-
United Bank Limited	AAA, VIS	March 15, 2024	20.00%	-	1,000,000,000	2,191,781	1,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	June 21, 2024	19.60%	-	7,500,000,000	28,191,781	7,500,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	June 14, 2024	19.60%	-	1,500,000,000	1,610,959	1,500,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	October 20, 2023	21.25%	-	2,000,000,000	11,643,836	2,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	June 14, 2024	19.60%	-	6,000,000,000	9,665,753	6,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	June 28, 2024	19.60%	-	7,500,000,000	28,191,781	7,500,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	June 11, 2024	21.15%	-	7,100,000,000	16,456,438	7,100,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	April 15, 2024	21.00%	-	6,000,000,000	37,972,803	6,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	May 17, 2024	21.10%	-	6,000,000,000	24,279,452	6,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	March 22, 2024	21.00%	-	3,000,000,000	12,082,192	3,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	April 26, 2024	21.10%	-	6,000,000,000	38,153,425	6,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	May 10, 2024	21.10%	-	6,000,000,000	24,279,452	6,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	May 17, 2024	21.10%	-	1,000,000,000	1,734,247	1,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	June 7, 2024	21.15%	-	7,100,000,000	57,597,534	7,100,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	May 24, 2024	21.10%	-	7,000,000,000	28,326,027	7,000,000,000	-	-	-	-	-
Faysal Bank Limited	AA, PACRA	May 3, 2024	21.10%	-	6,000,000,000	24,279,452	6,000,000,000	-	-	-	-	-
Bank Al-Jahiz Limited	AAA, PACRA	March 14, 2024	21.25%	-	3,900,000,000	6,811,644	3,900,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	March 18, 2024	20.80%	-	1,300,000,000	8,889,863	1,300,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	March 18, 2024	20.80%	-	3,500,000,000	33,906,849	3,500,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	June 11, 2024	20.40%	-	7,300,000,000	16,320,000	7,300,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	May 24, 2024	20.80%	-	6,000,000,000	34,191,781	6,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	April 19, 2024	20.90%	-	6,000,000,000	37,791,781	6,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	April 30, 2024	20.85%	-	5,000,000,000	31,417,808	5,000,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	June 7, 2024	20.80%	-	7,700,000,000	61,431,233	7,700,000,000	-	-	-	-	-
Meezan Bank Limited	AAA, VIS	May 14, 2024	20.80%	-	3,000,000,000	23,934,247	3,000,000,000	-	-	-	-	-
Habib Bank Limited	AAA, VIS	March 15, 2024	21.00%	-	5,000,000,000	20,136,966	5,000,000,000	-	-	-	-	-
Total as at June 30, 2024					-	151,400,000,000	741,382,055	151,400,000,000			-	-
Total as at June 30, 2023					-	-	-	-			-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

	Note	2024	2023
		Rupees	
6.7 Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net			
Market value of investments	6.1, 6.2, 6.3, 6.4, 6.5 & 6.6	47,537,571,898	10,263,000,000
Less: carrying value of investments	6.1, 6.2, 6.3, 6.4, 6.5 & 6.6	(47,521,385,357)	(10,263,000,000)
		<u>16,186,541</u>	<u>-</u>
7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit with Central Depository Company of Pakistan Limited (CDC)		200,000	200,000
Profit receivable on sukuk certificates and term deposit receipts		356,904,459	198,284,655
Profit receivable on certificates of musharakah / mudarba		993,885,298	24,636,375
Profit receivable on balances with banks	7.1	792,821,222	431,052,223
Advance tax	7.2	2,034,488	2,034,488
Prepaid listing fee		98,324	99,989
Other receivables		1,664	2,076,969
		<u>2,145,945,455</u>	<u>658,384,699</u>
7.1	This includes profit receivable amounting to Rs. 725.9 million (2023: Rs. 167.9 million) on balance held with Faysal Bank Limited, a related party.		
7.2	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 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 amount to Rs. 2.034 million (2023: Rs. 2.034 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 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.			
8 PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2024	2023
		(Rupees)	
Preliminary expenses and floatation cost incurred at the beginning of the year		256,715	458,735
Less: amortisation during the year	8.1	203,129	202,020
At the end of the year		<u>53,586</u>	<u>256,715</u>
8.1	Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in 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	9.1	64,403,431	14,661,739
Sindh Sales Tax payable on remuneration of the Management Company	9.2	8,372,446	1,906,026
Selling and marketing expenses payable	9.3	38,059,402	36,038,005
Allocated expenses payable	9.4	1,768,370	4,633,689
Sales load payable		210,478,972	40,611,053
		<u>323,082,621</u>	<u>97,850,512</u>

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

12

- 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 remuneration at the rates between 0.47% to 1.69% (2023: 0% to 0.45%) of the average annual net asset of the Fund.

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

- 9.2 During the year, an amount of Rs. 55.6 million (2023: Rs. 18.3 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 In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate ranging from 0% to 0.82% (2023: 0.16% to 0.4%) of the average annual net assets of the fund during the year ended June 30, 2024, subject to total expense charged being lower than actual expense incurred.
- 9.4 In accordance with Regulation 60 of the NBFC Regulations, 2008, 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).

The Management Company, based on its own discretion, has charged such expenses upto the rate of 0.15% (2023: 0.15%) per annum of the average annual net assets of the Fund for the year ended June 30, 2024, subject to total expense charged being lower than actual expense incurred.

- 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.

	Note	2024	2023
		----- (Rupees) -----	
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee payable	10.1	3,428,928	1,788,468
Sindh sales tax on remuneration of the Trustee	10.2	445,761	232,501
		<u>3,874,689</u>	<u>2,020,969</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% (2023: 0.055%) per annum of average annual net assets of the Fund.
- 10.2 During the year, an amount of Rs. 3.569 million (2023: Rs. 2.394 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%).

	Note	2024	2023
		----- (Rupees) -----	
11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Fee payable	11.1	<u>4,682,108</u>	<u>6,695,337</u>

- 11.1 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.

The Fund is required to pay SECP fee within fifteen days of the close of every calendar month.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

	2024	2023
	(Rupees)	
12 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditor's remuneration payable	486,381	355,749
Printing charges payable	24,566	35,096
Fees and subscription payable	11,280	7,778
Withholding tax payable	681,729,529	2,774,793
Capital gain tax payable	354,277,340	107,301,455
Brokerage payable	784,981	322,284
Legal and professional charges payable	311,659	216,480
Payable to central zakat fund	2,490,259	1,214,793
Other payable	-	18,120,925
Shariah advisory fee payable	270,660	157,636
	<u>1,040,386,655</u>	<u>130,506,989</u>

13 CASH AND CASH EQUIVALENT		
Balances with bank	25,079,853,978	30,236,104,406
Letter of placements	26,622,568,309	-
Islamic term deposit receipts	7,100,000,000	-
Certificates of mudaraba	-	6,250,000,000
	<u>58,802,422,287</u>	<u>36,486,104,406</u>

14 CONTINGENCIES AND COMMITMENTS

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

	2024	2023
	(Rupees)	
15 AUDITORS' REMUNERATION		
Audit fee	407,500	250,000
Fee for half yearly review of condensed interim financial statements	192,500	107,000
Other certifications	85,000	70,000
Out of pocket expenses	43,584	31,823
	<u>728,584</u>	<u>458,823</u>
Sales tax	58,287	36,706
	<u>786,871</u>	<u>495,529</u>

16 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.

17 EARNINGS PER UNIT

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

18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 1.35% (2023: 0.84%) which includes 0.19% (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% 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

14

19 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 19.1** 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.
- 19.2** 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.
- 19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations.
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 19.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 19.6** Details of transactions with related parties / connected persons and balances with them during the year are as follows:

Transactions during the year	2024	2023
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Remuneration of Faysal Asset Management Limited - Management Company	427,752,512	140,740,176
Sindh sales tax on remuneration of the Management Company	55,607,827	18,296,223
Selling and marketing expenses	83,613,014	86,495,563
Allocated expenses	34,377,794	4,633,689
Issuance of 23,729,443 units (2023: 44,032,805 units)	2,642,439,370	4,853,389,088
Redemption of 20,996,239 units (2023: 42,220,372 units)	2,007,857,840	4,639,029,770
Dividend paid	4,236,535	2,542,437
Faysal Bank Limited (Group company / Associated company)		
Profit on balances with banks	4,570,750,215	1,985,705,595
Bank charges	61,904	104,254
Issuance of 130,893,433 units (2023: 116,990,621 units)	14,500,000,000	12,615,000,000
Redemption of 145,713,767 units (2023: 102,170,287 units)	13,216,471,249	11,125,881,355
Dividend paid	989,459	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	27,450,467	18,412,243
Sindh sales tax on remuneration of the Trustee	3,568,561	2,393,592
Faysal Bank Limited - Staff Provident Fund		
Issuance of Nil units (2023: 5,672,259 units)	-	651,107,749
Redemption of 5,672,258 units (2023: 4,886,547 units)	615,091,823	572,050,521
Dividend paid	-	212,264
Faysal Asset Management Limited - Staff Gratuity Fund		
Issuance of 118,812 units (2023: 15,375 units)	12,890,486	1,688,201
Redemption of Nil units (2023: 7,116 units)	-	832,988
Dividend paid	1,495,082	310
Faysal Asset Management Limited - Employees Provident Fund		
Issuance of 116,316 units (2023: 43,918 units)	12,597,622	4,822,102
Redemption of Nil units (2023: 20,325 units)	-	2,379,374
Dividend paid	1,777,721	883

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

15

Transactions during the year	2024	2023
	----- (Rupees) -----	-----
Faysal Islamic Financial Planning Fund		
- Faysal Shariah Capital Preservation Plan IV		
Redemption of Nil units (2023: 748,872 units)	-	76,775,214
Faysal Islamic Financial Planning Fund		
- Faysal Shariah Capital Preservation Plan V		
Issuance of Nil units (2023: 12,513,529 units)	-	1,306,089,943
Redemption of Nil units (2023: 13,564,914 units)	-	1,419,121,546
Faysal Islamic Financial Planning Fund		
- Faysal Shariah Capital Preservation Plan VI		
Issuance of Nil units (2023: 32,037,255 units)	-	3,317,285,999
Redemption of Nil units (2023: 33,490,220 units)	-	3,474,993,748
Faysal Islamic Financial Planning Fund		
- Faysal Shariah Capital Preservation Plan VII		
Issuance of 4,229,533 units (2023: 125,081,013 units)	440,016,047	13,327,507,151
Redemption of 4,229,533 units (2023: 125,829,943 units)	440,251,435	13,433,310,838
Faysal Islamic Financial Planning Fund		
- Faysal Shariah Capital Preservation Plan VIII		
Issuance of 48,832,991 units (2023: 278,160,353 units)	5,090,775,600	29,550,816,019
Redemption of 48,832,991 units (2023: 302,290,871 units)	5,093,532,517	32,032,227,323
Faysal Islamic Financial Planning Fund		
- Faysal Shariah Capital Preservation Plan IX		
Issuance of 100,224,103 units (2023: 122,974,042 units)	10,745,349,020	13,248,207,936
Redemption of 100,224,103 units (2023: 122,974,042 units)	10,751,196,108	13,272,565,500
Faysal Islamic Financial Planning Fund		
- Faysal Shariah Capital Preservation Plan X		
Issuance of 42,411,055 units (2023: 97,123,156 units)	4,810,900,000	10,365,281,432
Redemption of 42,411,055 units (2023: 97,123,156 units)	2,376,292,502	10,375,648,052
Directors, their close family members and Key Management		
Personnel of the Management Company		
Issuance of 947,730 units (2023: 317,356 units)	105,844,015	34,927,416
Redemption of 2,943,070 units (2023: 261,736 units)	320,453,325	29,499,034
Dividend paid	954,583	5,572
Amounts / balances outstanding as at year end		
Faysal Asset Management Limited - Management Company		
Remuneration payable	64,403,431	14,661,739
Sindh Sales Tax payable on remuneration of the Management Company	8,372,446	1,906,026
Selling and marketing expenses payable	38,059,402	36,038,005
Allocated expenses payable	1,768,370	4,633,689
Sales load payable	210,478,972	40,611,053
Outstanding: 4,545,637 units (2023: 1,812,433 units)	463,360,417	183,819,674
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	3,428,928	1,788,468
Sindh sales tax on remuneration of the Trustee	445,761	232,501
Security Deposit with Central Depository Company of Pakistan Limited	200,000	200,000
Faysal Bank Limited (Group company / Associated company)		
Balance with bank	14,453,494,717	22,575,285,513
Profit receivable on balances with bank	725,901,523	167,907,279
Outstanding: Nil (2023: 14,820,334 units)	-	1,503,100,505
Faysal Bank Limited - Staff Provident Fund		
Outstanding: Nil units (2023: 5,672,258 units)	-	575,288,915

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

Amounts / balances outstanding as at year end	2024	2023
	(Rupees)	
Faysal Asset Management Limited - Staff Gratuity Fund		
Outstanding: 127,071 units (2023: 8,259 units)	12,953,008	837,640
Faysal Asset Management Limited - Employees provident Fund		
Outstanding: 139,909 units (2023: 23,593 units)	14,261,652	2,392,837
Directors, their close family members and Key Management Personnel of the Management Company*		
Outstanding: 160,578 units (2023: 109,493 units)	16,368,504	11,104,944

* The Fund had different unit holders for key management personnel 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	25,079,853,978	-	25,079,853,978
Investments	-	47,537,571,898	47,537,571,898
Deposits and other receivables	2,143,812,643	-	2,143,812,643
Receivable against sale of units	361,211,188	-	361,211,188
	<u>27,584,877,809</u>	<u>47,537,571,898</u>	<u>75,122,449,707</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	323,082,621	-	323,082,621
Payable to Central Depository Company of Pakistan Limited - Trustee	3,874,689	-	3,874,689
Accrued expenses and other liabilities	1,889,527	-	1,889,527
Dividend payable	122,549	-	122,549
Payable against redemption of units	73,304,406	-	73,304,406
	<u>402,273,792</u>	<u>-</u>	<u>402,273,792</u>
	2023		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	30,236,104,406	-	30,236,104,406
Investments	-	10,263,000,000	10,263,000,000
Deposits and other receivables	656,250,222	-	656,250,222
Receivable against sale of units	14,545,000	-	14,545,000
	<u>30,906,899,628</u>	<u>10,263,000,000</u>	<u>41,169,899,628</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	97,850,512	-	97,850,512
Payable to Central Depository Company of Pakistan Limited - Trustee	2,020,969	-	2,020,969
Accrued expenses and other liabilities	19,215,948	-	19,215,948
Dividend payable	2,180,824	-	2,180,824
Payable against redemption of units	66,172,469	-	66,172,469
	<u>187,440,722</u>	<u>-</u>	<u>187,440,722</u>

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

21.1 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: 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 because of changes in market interest rates. As at June 30, 2024, the Fund's exposure to the risk of changes in market profit rates relates primarily to balances with banks and investments. 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's profit rate risk arises from the balances in savings accounts, corporate sukuks certificates and Government of Pakistan Ijara sukuks certificates. As at June 30, 2024, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs. 294.187 million (2023: Rs. 342.491 million).

The composition of the Fund's investment portfolio and profit rates 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:

----- June 30, 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	6.50% - 20.75%	25,079,853,978	-	-	25,079,853,978
Investments	19.34% - 21.60%	39,523,721,898	8,013,850,000	-	47,537,571,898
Deposits and other receivables		-	-	2,143,812,643	2,143,812,643
Receivable against sale of units		-	-	361,211,188	361,211,188
		64,603,575,876	8,013,850,000	-	75,122,449,707
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	323,082,621	323,082,621
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	3,874,689	3,874,689
Accrued expenses and other liabilities		-	-	1,889,527	1,889,527
Dividend payable		-	-	122,549	122,549
Payable against redemption of units		-	-	73,304,406	73,304,406
		-	-	402,273,792	402,273,792
On-balance sheet gap (a)		64,603,575,876	8,013,850,000	-	74,720,175,915
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		64,603,575,876	8,013,850,000	-	-
Cumulative profit rate sensitivity gap		64,603,575,876	72,617,425,876	72,617,425,876	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

June 30, 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	6.50% - 20.40%	30,236,104,406	-	-	30,236,104,406
Investments	11.61% - 20.40%	6,250,000,000	4,013,000,000	-	10,263,000,000
Advance, deposit and other receivables		-	-	656,250,222	656,250,222
Receivable against sale of units		-	-	14,545,000	14,545,000
		36,486,104,406	4,013,000,000	-	41,169,899,628
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	97,850,512	97,850,512
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	2,020,969	2,020,969
Accrued expenses and other liabilities		-	-	19,215,948	19,215,948
Dividend payable		-	-	2,180,824	2,180,824
Payable against redemption of units		-	-	66,172,469	66,172,469
		-	-	187,440,722	187,440,722
On-balance sheet gap (a)		36,486,104,406	4,013,000,000	-	40,982,458,906
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		36,486,104,406	4,013,000,000	-	-
Cumulative profit rate sensitivity gap		36,486,104,406	40,499,104,406	40,499,104,406	-

(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 instruments that are exposed to price risk.

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 ended June 30, 2024.

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

19

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:

June 30, 2024						
Within one 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	25,079,853,978	-	-	-	-	25,079,853,978
Investments	-	39,523,721,898	8,013,850,000	-	-	47,537,571,898
Advances, deposits and other receivables	2,143,612,643	-	-	-	200,000	2,143,812,643
Receivable against sale of units	361,211,188	-	-	-	-	361,211,188
	27,584,677,809	39,523,721,898	8,013,850,000	-	200,000	75,122,449,707
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	323,082,621	-	-	-	-	323,082,621
Payable to Central Depository Company of Pakistan Limited - Trustee	3,874,689	-	-	-	-	3,874,689
Accrued expenses and other liabilities	1,132,486	486,381	270,660	-	-	1,889,527
Dividend payable	122,549	-	-	-	-	122,549
Payable against redemption of units	73,304,406	-	-	-	-	73,304,406
	401,516,751	486,381	270,660	-	-	402,273,792
Net financial assets	27,183,161,058	39,523,235,517	8,013,579,340	-	200,000	74,720,175,915

June 30, 2023						
Within one 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	30,236,104,406	-	-	-	-	30,236,104,406
Investments	-	6,250,000,000	4,013,000,000	-	-	10,263,000,000
Advances, deposits and other receivables	656,050,222	-	-	-	200,000	656,250,222
Receivable against sale of units	14,545,000	-	-	-	-	14,545,000
	30,906,699,628	6,250,000,000	4,013,000,000	-	200,000	41,169,899,628
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	97,850,512	-	-	-	-	97,850,512
Payable to Central Depository Company of Pakistan Limited - Trustee	2,020,969	-	-	-	-	2,020,969
Accrued expenses and other liabilities	18,702,563	355,749	157,636	-	-	19,215,948
Dividend payable	2,180,824	-	-	-	-	2,180,824
Payable against redemption of units	66,172,469	-	-	-	-	66,172,469
	186,927,337	355,749	157,636	-	-	187,440,722
Net financial assets	30,719,772,291	6,249,644,251	4,012,842,364	-	200,000	40,982,458,906

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 and deposit with banks are 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 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

20

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

	2024		2023	
	Balance as per the statement of assets and liabilities	Maximum exposure to credit risk	Balance as per the statement of assets and liabilities	Maximum exposure to credit risk
	Rupees		Rupees	
Balances with banks	25,079,853,978	25,079,853,978	30,236,104,406	30,236,104,406
Investments	47,537,571,898	43,198,721,898	10,263,000,000	10,263,000,000
Advances, deposits and other receivables	2,143,812,643	2,141,525,979	656,250,222	656,250,222
Receivable against sale of units	361,211,188	361,211,188	14,545,000	14,545,000
	<u>75,122,449,707</u>	<u>70,781,313,043</u>	<u>41,169,899,628</u>	<u>41,169,899,628</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 profit accrued thereon, however, are not exposed to credit risk and have been excluded from the above analysis as investment in government securities are guaranteed by the Government of Pakistan.

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investments and profit accrued thereon. The credit rating profile of balances with banks and investment in term deposit receipts is as follows:

Rating

	% of financial assets exposed to credit risk	
	2024	2023
Bank balances and profit accrued thereon		
AAA	14.15%	18.57%
AA	18.88%	54.90%
Sukuk certificates and profit accrued thereon		
AAA	5.99%	10.23%
A1+ *	2.63%	-
AA *	1.24%	-
Certificates of musharakah and profit accrued thereon		
AAA *	-	15.18%

* Nil figure due to rounding off.

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.

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

22 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 at 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.

22.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

21

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:

Financial assets 'at fair value through profit or loss'	2024			
	Level 1	Level 2	Level 3	Total
	Rupees			
Corporate sukuk certificates *	-	7,617,000,000	-	7,617,000,000
Letter of placements *	-	28,481,721,898	-	28,481,721,898
GoP Ijarah Sukuk certificates	4,338,850,000	-	-	4,338,850,000
Islamic term deposit receipts *	-	7,100,000,000	-	7,100,000,000
	<u>4,338,850,000</u>	<u>43,198,721,898</u>	<u>-</u>	<u>47,537,571,898</u>

Financial assets 'at fair value through profit or loss'	2023			
	Level 1	Level 2	Level 3	Total
	Rupees			
Corporate sukuk certificates *	-	4,013,000,000	-	4,013,000,000
Certificates of mudaraba *	-	6,250,000,000	-	6,250,000,000
	<u>-</u>	<u>10,263,000,000</u>	<u>-</u>	<u>10,263,000,000</u>

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

23 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 21, 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.

24 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 Banks / DFIs / AMCs	6	3,991,723	0.55%	6	19,200,800	4.77%
Insurance companies	3	3,339,060	0.46%	10	24,310,476	6.03%
Retirement funds	34	8,160,960	1.14%	37	12,339,606	3.06%
Individuals	10,261	636,885,739	88.11%	4,350	307,628,333	76.35%
Trusts / NGOs / Societies / Foundations / Charities	-	-	-	15	27,925,722	6.93%
Other corporate	68	70,426,560	9.74%	33	11,535,918	2.86%
	<u>10,372</u>	<u>722,804,042</u>	<u>100.0%</u>	<u>4,451</u>	<u>402,940,855</u>	<u>100.0%</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

22

25 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Bright Capital (Private) Limited	1.49%	88.00%
C & M Management (Private) Limited	-	3.99%
Currency Markets Associates (Private) Limited	20.83%	0.06%
Invest One Markets Limited	0.37%	4.18%
Magenta Capital (Private) Limited	77.31%	3.77%
	<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 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

27 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

28 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.

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

23

29 GENERAL

29.1 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 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	73,679,183,077	40,866,863,720	20,733,957,867	13,175,977,033	6,600,037,749
Net assets value per unit	101.9352	101.4215	100.6415	100.4013	100.1508
Offer price per unit	104.2390	103.7137	102.8747	102.6704	100.1508
Repurchase price per unit	101.9352	101.4215	100.6415	100.4013	100.1508
Highest offer price per unit	125.6708	119.7122	112.7936	109.2293	107.6231
Highest repurchase price per unit	122.8934	117.0664	110.3008	106.8152	107.6231
Lowest offer price per unit	103.7137	102.9160	102.6895	102.4327	100.0000
Lowest repurchase price per unit	101.4215	100.6415	100.4200	100.1688	100.0000
Total return:	21.79%	17.00%	10.12%	6.78%	11.78%
- capital growth	0.26%	0.86%	0.26%	0.25%	3.49%
- income distribution	21.53%	16.14%	9.86%	6.53%	8.29%
Average annual return: (Launch date: October 10, 2019)					
- one year	21.79%	17.00%	10.12%	6.78%	11.78%
- two years	19.40%	13.56%	8.45%	9.28%	N/A
- three years	16.30%	11.30%	9.56%	N/A	N/A
- four years	13.92%	11.42%	N/A	N/A	N/A
Five Years	13.49%				
Distribution per unit:					
- Interim distribution (% per unit) *	21.53%	16.14%	9.86%	6.53%	8.29%
- Final distribution (% per unit)		-	-	-	-
	<u>21.53%</u>	<u>16.14%</u>	<u>9.86%</u>	<u>6.53%</u>	<u>8.29%</u>

* Announced on 20 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

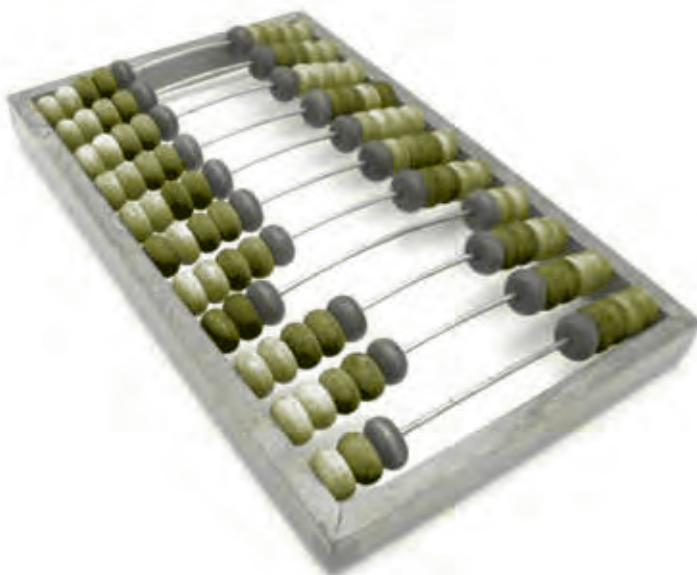
f facebook.com/faysalasset

✂ x.com/faysalasset

Faysal Islamic Cash Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Report to the Shariah Advisor	08
Trustee Report to the Unit Holders	09
Independent Auditor's Report to the Unit Holders	10
Statement of Assets and Liabilities	13
Income Statement	14
Statement of Comprehensive Income	15
Statement of Movement in Unit Holders' Fund	16
Cash Flow Statement	17
Notes to the Financial Statements	18
Supplementary Non Financial Information	42

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
Dubai Islamic Bank
Zarai Taraqati Bank Limited
Habib bank Limited (Islamic Banking)
Habib Metropolitan (Islamic Banking)
Meezan Bank Limited
Allied Bank Limited (Islamic Banking)
UBL (Ameen) Islamic Banking

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 Islamic Cash Fund is to provide competitive rate of return with maximum possible preservation of capital by investing in liquid and low risk Shariah compliant securities.

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.

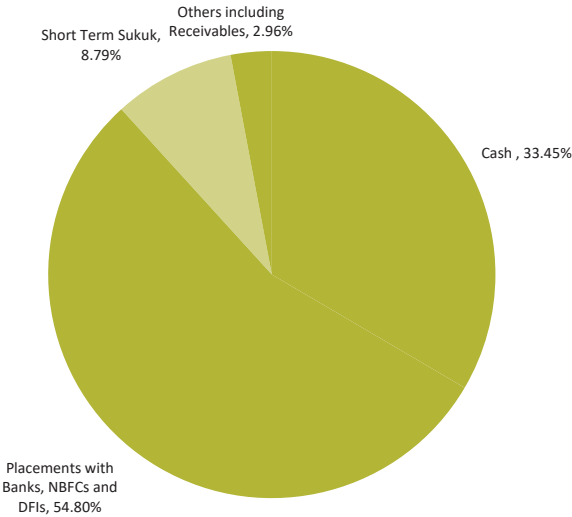
MONEY MARKET REVIEW

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.

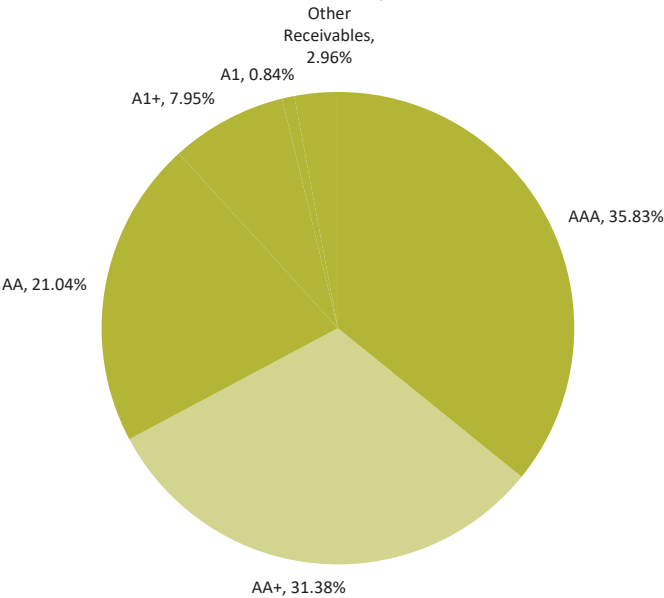
Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Money Market Scheme
Risk Profile	Low
Launch Date	August 11, 2020
Stability Rating	AA (f) (VIS) December 15 ,2023
Trustee	CDC
Auditor	A.F Ferguson & Co.
Management Fee	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.17%)
Selling and Marketing Expense	0.00%
Front End Load	Upto 2% of NAV
Back End Load	Upto 1% of NAV
Min Investment	PKR 5,000
Pricing Mechanism	Backward
Benchmark	Three (3) months average deposit rates of three (3) –AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 4:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	100.0000
Net Assets (PKR mn)	47,237
Net Assets (PKR mn) excluding FoF	47,237
Total Expense Ratio (Annualized)	1.00%
Total Expense Ratio (Monthly)	0.34%

Fund Return (% p.a.)	FY24	FY23
YTD	22.31%	17.43%
Benchmark (YTD)	10.28%	6.23%

Asset Allocation



Asset Quality



FUND PERFORMANCE

Faysal Islamic Cash Fund (FICF) yielded an annualized FY24 return of 22.31% versus its benchmark return of 10.28%. At the period's close, cash allocation stood at 33.45%, whereas exposures in Short-Term Sukuk, Placements with Banks, and Others stood at 8.79%, 54.8% and 2.96%, respectively. In the Future, the fund managers will continue to explore different avenues within the authorized investment.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،
وعلى آله وأصحابه أجمعين. أما بعد

Annual Report
of
Faysal Islamic Cash Fund

August 22, 2024

By the blessing of ALLAH, the year ended 30 June, 2024 under analysis of **Faysal Islamic Cash Fund (FICF)**. I, as the Shariah Advisor of the fund am issuing the report in accordance with the trust deed of the fund. The scope of the report is to express an opinion on the Shariah Compliance of the fund's activities.

In the capability of Shariah Advisor, I have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction. It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company' personal and review of various documents prepared by the management company to comply with the prescribed criteria.

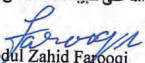
In the light of above, I hereby certify that:

- I have reviewed and approved the modes of investment of **FICF** in light of the Shariah guidelines.
- All the provisions of the scheme and investment made on account of **FICF** by **FAML** Fund Managers are Shariah Compliant and in accordance with the criteria established.

On the basis of information provided by the management, all operations of **Faysal Islamic Cash Fund (FICF)**, for year ended 30 June 2024 have been in compliance with the Shariah Principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance System.

وصلى الله على حبيبنا محمد صلى الله عليه وسلم


Abdul Zahid Farooqi
Shariah Advisor

Faysal Asset Management Limited

Mufti Abdul Zahid Farooqi
Shariah Advisor
Faysal Asset Management Ltd

**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 ISLAMIC 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 Islamic Cash Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 24, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Faysal Islamic Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Faysal Islamic 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 5 and 6 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. 15,925.05 million and investments aggregated to Rs. 30,277.40 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.

Affirm

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: AR20241006823y5AwxCu

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
Assets			
Balances with banks	5	15,925,050,209	13,361,278,804
Investments	6	30,277,403,974	7,071,000,000
Advances, deposits and other receivables	7	1,371,660,349	460,510,581
Preliminary expenses and floatation cost	8	108,869	206,957
Receivable against sale of units		36,416,902	620,664,340
Total assets		47,610,640,303	21,513,660,682
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	9	24,596,199	32,304,506
Payable to Central Depository Company of Pakistan Limited - Trustee	10	2,529,584	998,300
Payable to the Securities and Exchange Commission of Pakistan	11	3,049,410	4,539,752
Payable against redemption of units		35,442,188	-
Accrued expenses and other liabilities	12	242,494,985	22,055,875
Total liabilities		308,112,366	59,898,433
Net assets		47,302,527,937	21,453,762,249
Unit holders' fund (as per statement attached)		47,302,527,937	21,453,762,249
Contingencies and commitments	13		
		----- (Number of units) -----	
Number of units in issue		473,025,438	214,537,518
		----- (Rupees) -----	
Net asset value per unit		100.0000	100.0000

The annexed notes 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	3,356,850,496	2,377,646,522
Profit on sukuk certificates	835,336,585	787,461,769
Profit on certificate of musharakah	685,200,044	99,528,082
Profit on certificate of mudaraba	414,520,491	17,681,508
Profit on bai mu'ajjal	-	473,686,821
Profit on islamic term deposit receipts	283,702,186	11,630,137
Profit on letter of placements	<u>1,263,023,672</u>	<u>-</u>
Total income	6,838,633,474	3,767,634,839

Expenses

Remuneration of Faysal Asset Management Limited - Management Company	9.1	145,396,761	91,620,461
Sindh Sales Tax on remuneration of the Management Company	9.2	18,901,579	11,910,660
Accounting and Operational charges	9.4	5,527,783	1,384,666
Selling and marketing charges	9.3	54,821,621	64,526,243
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	17,915,114	12,484,391
Sindh Sales Tax on remuneration of the Trustee	10.2	2,328,965	1,622,971
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	24,431,079	4,539,777
Amortisation of preliminary expenses and floatation cost	8	98,088	97,820
Auditors' remuneration	14	786,432	541,693
Legal and professional charges		130,730	645,795
Bank charges		6,466	29,955
Transaction charges		2,230,961	879,398
Shariah advisory fee		113,024	89,501
Fee and subscription		229,802	189,070
Printing charges		<u>27,293</u>	<u>27,156</u>
Total expenses		272,945,698	190,589,557

Net income for the year before taxation

Taxation	15	-	-
Net income for the year after taxation		<u>6,565,687,776</u>	<u>3,577,045,282</u>

Earnings per unit

4.16

Allocation of net income for the year

- Net income for the year after taxation	6,565,687,776	3,577,045,282
- Income already paid on units redeemed	-	-
	<u>6,565,687,776</u>	<u>3,577,045,282</u>

Accounting income available for distribution

- Relating to capital gains	-	-
- Excluding capital gains	<u>6,565,687,776</u>	<u>3,577,045,282</u>
	<u>6,565,687,776</u>	<u>3,577,045,282</u>

The annexed notes 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	6,565,687,776	3,577,045,282
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>6,565,687,776</u>	<u>3,577,045,282</u>

The annexed notes 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	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)					
Net assets at beginning of the year	21,453,762,249	-	21,453,762,249	19,577,191,938	-	19,577,191,938
Issuance of 1,440,803,307 units (2023: 1,844,995,220 units)						
- Capital value (at net asset value per unit at beginning of the year)	144,080,330,747	-	144,080,330,747	184,499,526,025	-	184,499,526,025
- Element of income	-	-	-	-	-	-
Total proceeds on issuance of units	144,080,330,747	-	144,080,330,747	184,499,526,025	-	184,499,526,025
Redemption of 1,182,315,387 units (2023: 1,826,229,598 units)						
- Capital value (at net asset value per unit at beginning of the year)	(118,231,565,059)	-	(118,231,565,059)	(182,622,955,714)	-	(182,622,955,714)
- Element of loss	-	-	-	-	-	-
Total payments on redemption of units	(118,231,565,059)	-	(118,231,565,059)	(182,622,955,714)	-	(182,622,955,714)
Total comprehensive income for the year	-	6,565,687,776	6,565,687,776	-	3,577,045,282	3,577,045,282
Distribution during the year	-	(6,565,687,776)	(6,565,687,776)	-	(3,577,045,282)	(3,577,045,282)
Net income for the year less distribution	-	-	-	-	-	-
Net assets at end of the year	47,302,527,937	-	47,302,527,937	21,453,762,249	-	21,453,762,249
Undistributed income brought forward						
- Realised income	-	-	-	-	-	-
- Unrealised Income	-	-	-	-	-	-
Accounting income available for distribution:						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	6,565,687,776	-	6,565,687,776	3,577,045,282	-	3,577,045,282
Distribution during the year	(6,565,687,776)	-	(6,565,687,776)	(3,577,045,282)	-	(3,577,045,282)
Undistributed income carried forward	-	-	-	-	-	-
Undistributed income carried forward						
- Realised income	-	-	-	-	-	-
- Unrealised income	-	-	-	-	-	-
	(Rupees)			(Rupees)		
Net asset value per unit at beginning of the year	100.00			100.00		
Net asset value per unit at end of the year	100.00			100.00		

* Faysal Islamic Cash Fund has distributed dividend on a daily basis on each business day.
The cumulative distribution for the year amounted to Rs. 20.2110 per unit.

The annexed notes 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 ----- (Rupees) -----	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		6,565,687,776	3,577,045,282
Adjustments for:			
Amortisation of preliminary expenses and floatation costs	8	98,088	97,820
(Increase) / decrease in assets			
Investments		(2,510,188,248)	529,000,000
Advances, deposits and other receivables		(911,149,768)	(118,302,120)
		(3,421,338,016)	410,697,880
(Decrease) / increase in liabilities			
Payable to Faysal Asset Management Limited - Management Company		(7,708,307)	12,101,288
Payable to Central Depository Company of Pakistan Limited - Trustee		1,531,284	(20,814)
Payable to the Securities and Exchange Commission of Pakistan		(1,490,342)	1,443,097
Accrued expenses and other liabilities		220,439,110	16,221,834
		212,771,745	29,745,405
Net cash generated from operating activities		3,357,219,593	4,017,586,387
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		144,664,578,185	183,878,868,025
Payment made against redemption of units		(118,196,122,871)	(182,622,955,714)
Dividend paid		(6,565,687,776)	(3,577,045,282)
Net cash generated from / (used in) financing activities		19,902,767,538	(2,321,132,971)
Net increase in cash and cash equivalent during the year		23,259,987,131	1,696,453,416
Cash and cash equivalents at the beginning of the year		16,461,278,804	14,764,825,388
Cash and cash equivalents at the end of the year	17	39,721,265,935	16,461,278,804

The annexed notes 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 Islamic Cash Fund (The Fund) is an open end fund constituted under a trust deed entered into on May 19, 2020 between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The investment activities and administration of the Fund are managed by the Management Company.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the 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 (MUFAF).

- 1.2** The Fund has been categorised as an open end Shari'ah compliant money market 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 August 11, 2020 and are transferable and redeemable by surrendering them to the Fund.
- 1.3** The investment objective of the fund is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in shariah compliant 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 as the Trustee of the Fund.
- 1.5** VIS Credit Rating Company Limited has assigned the 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. VIS Credit Rating Company Limited has assigned a "AA(f)" stability rating to Faysal Islamic Cash Fund as of December 15, 2023 (2023 : "AA(f)" as of December 13, 2022).
- 1.6** The Trust Act, 1882 had been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). Consequently, the Fund is 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.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the approved accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION**3.1 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 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

3.2 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 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.

3.3 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.

3.4 Critical accounting estimates and judgments

The preparation of the 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 4.3 and 6).

3.5 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.

3.6 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.

4 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.

4.1 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

4.2 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the term of the transaction.

4.3 Financial assets**4.3.1 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".

4.3.2 Classification and subsequent measurement**4.3.2.1 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.

4.3.3 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.

4.3.4 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.

4.3.5 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

4

4.3.6 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".

4.4 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".

4.5 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.

4.6 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.

4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the 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 / the 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.

4.9 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.

4.10 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 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 year. 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

4.11 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 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 and government 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 No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

4.12 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.

4.13 Preliminary expenses and flotation costs

Preliminary expenses and flotation 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.

4.14 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".

4.15 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.

4.16 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
5 BALANCES WITH BANKS			
Savings accounts	5.1	<u>15,925,050,209</u>	<u>13,361,278,804</u>

- 5.1 These savings accounts carry profit at rates ranging from 6.5% to 20.75% (2023: 4.5% to 20.4%) per annum. Deposits in savings accounts also include Rs. 9,511 million (2023: Rs. 11,674 million) maintained with Faysal Bank Limited, a related party, and carry profit at the rate of 20% (2023: 19%) per annum.

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
6 INVESTMENTS			
At fair value through profit or loss			
Sukuk certificates	6.1	4,186,000,000	3,971,000,000
Certificates of musharakah	6.2	-	-
Certificates of mudaraba	6.3	-	3,100,000,000
Islamic term deposit receipts	6.4	4,800,000,000	-
Bai muajjal	6.5	-	-
Letter of placements	6.6	<u>21,291,403,974</u>	<u>-</u>
		<u>30,277,403,974</u>	<u>7,071,000,000</u>

6.1 Sukuk certificates

Name of the security	Profit rate	Maturity date	----- Face value (Rupees) -----			----- (Rupees) -----			----- % -----	
			As at July 1, 2023	Purchases 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 a percentage of total investments
K-Electric Short Term Sukuk Certificate-XIII (A1+, PACRA)	6 months KIBOR plus base rate of 0.85%	August 9, 2023	541,000,000	400,000,000	941,000,000	-	-	-	-	-
K-Electric Short Term Sukuk Certificate-XVI (A1+, PACRA)	6 months KIBOR plus base rate of 0.85%	October 11, 2023	750,000,000	5,100,000,000	5,850,000,000	-	-	-	-	-
K-Electric Short Term Sukuk Certificate-XVII (A1+, PACRA)	6 months KIBOR plus base rate of 0.85%	November 18, 2023	750,000,000	4,350,000,000	5,100,000,000	-	-	-	-	-
K-Electric Short Term Sukuk Certificate-XVIII (AA, PACRA)	6 months KIBOR plus base rate of 0.6%	February 9, 2024	-	2,190,000,000	2,190,000,000	-	-	-	-	-
K-Electric Short Term Sukuk Certificate-XX (A1+, VIS)	6 months KIBOR plus base rate of 0.55%	March 22, 2024	-	750,000,000	750,000,000	-	-	-	-	-
Lucky Electric Power Company Limited - Short Term Sukuk XIV (AA, PACRA)	3 months KIBOR plus base rate of 0.45%	April 11, 2024	-	300,000,000	300,000,000	-	-	-	-	-
Lucky Electric Power Company Limited - Short Term Sukuk XV (AA, PACRA)	6 months KIBOR plus base rate of 0.30%	June 28, 2024	-	228,000,000	228,000,000	-	-	-	-	-
Lucky Electric Power Company Limited - Short Term Sukuk XVI (AA, PACRA)	6 months KIBOR plus base rate of 0.15%	August 15, 2024	-	600,000,000	-	600,000,000	600,000,000	600,000,000	-	1.98
Lucky Electric Power Company Limited - Short Term Sukuk XVII (AA, PACRA)	6 months KIBOR plus base rate of 0.25%	September 29, 2024	-	200,000,000	-	200,000,000	200,000,000	200,000,000	-	0.66
Lucky Electric Power Company Limited - Short Term Sukuk XVIII (AA, PACRA)	6 months KIBOR plus base rate of 0.25%	October 15, 2024	-	500,000,000	-	500,000,000	500,000,000	500,000,000	-	1.65

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

Name of the security	Profit rate	Maturity date	Face value (Rupees)				(Rupees)			%	
			As at July 1, 2023	Purchases 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 a percentage of total investments	Market value as a percentage of net assets
Lucky Electric Power Company Limited - Short Term Sukuk XIX (AA, PACRA)	6 months KIBOR plus base rate of 0.15%	December 27, 2024	-	900,000,000	-	900,000,000	900,000,000	900,000,000	-	2.97	1.90
Nisbat Mills Limited- Short Term Sukuk III (A1+, PACRA)	3 months KIBOR plus base rate of 0.15%	May 23, 2024	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-
Pakidán Telecommunication Company Limited - Short Term Sukuk I (A1+, VIS)	6 months KIBOR plus base rate of 0.2%	June 20, 2024	-	750,000,000	750,000,000	-	-	-	-	-	-
Pakidán Telecommunication Company Limited - Short Term Sukuk III (A1+, VIS)	6 months KIBOR plus base rate of 0.15%	September 19, 2024	-	400,000,000	-	400,000,000	400,000,000	400,000,000	-	1.32	0.85
Pakidán Telecommunication Company Limited - Short Term Sukuk V (A1+, VIS)	6 months KIBOR plus base rate of 0.15%	December 26, 2024	-	356,000,000	-	356,000,000	356,000,000	356,000,000	-	1.18	0.75
Thar Energy Limited Short Term Sukuk-1 (AA-, PACRA)	6 months KIBOR plus base rate of 0.6%	October 18, 2024	-	400,000,000	-	400,000,000	400,000,000	400,000,000	-	1.32	0.85
The Hub Power Company Limited-Sukuk Certificates(13Th Issue) ((AA+, PACRA)	6 months KIBOR plus base rate of 0.25%	November 1, 2024	-	830,000,000	-	830,000,000	830,000,000	830,000,000	-	2.74	1.75
Lucky Electric Power Company Limited- Short Term Sukuk VII (A1+, PACRA)	6 months KIBOR plus base rate of 1.2%	September 29, 2023	350,000,000	-	350,000,000	-	-	-	-	-	-
Lucky Electric Power Company Limited- Short Term Sukuk VIII (A1+, PACRA)	6 months KIBOR plus base rate of 1.2%	October 12, 2023	500,000,000	-	500,000,000	-	-	-	-	-	-
Lucky Electric Power Company Limited STS- IX (A1+, PACRA)	6 months KIBOR plus base rate of 1.2%	October 30, 2023	680,000,000	-	680,000,000	-	-	-	-	-	-
China Power Hub Generation Company Short Term Sukuk-II (A1+, PACRA)	6 months KIBOR plus base rate of 1%	September 28, 2023	400,000,000	-	400,000,000	-	-	-	-	-	-
Total as at June 30, 2024							4,186,000,000	4,186,000,000	-		
Total as at June 30, 2023							3,971,000,000	3,971,000,000	-		

6.2 Certificate of musharakah

Name of the security	Profit rate	Maturity date	Face value (Rupees)				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Market value as a percentage of total investments	Market value as a percentage of net assets
			As at July 1, 2023	Total transaction price	Total deferred income	Accrued profit for the year					
(Rupees)							%				
United Bank Limited (AAA, VIS)	21.25%	January 5, 2024	-	2,000,000,000	24,385,246	24,385,246	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.10%	January 26, 2024	-	1,500,000,000	3,459,016	3,459,016	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.10%	February 15, 2024	-	1,500,000,000	6,918,033	6,918,033	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.05%	January 12, 2024	-	2,000,000,000	8,051,913	8,051,913	-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

Name of the security	Profit rate	Maturity date	Face value (Rupees)				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Market value as a percentage of total investments	Market value as a percentage of net assets
			As at July 1, 2023	Total transaction price	Total deferred income	Accrued profit for the year					
										(Rupees)	
United Bank Limited (AAA, VIS)	21.10%	January 19, 2024	-	2,000,000,000	8,071,038	8,071,038	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.10%	May 24, 2024	-	4,000,000,000	25,366,120	25,366,120	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.10%	February 2, 2024	-	1,000,000,000	1,729,508	1,729,508	-	-	-	-	-
United Bank Limited (AAA, VIS)	20.00%	March 15, 2024	-	1,000,000,000	2,185,792	2,185,792	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	19.60%	June 21, 2024	-	4,800,000,000	17,993,443	17,993,443	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	19.60%	June 14, 2024	-	800,000,000	856,831	856,831	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.25%	October 20, 2023	-	500,000,000	2,903,005	2,903,005	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	19.60%	June 14, 2024	-	4,000,000,000	6,426,230	6,426,230	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	19.60%	June 28, 2024	-	4,800,000,000	17,993,443	17,993,443	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.15%	June 11, 2024	-	4,900,000,000	11,326,230	11,326,230	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.25%	October 20, 2023	-	2,000,000,000	11,612,022	11,612,022	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.10%	May 17, 2024	-	5,000,000,000	20,177,596	20,177,596	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.00%	March 22, 2024	-	2,000,000,000	8,032,787	8,032,787	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.15%	June 7, 2024	-	4,900,000,000	39,641,803	39,641,803	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.10%	May 24, 2024	-	5,000,000,000	20,177,596	20,177,596	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	21.25%	March 14, 2024	-	1,500,000,000	2,612,705	2,612,705	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	21.25%	March 14, 2024	-	500,000,000	870,902	870,902	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.80%	March 18, 2024	-	900,000,000	6,137,705	6,137,705	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.80%	March 18, 2024	-	2,500,000,000	24,153,005	24,153,005	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.40%	June 11, 2024	-	4,900,000,000	10,924,590	10,924,590	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.80%	May 24, 2024	-	4,000,000,000	22,732,240	22,732,240	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.90%	April 19, 2024	-	3,000,000,000	18,844,262	18,844,262	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.80%	June 7, 2024	-	2,400,000,000	19,095,082	19,095,082	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.80%	June 7, 2024	-	2,400,000,000	19,095,082	19,095,082	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.85%	April 30, 2024	-	3,000,000,000	18,799,180	18,799,180	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.80%	May 14, 2024	-	2,500,000,000	19,890,710	19,890,710	-	-	-	-	-
Habib Bank Limited - Islamic Banking (AAA, VIS)	21.00%	March 15, 2024	-	3,500,000,000	14,057,377	14,057,377	-	-	-	-	-
Total as at June 30, 2024							-	-	-	-	-
Total as at June 30, 2023							-	-	-	-	-

6.3 Certificate of mudaraba

Name of the security	Profit rate	Maturity date	Face value (Rupees)				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Market value as a percentage of total investments	Market value as a percentage of net assets
			As at July 1, 2023	Total transaction price	Total deferred income	Accrued profit for the year					
(Rupees)										%	
United Bank Limited (AAA, VIS)	21.25%	August 2, 2023	-	1,100,000,000	8,941,257	8,941,257	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.25%	August 2, 2023	-	1,600,000,000	11,147,541	11,147,541	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.10%	September 4, 2023	-	2,600,000,000	49,463,934	49,463,934	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.10%	October 18, 2023	-	2,800,000,000	53,268,852	53,268,852	-	-	-	-	-
United Bank Limited (AAA, VIS)	20.90%	September 15, 2023	-	2,500,000,000	15,703,552	15,703,552	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.00%	November 8, 2023	-	2,500,000,000	30,122,951	30,122,951	-	-	-	-	-
United Bank Limited (AAA, VIS)	21.05%	December 15, 2023	-	2,300,000,000	48,944,126	48,944,126	-	-	-	-	-
United Bank Limited (AAA, VIS)	20.25%	March 15, 2024	-	2,000,000,000	7,745,902	7,745,902	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.05%	July 21, 2023	-	1,000,000,000	4,025,956	4,025,956	-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

9

Name of the security	Profit rate	Maturity date	Face value (Rupees)				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Market value as a percentage of total investments	Market value as a percentage of net assets
			As at July 1, 2023	Total transaction price	Total deferred income	Accrued profit for the year					
							(Rupees)				%
Faysal Bank Limited (AA, PACRA)	21.15%	August 25, 2023	-	1,000,000,000	4,622,951	4,622,951	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.20%	November 10, 2023	-	2,350,000,000	2,722,404	2,722,404	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.15%	November 17, 2023	-	2,000,000,000	8,090,164	8,090,164	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.10%	November 24, 2023	-	2,200,000,000	8,878,142	8,878,142	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.00%	December 1, 2023	-	2,200,000,000	8,836,066	8,836,066	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.05%	July 21, 2023	-	1,600,000,000	6,441,530	6,441,530	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.15%	August 25, 2023	-	1,000,000,000	4,622,951	4,622,951	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.15%	August 25, 2023	-	700,000,000	2,831,557	2,831,557	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.15%	November 17, 2023	-	400,000,000	1,618,033	1,618,033	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.00%	March 1, 2024	-	2,000,000,000	16,065,574	16,065,574	-	-	-	-	-
Faysal Bank Limited (AA, PACRA)	21.10%	March 15, 2024	-	2,000,000,000	16,142,077	16,142,077	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking (AAA, PACRA)	21.00%	October 18, 2023	-	1,000,000,000	17,213,115	17,213,115	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking (AAA, PACRA)	21.00%	November 2, 2023	-	1,000,000,000	17,786,885	17,786,885	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking (AAA, PACRA)	21.00%	December 1, 2023	-	1,000,000,000	16,639,344	16,639,344	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking (AAA, PACRA)	21.00%	November 17, 2023	-	1,000,000,000	17,213,115	17,213,115	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking (AAA, PACRA)	21.00%	December 4, 2023	-	500,000,000	8,893,443	8,893,443	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.70%	September 8, 2023	-	1,000,000,000	3,959,016	3,959,016	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.70%	August 2, 2023	-	2,000,000,000	9,049,180	9,049,180	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.70%	August 4, 2023	-	600,000,000	3,054,098	3,054,098	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.90%	August 28, 2023	-	1,000,000,000	5,710,383	5,710,383	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.50%	November 17, 2023	-	2,300,000,000	9,017,760	9,017,760	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.65%	November 30, 2023	-	2,000,000,000	6,770,492	6,770,492	-	-	-	-	-
Meezan Bank Limited (AAA, VIS)	20.60%	December 6, 2023	-	2,400,000,000	6,754,098	6,754,098	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.10%	July 21, 2023	-	1,500,000,000	3,459,016	3,459,016	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.05%	July 17, 2023	-	1,550,000,000	6,240,232	6,240,232	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	20.90%	October 13, 2023	-	500,000,000	1,142,077	1,142,077	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	October 13, 2023	-	1,000,000,000	1,741,803	1,741,803	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	October 13, 2023	-	1,000,000,000	1,737,705	1,737,705	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	August 18, 2023	-	2,000,000,000	9,267,760	9,267,760	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	September 1, 2023	-	2,170,000,000	2,513,880	2,513,880	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	August 30, 2023	-	1,000,000,000	2,896,175	2,896,175	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	August 30, 2023	-	1,500,000,000	1,737,705	1,737,705	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.00%	November 1, 2023	-	2,000,000,000	2,295,082	2,295,082	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.55%	December 21, 2023	-	1,000,000,000	1,766,393	1,766,393	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.05%	December 4, 2023	-	2,000,000,000	8,051,913	8,051,913	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.55%	December 22, 2023	-	400,000,000	2,119,672	2,119,672	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.10%	November 24, 2023	-	1,700,000,000	10,780,601	10,780,601	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.10%	December 14, 2023	-	2,200,000,000	12,683,060	12,683,060	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.15%	December 12, 2023	-	800,000,000	3,236,066	3,236,066	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.60%	February 29, 2024	-	500,000,000	2,065,574	2,065,574	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	February 13, 2024	-	2,400,000,000	9,754,098	9,754,098	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.30%	February 26, 2024	-	1,500,000,000	6,110,656	6,110,656	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.15%	March 1, 2024	-	1,400,000,000	809,016	809,016	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	March 14, 2024	-	650,000,000	3,765,027	3,765,027	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.30%	March 28, 2024	-	2,600,000,000	9,078,689	9,078,689	-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

10

Name of the security	Profit rate	Maturity date	Face value (Rupees)				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Market value as a percentage of total investments	Market value as a percentage of net assets
			As at July 1, 2023	Total transaction price	Total deferred income	Accrued profit for the year					
(Rupees)											%
Zarai Taraqati Bank Limited (AAA, VIS)	21.30%	January 26, 2024	-	1,500,000,000	2,618,852	2,618,852	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.35%	January 31, 2024	-	1,000,000,000	2,916,667	2,916,667	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	February 2, 2024	-	1,100,000,000	1,915,984	1,915,984	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.60%	March 1, 2024	-	1,000,000,000	4,131,148	4,131,148	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	March 14, 2024	-	2,700,000,000	15,676,230	15,676,230	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.05%	April 15, 2024	-	3,000,000,000	18,979,508	18,979,508	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	April 19, 2024	-	2,550,000,000	5,922,131	5,922,131	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	May 17, 2024	-	3,000,000,000	12,192,623	12,192,623	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	May 24, 2024	-	3,000,000,000	12,192,623	12,192,623	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	May 10, 2024	-	2,200,000,000	8,941,257	8,941,257	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.25%	April 26, 2024	-	1,800,000,000	7,315,574	7,315,574	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	May 31, 2024	-	2,750,000,000	11,150,273	11,150,273	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.20%	May 3, 2024	-	2,200,000,000	8,920,219	8,920,219	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	21.15%	November 24, 2023	-	500,000,000	2,022,541	2,022,541	-	-	-	-	-
United Bank Limited (AAA, VIS)	20.25%	July 21, 2023	1,600,000,000	-	25,572,571	25,572,571	-	-	-	-	-
Zarai Taraqati Bank Limited (AAA, VIS)	20.37%	July 7, 2023	1,500,000,000	-	9,183,197	9,183,197	-	-	-	-	-
Total as at June 30, 2024							-	-	-	-	-
Total as at June 30, 2023							3,100,000,000	3,100,000,000	-	-	-

6.4 Islamic term deposit 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 as at June 30, 2024	Market value as a percentage of	
			As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024				net assets of the Fund	total investments of the Fund
(Rupees)											
%											
United Bank Limited (AAA, VIS)	June 7, 2024	21.10%	-	4,000,000,000	4,000,000,000	-	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking (AAA, PACRA)	January 12, 2024	21.25%	-	1,000,000,000	1,000,000,000	-	-	-	-	-	-
Bank Alfalah Limited - Islamic Banking (AAA, PACRA)	November 3, 2023	21.00%	-	500,000,000	500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	January 22, 2024	21.25%	-	800,000,000	800,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	December 20, 2023	21.00%	-	600,000,000	600,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	March 22, 2024	21.25%	-	600,000,000	600,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	February 22, 2024	21.25%	-	600,000,000	600,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	February 12, 2024	21.25%	-	900,000,000	900,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	March 12, 2024	21.25%	-	900,000,000	900,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	April 15, 2024	21.25%	-	1,500,000,000	1,500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	May 15, 2024	21.25%	-	1,500,000,000	1,500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	July 22, 2024	20.00%	-	1,500,000,000	-	1,500,000,000	1,500,000,000	1,500,000,000	-	3.17	4.95
Bank Alfalah Limited (AAA, PACRA)	July 22, 2024	20.00%	-	1,800,000,000	-	1,800,000,000	1,800,000,000	1,800,000,000	-	3.81	5.95
Bank Alfalah Limited (AAA, PACRA)	July 26, 2024	20.00%	-	1,000,000,000	-	1,000,000,000	1,000,000,000	1,000,000,000	-	2.11	3.30
Bank Alfalah Limited (AAA, PACRA)	June 20, 2024	21.20%	-	1,500,000,000	1,500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	January 22, 2024	21.25%	-	500,000,000	500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	February 22, 2024	21.25%	-	500,000,000	500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	March 22, 2024	21.25%	-	500,000,000	500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	April 15, 2024	21.25%	-	500,000,000	500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	May 15, 2024	21.25%	-	500,000,000	500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	June 20, 2024	21.20%	-	500,000,000	500,000,000	-	-	-	-	-	-
Bank Alfalah Limited (AAA, PACRA)	July 22, 2024	20.00%	-	500,000,000	-	500,000,000	500,000,000	500,000,000	-	1.06	1.65
Total as at June 30, 2024							4,800,000,000	4,800,000,000	-	-	-
Total as at June 30, 2023							-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

6.5 Bai muajjal

Particulars	Profit Rate	Security Symbol	Issue Date	Maturity Date	Yield	Number of certificates			
						As at July 1, 2023	Acquired during the period	Disposed during the period	As at June 30, 2024
Rupees									
Bai Muajjal	15.17%	PK01S2606246	June 26, 2023	June 26, 2024	20.76%	-	18,085,000,000	18,085,000,000	-
Bai Muajjal	15.10%	PK01S1207244	July 12, 2023	July 12, 2024	20.13%	-	600,000,000	600,000,000	-
Bai Muajjal	15.35%	PK01S0708242	August 7, 2023	August 7, 2024	20.49%	-	1,450,000,000	1,450,000,000	-
Bai Muajjal	15.10%	PK01F0910241	October 9, 2023	October 9, 2024	19.41%	-	2,300,000,000	2,300,000,000	-
Total as at June 30, 2024						-	22,435,000,000	22,435,000,000	-
Total as at June 30, 2023						-	-	-	-

6.6 Letter of placements

Name of the security	Profit rate	Maturity date	Total transaction price	Total deferred income	Accrued profit for the year	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation as at June 30, 2024	Market value as a percentage of total investments	Market value as a percentage of net assets
						(Rupees)				%
Pak China Investment Company Limited (AAA, VIS)	21.10%	June 27, 2024	1,507,001,359	63,421,699	63,421,699	-	-	-	-	-
Pak China Investment Company Limited (AAA, VIS)	21.10%	June 27, 2024	1,068,276,307	43,726,359	43,726,359	-	-	-	-	-
Pak China Investment Company Limited (AAA, VIS)	20.90%	October 31, 2024	642,824,579	19,088,026	64,046,462	642,824,579	642,824,579	-	2.12	1.36
Pak China Investment Company Limited (AAA, VIS)	20.90%	October 31, 2024	1,652,363,669	50,008,832	165,575,894	1,652,363,669	1,652,363,669	-	5.46	3.49
Pak Oman Investment Company Limited (AA+, VIS)	21.05%	July 8, 2024	1,275,300,381	61,611,643	66,928,812	1,275,300,381	1,275,300,381	-	4.21	2.70
Pak Oman Investment Company Limited (AA+, VIS)	21.28%	September 4, 2023	786,137,671	14,626,457	14,626,457	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.28%	September 4, 2023	802,972,192	14,939,671	14,939,671	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.25%	October 30, 2023	824,987,123	20,117,026	20,117,026	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.25%	October 30, 2023	808,274,384	19,709,970	19,709,970	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.25%	October 30, 2023	647,004,493	15,401,712	15,401,712	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.00%	April 30, 2024	828,486,164	86,991,047	86,991,047	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.00%	April 30, 2024	768,113,600	80,651,928	80,651,928	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.00%	May 3, 2024	769,972,800	80,405,356	80,405,356	-	-	-	-	-
Pak Oman Investment Company Limited (AA+, VIS)	21.05%	August 1, 2024	1,614,320,770	57,584,209	86,582,878	1,614,320,770	1,614,320,770	-	5.33	3.41
Pak Oman Investment Company Limited (AA+, VIS)	19.90%	September 13, 2024	1,902,659,310	18,621,108	95,435,306	1,902,659,310	1,902,659,310	-	6.28	4.02
Pak Brunei Investment Company Limited (AA+, VIS)	21.10%	July 5, 2024	1,485,318,317	74,497,236	78,135,882	1,485,318,317	1,485,318,317	-	4.91	3.14
Pak Brunei Investment Company Limited (AA+, VIS)	21.15%	August 31, 2023	786,618,904	12,273,189	12,273,189	-	-	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	21.15%	August 31, 2023	803,450,342	12,535,801	12,535,801	-	-	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	21.10%	July 4, 2024	1,908,519,781	96,823,484	100,398,598	1,908,519,781	1,908,519,781	-	6.30	4.03
Pak Brunei Investment Company Limited (AA+, VIS)	21.10%	July 19, 2024	1,954,193,287	50,696,900	71,170,113	1,954,193,287	1,954,193,287	-	6.45	4.13
Zarai Taraqati Bank Limited (AAA, VIS)	21.10%	July 12, 2024	2,138,764,164	90,009,247	103,856,044	2,138,764,164	2,138,764,164	-	7.06	4.52
Zarai Taraqati Bank Limited (AAA, VIS)	19.90%	September 12, 2024	2,406,856,897	24,864,278	120,725,304	2,406,856,897	2,406,856,897	-	7.95	5.09
Zarai Taraqati Bank Limited (AAA, VIS)	21.05%	November 10, 2023	2,000,000,000	10,352,459	10,352,459	-	-	-	-	-
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.25%	September 4, 2023	442,021,808	8,725,704	8,725,704	-	-	-	-	-
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.25%	September 4, 2023	802,015,890	15,832,144	15,832,144	-	-	-	-	-
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.25%	September 4, 2023	802,494,041	15,375,654	15,375,654	-	-	-	-	-
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.30%	October 27, 2023	806,830,685	19,721,058	19,721,058	-	-	-	-	-
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.30%	October 27, 2023	823,532,671	20,129,299	20,129,299	-	-	-	-	-
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.30%	October 31, 2023	660,356,219	16,140,838	16,140,838	-	-	-	-	-
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.10%	August 1, 2024	2,893,549,055	93,170,303	141,685,439	2,893,549,055	2,893,549,055	-	8.90	5.69
Pak Kuwait Investment Company (Private.) Limited (AAA, PACRA)	21.10%	August 2, 2024	1,616,733,764	54,991,035	85,049,055	1,616,733,764	1,616,733,764	-	5.34	3.42
Total as at June 30, 2024						21,291,403,974	21,291,403,974	-		
Total as at June 30, 2023						-	-	-		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

7	ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	2024 ----- (Rupees) -----	2023
	Security deposits with Central Depository Company of Pakistan Limited		100,000	100,000
	Profit receivable on sukuk certificates		159,231,389	200,291,786
	Profit receivable on certificates of musharakah		-	12,174,657
	Profit receivable on balances with banks	7.1	487,205,768	243,632,426
	Profit receivable on letter of placements		691,946,301	-
	Profit receivable on term deposit receipts		27,507,927	-
	Advance tax	7.2	4,247,620	4,247,620
	Other receivables		1,421,344	64,092
			<u>1,371,660,349</u>	<u>460,510,581</u>

7.1 This include profit receivable on balances with bank held with Faysal Bank Limited - a related party, of Rs. 429.13 million (2023: 141.85 million).

7.2 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. The tax withheld on profit on debt amounts to Rs 4.247 million (2023: Rs. 4.247 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, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PRELIMINARY EXPENSES AND FLOATATION COST	Note	2024 ----- (Rupees) -----	2023
	Balance at beginning of the year		206,957	304,777
	Less: Amortisation during the year	8.1	<u>(98,088)</u>	<u>(97,820)</u>
	At the end of the year		<u>108,869</u>	<u>206,957</u>

8.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over five years commencing from August 11, 2020 in accordance with the trust deed of the Fund and the NBFC Regulations.

9	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024 ----- (Rupees) -----	2023
	Management fee payable	9.1	6,877,515	7,229,537
	Sindh Sales Tax payable on management fee	9.2	894,077	939,840
	Sales load		2,657,282	2,631,412
	Selling and marketing charges payable	9.3	14,167,325	20,119,051
	Accounting and operational charges	9.4		1,384,666
			<u>24,596,199</u>	<u>32,304,506</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. The Management Company has determined the maximum rate to be 1% and is charging the remuneration variably keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations at the rates ranging from 0.02% to 1% (2023: 0.1% to 0.45%)

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

9.2 During the year, an amount of Rs. 18.902 million (2023: 11.913 million) was charged on account of sales tax at the rate of 13% on management fee levied through the Sindh Sales Tax on Services Act, 2011.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

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

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion (duly authorised by the Board of Directors) while keeping in view the overall return, the annual plan and the total expense ratio limit of the Fund as defined under the NBFC Regulations at the rates ranging from 0.28% to 0.55% (2023: 0.16% to 0.45%).

- 9.4** In accordance with Regulation 60 of the NBFC Regulations, 2008, 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% to 0.06% (2023: 0.06%) of the daily net assets of the Fund, during the year ended June 30, 2024.

- 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) -----	
	Trustee fee payable	9.1	2,238,570	883,452
	Sindh Sales Tax on Trustee fee payable	9.2	291,014	114,848
			<u>2,529,584</u>	<u>998,300</u>

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at 0.055% June 30, 2024 (2023: 0.055%) of daily net assets.

- 10.2** During the year, an amount of Rs.2.329 million (2023: Rs. 1.623 million) was charged on account of sales tax at the rate of 13% on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024	2023
			----- (Rupees) -----	
	Fee payable	10.1	<u>3,049,410</u>	<u>4,539,752</u>

- 11.1** 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.

12	ACCRUED EXPENSES AND OTHER LIABILITIES	2024	2023
		----- (Rupees) -----	
	Auditor's remuneration payable	593,906	415,730
	Legal and professional charges payable	951,565	856,145
	Rating fee payable	303,992	271,827
	Printing charges payable	4,552	25,909
	Shariah advisory fee payable	276,330	163,306
	Withholding tax payable	237,691,780	18,173,812
	Transaction charges payable	924,354	550,771
	Payable to Central Zakat Fund	284,440	-
	Other payables	<u>1,464,066</u>	<u>1,596,545</u>
		<u>242,494,985</u>	<u>22,054,045</u>

13 CONTINGENCIES AND COMMITMENTS

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

14

	2024	2023
	----- (Rupees) -----	
14 AUDITORS' REMUNERATION		
Audit fee	380,000	284,982
Review and other certifications	305,000	170,989
Out of pocket expenses	43,178	45,597
	728,178	501,568
Sindh Sales Tax	58,254	40,125
	<u>786,432</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 NBFC Regulations, 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, accordingly, 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.

16 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current year results is 0.84% (2023: 0.85%) which includes 0.14% (2023: 0.77%) representing government levies on the Fund such as sales taxes, fee 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.

	2024	2023
	----- (Rupees) -----	
17 CASH AND CASH EQUIVALENTS		
Balances with banks	15,925,050,209	13,361,278,804
Letter of placements - having original maturity of 3 months or less	18,996,215,726	-
Certificates of mudaraba - having original maturity of 3 months or less	-	3,100,000,000
Islamic term deposit receipts - having original maturity of 3 months or less	4,800,000,000	-
	<u>39,721,265,935</u>	<u>16,461,278,804</u>

18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSON AND RELATED PARTIES

- 18.1** 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 10 percent or more units / net assets of the Fund.
- 18.2** 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. Transactions with connected persons are in the normal course of business, at contracted rates and terms.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 18.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

15

- 18.6** 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 ----- (Rupees) -----	2023 -----
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	145,396,761	91,620,461
Sindh sales tax on remuneration of the Management Company	18,901,579	11,912,621
Accounting and Operational charges	5,527,783	1,384,666
Selling and marketing expenses	54,821,621	64,526,243
Issuance of 408,937 units (2023: 20,392,483 units)	40,893,661	2,039,248,324
Redemption of 409,923 units (2023: 20,448,790 units)	40,992,299	2,044,879,011
Dividend Reinvested	98,647	5,630,687
Faysal Bank Limited - Group company		
Profit on balances with bank	2,935,603,263	941,987,156
Bank charges	3,003	17,677
Certificates of musharakah - purchase	157,140,986	6,000,000,000
Certificates of mudaraba - purchase	1,000,000,000	-
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan III		
Issuance of Nil (2023: 2,000,000 units)	-	200,000,000
Redemption of Nil (2023: 3,250,381 units)	-	325,038,096
Dividend Reinvested Nil (2023: 33,771 units)	-	3,377,052
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan IV		
Issuance of Nil (2023: 1,800,000 units)	-	180,000,000
Redemption of Nil (2023: 3,860,109 units)	-	386,010,939
Dividend Reinvested Nil (2023: 35,397 units)	-	3,539,728
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan V		
Issuance of Nil (2023: 20,333,604 units)	-	2,033,360,373
Redemption of Nil (2023: 25,719,927 units)	-	2,571,992,678
Dividend Reinvested Nil (2023: 223,307 units)	-	22,330,717
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan VI		
Issuance of Nil (2023: 63,603,129 units)	-	6,360,312,912
Redemption of Nil (2023: 72,588,683 units)	-	7,258,868,254
Dividend Reinvested Nil (2023: 380,527 units)	-	38,052,695
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan VII		
Issuance of 5,300,000 (2023: 250,761,220 units)	530,000,000	25,076,121,968
Redemption of 5,302,928 (2023: 270,317,435 units)	530,292,810	27,031,743,502
Dividend Reinvested 2,928 (2023: 982,797 units)	292,810	98,279,696
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan VIII		
Issuance of 31,000,000 (2023: 287,508,684 units)	3,100,000,000	28,750,868,442
Redemption of 31,019,534 (2023: 288,185,466 units)	3,101,953,352	28,818,546,625
Dividend Reinvested 19,534 (2023: 676,782 units)	1,953,352	67,678,184
Faysal Sharia Planning Fund - Faysal Sharia Capital Preservation Plan IX		
Issuance of 66,300,000 units (2023: 334,680,486 units)	6,630,000,000	33,468,048,559
Redemption of 66,351,292 units (2023: 351,433,067 units)	6,635,129,235	35,143,306,664
Dividend Reinvested 51,292 units (2023: 689,084 units)	5,129,235	68,908,407

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

	2024 ----- (Rupees) -----	2023
Faysal Sharia Planning Fund - Faysal Shariah Capital Preservation Plan X		
Issuance of 58,650,000 units (2023: Nil)	5,865,000,000	-
Redemption of 58,690,711 units (2023: Nil)	5,869,071,121	-
Dividend Reinvested 40,711 units (2023: Nil)	4,071,121	-
FAML-Employees Provident Fund		
Issuance of 141,889 units (2023: Nil)	14,188,947	-
Dividend Reinvested 5,048 units (2023: Nil)	504,808	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	17,915,114	12,484,391
Sindh sales tax on remuneration of the Trustee	2,328,965	1,622,970
Key Management Personnel Of The Management Company		
Issuance of 2,448,456 units (2023: Nil)	244,845,627	-
Redemption of 2,004,000 units (2023: Nil)	200,400,000	-
Dividend Reinvested 26,461 units (2023: Nil)	2,646,140	-
Unit holders with 10% or more unit holding		
Issuance of 265,256,604 units (2023: 208,500,000 units)	26,525,660,357	20,850,000,000
Redemption of 178,068,339 units (2023: 174,875,249 units)	17,806,833,915	17,487,524,885
Dividend Reinvested 14,936,710 units (2023: 4,636,401 units)	1,493,671,004	463,640,076
Outstanding balances	2024	2023
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Management fee payable	6,877,515	7,229,537
Sindh sales tax payable on management fee	894,077	941,671
Selling and marketing charges payable	14,167,325	20,119,051
Sales load	2,657,282	2,631,412
Faysal Bank Limited - Group company		
Balance with bank	9,510,789,989	11,673,589,921
Profit receivable on balance with bank	429,128,797	141,851,272
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	2,238,570	883,451
Sindh sales tax on Trustee fee payable	291,014	114,847
FAML-Employees Provident Fund		
Outstanding 146,938 units (2023 : Nil)	14,693,755	-
Key Management Personnel Of The Management Company		
Outstanding 470,918 units (2023 : Nil)	47,091,767	-
Unit holders with 10% or more unit holding		
Outstanding 124,867,577 units (2023: 44,022,555 units)	12,486,757,685	4,402,255,470

19 FINANCIAL INSTRUMENTS BY CATEGORY

	2024	
	At fair value through profit or loss	Total
	Rupees	
Financial assets		
Balances with banks	15,925,050,209	15,925,050,209
Investments	-	30,277,403,974
Advances, deposits and other receivables	1,367,412,729	1,367,412,729
Receivable against sale of units	36,416,902	36,416,902
	<u>17,328,879,840</u>	<u>47,606,283,814</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

----- 2024 -----			
At amortised cost	At fair value through profit or loss		Total
----- Rupees -----			
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	24,596,199	-	24,596,199
Payable to Central Depository Company of Pakistan - Trustee	2,529,584	-	2,529,584
Payable against redemption of units	35,442,188	-	35,442,188
Accrued expenses and other liabilities	3,339,139	-	3,339,139
	<u>65,907,110</u>	<u>-</u>	<u>65,907,110</u>
----- 2023 -----			
At amortised cost	At fair value through profit or loss		Total
----- Rupees -----			
Financial assets			
Balances with banks	13,361,278,804	-	13,361,278,804
Investments	-	7,071,000,000	7,071,000,000
Advances, deposits and other receivables	456,262,960	-	456,262,960
Receivable against sale of units	620,664,340	-	620,664,340
	<u>14,438,206,104</u>	<u>7,071,000,000</u>	<u>21,509,206,104</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	32,306,337	-	32,306,337
Payable to Central Depository Company of Pakistan - Trustee	998,299	-	998,299
Accrued expenses and other liabilities	2,283,688	-	2,283,688
	<u>35,588,324</u>	<u>-</u>	<u>35,588,324</u>

20 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.

20.1 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.

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 because of changes in market profit rates. As of June 30, 2024, the Fund's exposure to the risk of changes in market profit rates relates primarily to balances with banks and investments. 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's profit rate risk arises from the balances in savings accounts and investments in corporate sukuks. As at June 30, 2024, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 201.111 million (2023: 173.322 million).

The composition of the Fund's investment portfolio and profit rates 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

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 profit rate (%)	Exposed to 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	6.5% to 20.75%	15,925,050,209	-	-	15,925,050,209	
Investments	19.90% to 22.31%	24,996,215,726	5,281,188,248	-	30,277,403,974	
Advances, deposits and other receivables		-	-	1,367,412,729	1,367,412,729	
Receivable against sale of units		-	-	36,416,902	36,416,902	
		40,921,265,935	5,281,188,248	-	1,403,829,631	47,606,283,814
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company		-	-	24,596,199	24,596,199	
Payable to Central Depository Company of Pakistan - Trustee		-	-	2,529,584	2,529,584	
Payable against redemption of units		-	-	35,442,188	35,442,188	
Accrued expenses and other liabilities		-	-	3,339,139	3,339,139	
		-	-	65,907,110	65,907,110	
On-balance sheet gap (a)		40,921,265,935	5,281,188,248	-	1,337,922,521	47,540,376,704
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		40,921,265,935	5,281,188,248	-		
Cumulative profit rate sensitivity gap		40,921,265,935	46,202,454,183	46,202,454,183		

2023					
Effective profit rate (%)	Exposed to 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	4.5% to 20.4%	13,361,278,804	-	-	13,361,278,804
Investments	15.10% to 20.25%	4,391,000,000	2,680,000,000	-	7,071,000,000
Advances, deposits and other receivables		-	-	456,262,960	456,262,960
Receivable against sale of units		-	-	620,664,340	620,664,340
		17,752,278,804	2,680,000,000	-	21,509,206,105
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	32,306,337	32,306,337
Payable to Central Depository Company of Pakistan - Trustee		-	-	998,299	998,299
Accrued expenses and other liabilities		-	-	2,283,688	2,283,688
		-	-	35,588,324	35,588,324
On-balance sheet gap (a)		17,752,278,804	2,680,000,000	1,041,338,977	21,473,617,781
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		17,752,278,804	2,680,000,000	-	-
Cumulative profit rate sensitivity gap		17,752,278,804	20,432,278,804	20,432,278,804	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

19

(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. The Fund did not have any financial instrument that is exposed to price risk (other than those arising from profit rate risk or currency risk).

20.2 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 obtained 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 redemptions during the year.

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					Financial instruments with no fixed maturity	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		
Rupees							
Financial assets							
Balances with banks	15,925,050,209	-	-	-	-	-	15,925,050,209
Investments	-	24,996,215,726	5,281,188,248	-	-	-	30,277,403,974
Advances, deposits and other receivables	1,367,312,729	-	-	-	-	100,000	1,367,412,729
Receivable against sale of units	36,416,902	-	-	-	-	-	36,416,902
	17,328,779,839	24,996,215,726	5,281,188,248	-	-	100,000	47,606,283,814
Financial liabilities							
Payable to Faysal Asset Management Limited - Management Company	24,596,199	-	-	-	-	-	24,596,199
Payable to Central Depository Company of Pakistan - Trustee	2,529,584	-	-	-	-	-	2,529,584
Payable against redemption of units	35,442,188	-	-	-	-	-	35,442,188
Accrued expenses and other liabilities	2,745,233	593,906	-	-	-	-	3,339,139
	65,313,204	593,906	-	-	-	-	65,907,110
Net financial assets	17,263,466,635	24,995,621,820	5,281,188,248	-	-	100,000	47,540,376,704

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

20

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						
Investments						
Advances, deposits and other receivables						
Receivable against sale of units						
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company						
Payable to Central Depository Company of Pakistan - Trustee						
Accrued expenses and other liabilities						
Net financial assets						

20.3 Credit risk

- 20.3.1** 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:

	June 30, 2024		June 30, 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	15,925,050,209	15,925,050,209	13,361,278,804	13,361,278,804
Investments	30,277,403,974	30,277,403,974	7,071,000,000	7,071,000,000
Deposits, profits and other receivables	1,371,660,349	1,371,660,349	460,510,581	460,510,581
Preliminary expenses and floatation cost	108,869	108,869	206,957	206,957
Receivable against sale of units	36,416,902	36,416,902	620,664,340	620,664,340
	<u>47,610,640,303</u>	<u>47,610,640,303</u>	<u>21,513,660,683</u>	<u>21,513,660,683</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

21

20.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its balances with banks and profit accrued thereon and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2024	2023
AAA	13.90%	0.28%
AA	20.88%	58.06%
AA+ *	-	4.89%
	<u>34.78%</u>	<u>63.24%</u>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

* Nil due to rounding off.

20.3.3 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, 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.

21 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 the reporting date, the Fund held the following financial instruments measured at fair values:

ASSETS	----- 2024 -----			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets at fair value through profit or loss				
Sukuk certificates*	-	4,186,000,000	-	4,186,000,000
Islamic term deposit receipts*	-	4,800,000,000	-	4,800,000,000
Letter of placements*	-	21,291,403,974	-	21,291,403,974
	<u>-</u>	<u>30,277,403,974</u>	<u>-</u>	<u>30,277,403,974</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

22

ASSETS

	2023			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets at fair value through profit or loss				
Certificate of mudaraba*	-	3,100,000,000	-	3,100,000,000
Sukuk certificates*	-	3,971,000,000	-	3,971,000,000
	-	7,071,000,000	-	7,071,000,000

* 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.

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 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 19, 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2024		
	Number of unit holders	Number of units held	Percentage of total
Individual	390	14,064,182	2.97%
Retirement Funds	31	22,846,137	4.83%
Insurance Company	1	107,369	0.02%
Other Corporate	130	436,007,750	92.17%
	552	473,025,438	100.00%

Category	2023		
	Number of unit holders	Number of units held	Percentage of total
Individual	191	40,379,822	18.86%
NBFCs	6	2,209,603	1.03%
Public Limited Companies	34	105,973,923	49.50%
Retirement Funds	2	142,859	0.07%
Others	22	65,831,311	30.54%
	133	214,537,518	100.00%

24 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	-	85%
C&M Management (Private) Limited	-	4%
Invest One Markets Limited	-	8%
Currency Markets Associates (Private) Limited	23%	-
Magenta Capital (Private) Limited	77%	3%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

23

25 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 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 15 Years

26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
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 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

27 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 on board in a meeting held on October 20, 2023.

28 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

24

29 GENERAL

29.1 Rounding off

Figures are 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	47,302,527,937	21,453,762,249	19,577,191,938	11,350,929,406
Net assets value per unit	100.0000	100.00	100.00	100.00
Offer price per unit	102.2600	102.26	102.26	102.26
Repurchase price per unit	99.0000	99.00	99.00	99
Highest offer price per unit	102.6000	102.26	102.26	102.26
Highest repurchase price per unit	99.0000	100	100	100
Lowest offer price per unit	100.0000	102.26	102.26	102.26
Lowest repurchase price per unit	100.0000	100	100	100
Total return:	22.31%	17.43%	10.18%	6.95%
- capital growth	2.10%	0.00%	0.00%	0.00%
- income distribution	20.21%	17.43%	10.18%	6.95%
Average annual return: (Launch date: January 02, 2020)				
- one year	22.31%	17.43%	10.18%	6.95%
- two years	19.87%	13.81%	8.57%	N/A
- three years	16.64%	11.52%	N/A	N/A
Four Years	14.22%			
Distribution per unit:				
- Interim distribution (% per unit) *	20.21%	17.43%	10.18%	6.95%
- Final distribution (% per unit)		0.00%	0.00%	-
	<u>20.21%</u>	<u>17.43%</u>	<u>10.18%</u>	<u>6.95%</u>

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

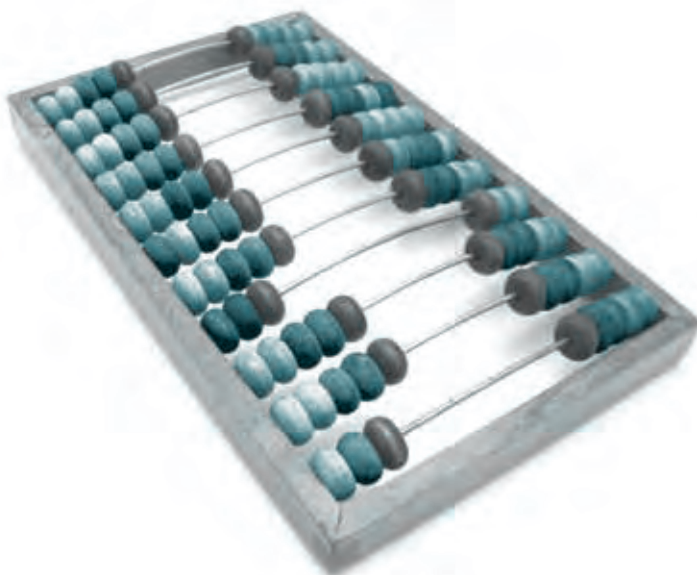
 facebook.com/faysalasset

 x.com/faysalasset

Faysal Islamic Sovereign Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Report to the Shariah Advisor	12
Trustee Report to the Unit Holders	13
Independent Auditor's Report to the Unit Holders	14
Statement of Assets and Liabilities	17
Income Statement	18
Statement of Comprehensive Income	19
Statement of Movement in Unit Holders' Fund	20
Cash Flow Statement	21
Notes to the Financial Statements	22
Supplementary Non Financial Information	43

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
Dubai Islamic Bank

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 Islamic Sovereign Funds seeks to provide maximum possible preservation of capital and a responsible Shariah compliant return to its units holder.

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.

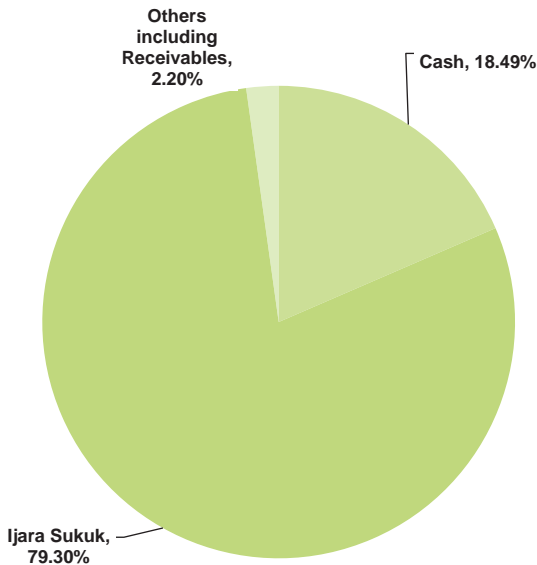
MONEY MARKET REVIEW

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.

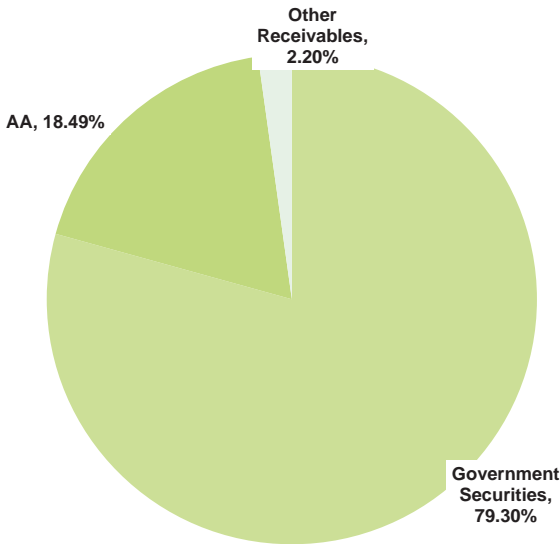
Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Sovereign Income Scheme (nonequity)
Risk Profile	Low
Launch Date	February 1, 2023
Custodian/Trustee	CDC
Stability Rating	AA(f) (VIS) July 10 ,2024
Auditor	A.F. Ferguson & Co.
Management Fee	Up to 2% of Average Annual N.A. (Actual Rate of Management Fee Charged is 2.00%)
Selling and Marketing Expense	0.00%
Front/Back-end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark*	Six (6) months PKISRV rates
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 4:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	100.61
Net Assets (mn)	5,344
Total Expense Ratio (Annualized)	2.33%
Total Expense Ratio (Monthly)	2.46%

Fund Returns (% p.a)		
	FY24	FY23
YTD	21.81%	18.77%
Benchmark (YTD)	20.13%	18.58%

Asset Allocation



Asset Quality



FUND PERFORMANCE

Faysal Islamic Sovereign Fund (FISP-I) outpaced its Benchmark return by 1.69%, posting an annualized return of 21.81% in FY24. Most of the funds were allocated in Ijarah Sukuks (79.30%), Cash (18.49%) and Others (2.20%). In the future, your fund will take exposure to other investment avenues, keeping in view the country’s economic position.

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.

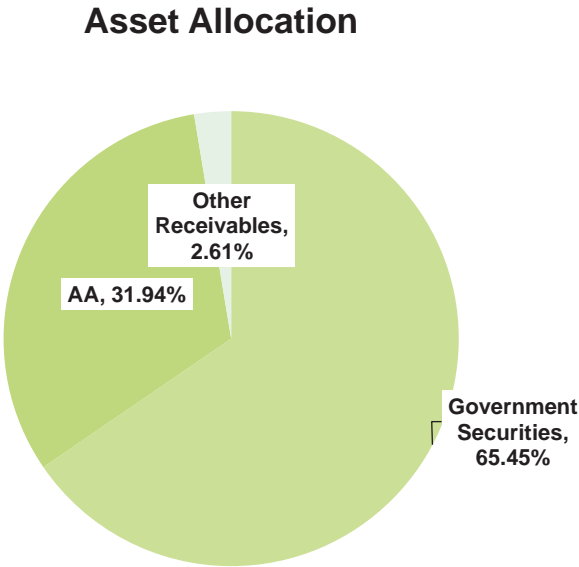
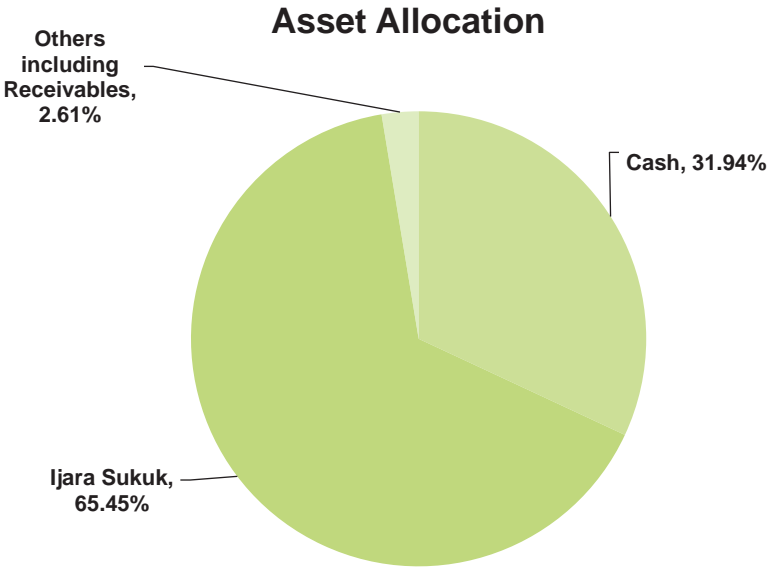
Looking forward, the economic outlook for the upcoming quarters is optimistic, bolstered by the IMF program and anticipated rate cuts (a cumulative 250 bps in the last two Monetary Policy Committee meetings). The potential economic rebound FY25, a downward trend in inflation, and PKR stability are key 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	Shariah Compliant Sovereign Income Scheme (nonequity)
Risk Profile	Low
Launch Date	January 8, 2024
Custodian/Trustee	CDC
Stability Rating	AA(f) (VIS) August 20 ,2024
Auditor	A.F. Ferguson & Co.
Management Fee	Up to 2% of Average Annual N.A. (Actual Rate of Management Fee Charged is 2.00%)
Selling and Marketing Expense	0.00%
Front/Back-end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark*	Six (6) months PKISRV rates
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 4:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	100.29
Net Assets (mn)	4,054
Total Expense Ratio (Annualized)	0.98%
Total Expense Ratio (Monthly)	2.45%

Fund Returns (% p.a)		
	FY24	FY23
YTD	18.99%	-
Benchmark (YTD)	19.57%	-



FUND PERFORMANCE

Faysal Islamic Sovereign Fund (FISP-II) posted an annualized return of 18.99% in FY24TD, versus the Benchmark return of 19.57%. Funds were allocated in Ijarah Sukuks (65.45%), Others (2.61%) and Cash (31.94%). In the future, your fund will take exposure to other investment avenues, keeping in view the country's economic position.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،
وعلى آله وأصحابه أجمعين. أمّا بعد

Annual Report
of
Faysal Islamic Sovereign Fund

August 22, 2024

By the blessing of ALLAH, the year ended 30 June, 2024 under analysis of **Faysal Islamic Sovereign Fund (FISF)**. I, as the Shariah Advisor of the fund am issuing the report in accordance with the trust deed of the fund. The scope of the report is to express an opinion on the Shariah Compliance of the fund's activities.

In the capability of Shariah Advisor, I have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction.

It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company' personal and review of various documents prepared by the management company to comply with the prescribed criteria.

In the light of above, I hereby certify that:

- I have reviewed and approved the modes of investment of **FISF** in light of the Shariah guidelines.
- All the provisions of the scheme and investment made on account of **FISF** by **FAML** Fund Managers are Shariah Compliant and in accordance with the criteria established.

On the basis of information provided by the management, all operations of **Faysal Islamic Sovereign Fund (FISF)**, for year ended 30 June 2024 have been in compliance with the Shariah Principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance System.

وصلّى الله على حبّيه محمد صلى الله عليه وسلم


Abdul Zahid Farooqi
Shariah Advisor

Faysal Asset Management Limited

Mufti Abdul Zahid Farooqi
Shariah Advisor
Faysal Asset Management Ltd

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 ISLAMIC SOVEREIGN 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 Islamic Sovereign Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 unit holders towards clause 2.2.9 of the Offering Document wherein the Fund is required to invest at least 10% of net assets in Cash and Near Cash Instruments on calendar month average basis. In this regard, Faysal Islamic Sovereign Fund Plan-I and Faysal Islamic Sovereign Fund Plan-II were non-compliant with the said requirement from March 2024, April 2024, & May 2024 and April 2024 & May 2024 with exposure up to 5.40%, 7.98% & 4.85% and 8.54% & 3.80% of the respective net assets of the plan. The said non-compliances has also been reported to Securities and Exchange Commission of Pakistan.

Badiuddin Akber
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 Islamic Sovereign Fund
Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of Faysal Islamic Sovereign 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 5 and 6 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. 2,352.46 million and investments aggregated to Rs. 7,036.63 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: AR202410068HX73B2eol

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
Note	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Assets				
Balances with banks	5 1,010,525,583	1,341,939,487	2,352,465,070	923,298,056
Investments	6 4,333,960,340	2,702,670,000	7,036,630,340	4,646,177,600
Deposit and other receivables	7 112,829,013	85,027,522	197,856,535	235,160,714
Preliminary expenses and floatation costs	8 366,328	-	366,328	468,808
Receivable against sale of units	7,431,000	-	7,431,000	-
Total assets	<u>5,465,112,264</u>	<u>4,129,637,009</u>	<u>9,594,749,273</u>	<u>5,805,105,178</u>
Liabilities				
Payable to Faysal Asset Management Limited - Management Company	9 21,257,711	15,826,372	37,084,083	9,076,257
Payable to Central Depository Company of Pakistan Limited - Trustee	10 265,663	579,440	845,103	278,314
Payable to the Securities and Exchange Commission of Pakistan	11 319,330	215,773	535,103	248,512
Payable against redemption of units	46,052,150	32,214,897	78,267,047	-
Dividend payable	10,038,307	40	10,038,347	-
Accrued expenses and other liabilities	12 42,908,951	26,822,411	69,731,362	3,280,128
Total liabilities	<u>120,842,112</u>	<u>75,658,933</u>	<u>196,501,045</u>	<u>12,883,211</u>
Net assets	<u>5,344,270,152</u>	<u>4,053,978,076</u>	<u>9,398,248,228</u>	<u>5,792,221,967</u>
Unit holders' fund (as per statement attached)	<u>5,344,270,152</u>	<u>4,053,978,076</u>	<u>9,398,248,228</u>	<u>5,792,221,967</u>
Contingencies and commitments	13 -----	(Number of units)	-----	-----
Number of units in issue	<u>53,119,397</u>	<u>40,423,792</u>	<u>93,543,189</u>	<u>57,702,976</u>
	<u>(Rupees)</u>	<u>(Rupees)</u>		<u>(Rupees)</u>
Net asset value per unit	<u>100.61</u>	<u>100.29</u>		<u>100.38</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

	For the year ended June 30, 2024	For the period from January 8, 2024 to June 30, 2024	For the year / period ended June 30, 2024	For the period from February 1, 2023 to June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
Note	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Income				
Profit on balances with banks	638,437,112	117,082,549	755,519,661	45,408,896
Profit on GoP Ijara Sukuks	2,073,687,483	446,833,597	2,520,521,080	216,684,475
Profit on Certificates of Musharakah	71,602,946	27,000,000	98,602,946	-
Realised gain / (loss) on sale of investments - net	46,741,808	(19,050,668)	27,691,140	-
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6.5 42,550,333	(5,697,841)	36,852,492	522,275
	2,873,019,682	566,167,637	3,439,187,319	262,595,646
Expenses				
Remuneration of Faysal Asset Management Limited - Management Company	9.1 228,526,197	44,968,750	273,494,947	11,182,979
Sindh sales tax on remuneration of the Management Company	9.2 29,708,406	5,845,938	35,554,344	1,453,788
Selling and marketing expenses	9.3 20,846,848	3,194,443	24,041,291	1,884,122
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 7,189,390	1,567,227	8,756,617	683,404
Sindh sales tax on remuneration of the Trustee	10.2 934,788	203,855	1,138,643	89,465
Annual fee to the Securities and Exchange Commission of Pakistan	9,804,032	2,137,192	11,941,224	250,727
Auditors' remuneration	14 500,589	171,502	672,091	262,947
Amortisation of preliminary expenses and floatation costs	8 102,480	-	102,480	41,717
Bank charges	291,367	21,578	312,945	3,879
Accounting and operational charges	9.4 6,535,809	198,143	6,733,952	621,276
Shariah advisory fee	58,983	54,066	113,049	45,548
Printing charges	5,843	4,131	9,974	16,948
Transaction charges	562,801	123,437	686,238	31,645
Legal and professional charges	99,642	30,861	130,503	54,683
Total expenses	305,167,175	58,521,123	363,688,298	16,623,128
Net income for the year / period before taxation	2,567,852,507	507,646,514	3,075,499,021	245,972,518
Taxation	16 -	-	-	-
Net income for the year / period after taxation	2,567,852,507	507,646,514	3,075,499,021	245,972,518
Earnings per unit	17			
Allocation of net income for the year / period				
Net income for the year / period after taxation	2,567,852,507	507,646,514	3,075,499,021	245,972,518
Income already paid on units redeemed	(1,126,614,087)	(403,336,987)	(1,529,951,074)	(143,508,891)
	1,441,238,420	104,309,527	1,545,547,947	102,463,627
Accounting income available for distribution				
- Relating to capital gains	89,292,141	-	89,292,141	522,275
- Excluding capital gains	1,351,946,279	104,309,527	1,456,255,806	101,941,352
	1,441,238,420	104,309,527	1,545,547,947	102,463,627

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

	For the year ended June 30, 2024	For the period from January 8, 2024 to June 30, 2024	For the year / period ended June 30, 2024	For the period from February 1, 2023 to June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Net income for the year / period after taxation	2,567,852,507	507,646,514	3,075,499,021	245,972,518
Other comprehensive income for the year / period	-	-	-	-
Total comprehensive income for the year / period	<u>2,567,852,507</u>	<u>507,646,514</u>	<u>3,075,499,021</u>	<u>245,972,518</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

	For the year ended June 30, 2024			For the period from January 1, 2024 to June 30, 2024			For the year / period ended June 30, 2024			For the period from February 1, 2023 to June 30, 2023		
	Faysal Islamic Sovereign Plan I (FISP-I)			Faysal Islamic Sovereign Plan II (FISP-II)			Total			Faysal Islamic Sovereign Plan I (FISP-I)		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)			(Rupees)			(Rupees)		
Net assets at the beginning of the year / period	5,778,070,826	14,151,141	5,792,221,967	-	-	-	5,778,070,826	14,151,141	5,792,221,967	-	-	-
Issuance of 1,344,021,486 units (2023: 285,001,101 units) in FISP-I	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of 202,465,644 units in FISP-II	-	-	-	-	-	-	-	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the year / period)	134,912,876,765	-	134,912,876,765	20,246,564,400	-	20,246,564,400	155,159,441,165	-	155,159,441,165	28,500,110,070	-	28,500,110,070
- Element of income	2,041,745,233	-	2,041,745,233	453,290,525	-	453,290,525	2,495,035,758	-	2,495,035,758	729,945,765	-	729,945,765
Total proceeds on issuance of units	136,954,621,998	-	136,954,621,998	20,699,854,925	-	20,699,854,925	157,654,476,923	-	157,654,476,923	29,230,055,835	-	29,230,055,835
Redemption of 1,348,695,065 units (2023: 227,298,125 units) in FISP-I	-	-	-	-	-	-	-	-	-	-	-	-
Redemption of 162,047,852 units in FISP-II	-	-	-	-	-	-	-	-	-	-	-	-
- Capital value (at net asset value per unit at the beginning of the year / period)	(135,372,976,425)	-	(135,372,976,425)	(16,204,185,200)	-	(16,204,185,200)	(151,577,161,625)	-	(151,577,161,625)	(22,729,812,547)	-	(22,729,812,547)
- Element of loss	(739,030,543)	-	(739,030,543)	(237,461,036)	-	(237,461,036)	(976,491,579)	-	(976,491,579)	(2,506,442,653)	-	(2,506,442,653)
Total payments on redemption of units	(136,112,006,968)	-	(136,112,006,968)	(16,441,646,236)	-	(16,441,646,236)	(152,553,653,204)	-	(152,553,653,204)	(25,236,255,199)	-	(25,236,255,199)
Total comprehensive income for the year / period	-	2,567,852,507	2,567,852,507	-	507,846,514	507,846,514	-	3,075,499,021	3,075,499,021	-	245,972,518	245,972,518
Cash distribution for the year ended June 30, 2024 at the rate of:												
Rs. 3.53 per unit (declared on September 5, 2023) in FISP-I	(141,298,374)	(97,713,469)	(239,011,843)	-	-	-	(141,298,374)	(97,713,469)	(239,011,843)	-	-	-
Rs. 2.46 per unit (declared on October 10, 2023) in FISP-I	(109,780,681)	(76,741,110)	(186,521,791)	-	-	-	(109,780,681)	(76,741,110)	(186,521,791)	-	-	-
Rs. 3.16 per unit (declared on November 29, 2023) in FISP-I	(565,042,689)	(384,274,965)	(949,317,654)	-	-	-	(565,042,689)	(384,274,965)	(949,317,654)	-	-	-
Rs. 2.16 per unit (declared on January 3, 2024) in FISP-I	(297,064,359)	(217,835,988)	(514,900,347)	-	-	-	(297,064,359)	(217,835,988)	(514,900,347)	-	-	-
Rs. 0.79 per unit (declared on January 18, 2024) in FISP-I	(84,356,840)	(40,237,574)	(124,594,414)	-	-	-	(84,356,840)	(40,237,574)	(124,594,414)	-	-	-
Rs. 0.56 per unit (declared on January 29, 2024) in FISP-I	(34,443,402)	(107,585,586)	(142,028,988)	-	-	-	(34,443,402)	(107,585,586)	(142,028,988)	-	-	-
Rs. 1.31 per unit (declared on February 28, 2024) in FISP-I	(47,234,480)	(172,637,083)	(219,871,563)	-	-	-	(47,234,480)	(172,637,083)	(219,871,563)	-	-	-
Rs. 3.27 per unit (declared on May 15, 2024) in FISP-I	(44,467,788)	(158,526,476)	(202,994,264)	-	-	-	(44,467,788)	(158,526,476)	(202,994,264)	-	-	-
Rs. 2.22 per unit (declared on June 24, 2024) in FISP-I	(38,847,584)	(77,715,898)	(116,563,482)	-	-	-	(38,847,584)	(77,715,898)	(116,563,482)	-	-	-
Rs. 6.31 per unit (declared on June 24, 2024) in FISP-II	(1,344,537,118)	(1,387,268,149)	(2,731,805,267)	(206,936,275)	(101,603,865)	(308,540,140)	(1,551,473,393)	(1,488,872,014)	(3,040,345,407)	(244,353,400)	(88,312,486)	(332,665,886)
Cash distribution for the year ended June 30, 2023	5,276,148,740	68,127,412	5,344,276,152	4,051,272,414	2,705,662	4,053,978,076	9,327,421,154	10,827,074	9,338,248,228	5,778,070,826	14,151,141	5,792,221,967
Net assets at the end of the year / period												
Undistributed income brought forward	-	13,628,866	13,628,866	-	-	-	-	13,628,866	13,628,866	-	-	-
- Realised income	-	522,275	522,275	-	-	-	-	522,275	522,275	-	-	-
- Unrealised income	-	14,151,141	14,151,141	-	-	-	-	14,151,141	14,151,141	-	-	-
Accounting income available for distribution	-	89,292,141	89,292,141	-	-	-	-	89,292,141	89,292,141	-	-	-
- Relating to capital gains	-	1,351,946,279	1,351,946,279	-	-	-	-	1,351,946,279	1,351,946,279	-	-	-
- Excluding capital gains	-	1,441,238,420	1,441,238,420	-	-	-	-	1,441,238,420	1,441,238,420	-	-	-
Distribution during the year / period	-	(1,387,268,149)	(1,387,268,149)	-	-	-	-	(1,387,268,149)	(1,387,268,149)	-	-	-
Undistributed income carried forward	-	68,127,412	68,127,412	-	-	-	-	68,127,412	68,127,412	-	-	-
Undistributed income carried forward	-	25,571,679	25,571,679	-	-	-	-	25,571,679	25,571,679	-	-	-
- Realised income	-	42,550,333	42,550,333	-	-	-	-	42,550,333	42,550,333	-	-	-
- Unrealised income / (loss)	-	(16,978,654)	(16,978,654)	-	-	-	-	(16,978,654)	(16,978,654)	-	-	-
	100.38	100.61	100.99	100.38	100.61	100.99	100.38	100.61	100.99	100.38	100.61	100.99

Net asset value per unit at the beginning of the year / period

Net asset value per unit at the end of the year / period

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

	For the year ended June 30, 2024	For the period from January 8, 2024 to June 30, 2024	For the year / period ended June 30, 2024	For the period from February 1, 2023 to June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
Note	(Rupees)	(Rupees)	(Rupees)	(Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the year / period before taxation	2,567,852,507	507,646,514	3,075,499,021	245,972,518
Adjustment for:				
Amortisation of preliminary expenses and floatation costs 8	102,480	-	102,480	41,717
	2,567,954,987	507,646,514	3,075,601,501	246,014,235
Decrease / (increase) in assets				
Deposit and other receivables	122,331,701	(85,027,522)	37,304,179	(235,160,714)
Preliminary expenses and floatation costs		-	-	(510,525)
Investments - net	312,217,260	(2,702,670,000)	(2,390,452,740)	(4,646,177,600)
	434,548,961	(2,787,697,522)	(2,353,148,561)	(4,881,848,839)
Increase / (decrease) in liabilities				
Payable to Faysal Asset Management Limited - Management Company	12,181,454	15,826,372	28,007,826	9,076,257
Payable to Central Depository Company of Pakistan Limited - Trustee	(12,651)	579,440	566,789	278,314
Payable to the Securities and Exchange Commission of Pakistan	70,818	215,773	286,591	248,512
Accrued expenses and other liabilities	39,628,823	26,822,411	66,451,234	3,280,128
	51,868,444	43,443,996	95,312,440	12,883,211
Net cash generated from / (used in) operating activities	3,054,372,392	(2,236,607,012)	817,765,380	(4,622,951,393)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt against issuance of units - net of refund of capital	136,947,190,998	20,492,918,650	157,440,109,648	29,230,055,835
Payment against redemption of units - net	(137,192,568,905)	(16,812,768,326)	(154,005,337,231)	(23,351,140,480)
Dividends paid	(2,721,766,958)	(101,603,825)	(2,823,370,783)	(332,665,906)
Net cash (used in) / generated from financing activities	(2,967,144,865)	3,578,546,499	611,401,634	5,546,249,449
Net increase in cash and cash equivalents during the year / period	87,227,527	1,341,939,487	1,429,167,014	923,298,056
Cash and cash equivalents at the beginning of the year / period	923,298,056	-	923,298,056	-
Cash and cash equivalents at the end of the year / period	5 1,010,525,583	1,341,939,487	2,352,465,070	923,298,056

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 Islamic Sovereign Fund (the Fund) is an open end mutual fund constituted under a Trust Deed entered into on May 19, 2020 between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). 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). Accordingly, on November 16, 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 SECP. The registered office of the Management Company is situated at 7th Floor, West Wing, Faysal House, ST-02, main Shahrah-e-Faisal, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3 The Fund is categorised as a 'Shariah Compliant Sovereign 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 Faysal Islamic Sovereign Plan-I of the Fund were initially offered for public subscription at a par value of Rs. 100 per unit.
- 1.4 The Fund offers two types of allocation plans, investing in authorised investable avenues namely, Faysal Islamic Sovereign Plan-I (FISP-I) and Faysal Islamic Sovereign Plan-II (FISP-II). The objective of the Fund is to provide competitive regular return with capital preservation on investments as per respective allocation plans by investing in authorised investable avenues in line with the risk tolerance of the investor. The objective of the fund and the authorised avenues are more fully explained in the funds Offering Document.
- 1.5 The Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited (VIS) dated December 29, 2023 (December 30, 2022 : 'AM2++'). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. Further VIS has assigned a long term rating of AA dated July 10, 2024 to FISP-I.
- 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 PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the approved accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION**3.1 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

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

2

- 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 IFRS 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.

3.2 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.

3.3 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 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; 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.

3.4 Significant 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 (note 4.2 and 6).

3.5 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 which are measured at fair value.

3.6 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

3

4 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 each year / period presented.

4.1 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.

4.2 Financial assets**4.2.1 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.

4.2.2 Classification and subsequent measurement**4.2.2.1 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 requires 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.

4.2.3 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.

4.2.4 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.

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

4

4.2.5 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.

4.2.6 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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 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 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.

4.8 Distributions to unit holders

Distribution to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on 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.

4.9 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 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

4.10 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 sukuk certificates and government 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 No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on saving accounts with bank is recognised on an accrual basis.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 Earnings per unit

Earnings per unit (EPU) 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

Note	June 30, 2024 Faysal Islamic Sovereign Plan I	June 30, 2024 Faysal Islamic Sovereign Plan II	June 30, 2024 Total	June 30, 2023 Faysal Islamic Sovereign Plan I
------	---	--	------------------------	---

5 BALANCES WITH BANKS

(Rupees)

Savings accounts	5.1	1,010,525,583	1,341,939,487	2,352,465,070	923,298,056
------------------	-----	---------------	---------------	---------------	-------------

- 5.1 These carry mark-up at rates ranging from 20% to 20.75% (2023: 20.4% to 21%) per annum and represent balances of Rs. 1,010.516 million (2023: Rs. 923.298 million) in FISP-I and Rs. 1,341.939 million (2023: Nil) in FISP-II held with Faysal Bank Limited, a related party, and carry mark-up at the rate of 20% (2023: 20.4%) per annum.

Note	June 30, 2024 Faysal Islamic Sovereign Plan I	June 30, 2024 Faysal Islamic Sovereign Plan II	June 30, 2024 Total	June 30, 2023 Faysal Islamic Sovereign Plan I
------	---	--	------------------------	---

6 INVESTMENTS

(Rupees)

GoP Ijara Sukuks Certificates of Musharakah	6.1 & 6.2 6.3 & 6.4	4,333,960,340	2,702,670,000	7,036,630,340	4,646,177,600
		-	-	-	-
		4,333,960,340	2,702,670,000	7,036,630,340	4,646,177,600

6.1 GoP Ijara Sukuks - FISP-I

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 01, 2023	Purchased during the year	Sold / redeemed 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	Total market value of investments	Percentage in relation to Net assets of the Fund
					Number of certificates			(Rupees)					%
GoP Ijarah Sukuk Certificates - XVIII - VRR	Semi-annually / At maturity	March 8, 2023	March 8, 2024	Weighted Average 6 months T-Bills	2,500	-	2,500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXX - VRR	Semi-annually / At maturity	April 17, 2023	April 17, 2024	Weighted Average 6 months T-Bills	35,000	10,000	45,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXI - VRR	Semi-annually / At maturity	May 22, 2023	May 22, 2024	Weighted Average 6 months T-Bills	5,000	-	5,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXI - VRR	Semi-annually / At maturity	July 29, 2020	July 29, 2025	Weighted Average 6 months T-Bills	3,954	100	1,500	2,554	254,637,611	255,297,840	660,229	5.89%	4.78%
GoP Ijarah Sukuk Certificates - XL - VRR	Semi-annually / At maturity	August 7, 2023	August 7, 2024	Weighted Average 6 months T-Bills	-	5,000	5,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXII - FRR	Semi-annually / At maturity	October 9, 2023	October 9, 2024	22.49%	-	27,000	27,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXIX - VRR	Semi-annually / At maturity	October 9, 2023	October 9, 2024	Weighted Average 6 months T-Bills	-	14,500	14,500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XL - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2024	Weighted Average 6 months T-Bills	-	750	-	750	75,000,000	75,255,000	255,000	1.73%	1.41%
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted Average 6 months T-Bills	-	5,000	5,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XLI - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2026	Weighted Average 6 months T-Bills	-	79,750	71,250	8,500	844,425,072	848,470,000	4,044,928	19.58%	15.88%
GoP Ijarah Sukuk Certificates - XXXIII - FRR	Semi-annually / At maturity	December 4, 2023	December 4, 2026	16.19%	-	2,250	-	2,250	225,000,000	225,247,500	247,500	5.20%	4.21%
GoP Ijarah Sukuk Certificates - XXVI - VRR	Semi-annually / At maturity	October 26, 2022	October 26, 2027	Weighted Average 6 months T-Bills	-	8,000	8,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XLII - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2028	Weighted Average 6 months T-Bills	-	58,000	29,000	29,000	2,867,785,418	2,904,640,000	36,854,582	67.02%	54.35%
GoP Ijarah Sukuk Certificates - VRR	Semi-annually / At maturity	January 24, 2024	January 24, 2029	Weighted Average 6 months T-Bills	-	5,000	-	5,000	24,561,906	25,050,000	488,094	0.58%	0.47%

Total as at June 30, 2024

4,291,410,007 4,333,960,340 42,550,333 100.00% 81.10%

Total as at June 30, 2023

4,645,655,325 4,646,177,600 522,275

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

6.2 GoP Ijara Sukuks - FISP-II

Name of the security	Profit payments/ principal redemptions	Issue date	Maturity date	Profit rate	As at July	Purchased	Sold/ redeemed	As at June	Carrying value	Market value as	Unrealised	Percentage in relation to
					01, 2023	during the	at June	as at June 30,	value as at June 30, 2024	appreciation / diminution) as	Total market/	Net assets of
					2023	period	30, 2024	at June 30, 2024	at June 30, 2024	at June 30, 2024	value of	the Fund
					Number of certificates	Rupees					%	
GoP (Ijarah Sukuk Certificates - XXXI - VRR	Semi-annually / At maturity	May 22, 2023	May 22, 2024	Weighted Average 6 months T-Bills	-	1,500	1,500	-	-	-	-	-
GoP (Ijarah Sukuk Certificates - XXXIX - VRR	Semi-annually / At maturity	October 9, 2023	October 9, 2024	Weighted Average 6 months T-Bills	-	11,250	11,250	-	-	-	-	-
GoP (Ijarah Sukuk Certificates - XXXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted Average 6 months T-Bills	-	2,000	2,000	-	-	-	-	-
GoP (Ijarah Sukuk Certificates - XXX - VRR	Semi-annually / At maturity	April 17, 2023	April 17, 2024	Weighted Average 6 months T-Bills	-	13,500	13,500	-	-	-	-	-
GoP (Ijarah Sukuk Certificates - XLVIII - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2026	Weighted Average 6 months T-Bills	-	25,250	17,750	7,500	750,826,245	748,650,000	(2,176,245)	27.70%
GoP (Ijarah Sukuk Certificates - XXXVII - VRR	Semi-annually / At maturity	August 7, 2023	August 7, 2024	Weighted Average 6 months T-Bills	-	2,000	2,000	-	-	-	-	-
GoP (Ijarah Sukuk Certificates - XLV - VRR	Semi-annually / At maturity	October 9, 2023	October 9, 2024	Weighted Average 6 months T-Bills	-	5,200	5,200	-	-	-	-	-
GoP (Ijarah Sukuk Certificates - XXI - VRR	Semi-annually / At maturity	July 29, 2020	July 29, 2025	Weighted Average 6 months T-Bills	-	1,500	-	1,500	151,099,813	149,940,000	(1,159,813)	5.55%
GoP (Ijarah Sukuk Certificates - XLVII - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2026	Weighted Average 6 months T-Bills	-	250	-	250	25,065,878	25,085,000	19,122	0.93%
GoP (Ijarah Sukuk Certificates - XXVI - VRR	Semi-annually / At maturity	October 26, 2022	October 26, 2027	Weighted Average 6 months T-Bills	-	2,750	-	2,750	279,469,597	276,595,000	(2,874,597)	10.23%
GoP (Ijarah Sukuk Certificates - XLIX - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2028	Weighted Average 6 months T-Bills	-	20,000	5,000	15,000	1,501,906,308	1,502,400,000	493,692	55.59%
Total as at June 30, 2024									2,708,387,841	2,702,670,000	(5,697,841)	100.00%

6.3 Certificates of Musharakah - FISP-I

Name of the investee company and credit rating	Placement date	Maturity date	Profit rate	(Face value)				Percentage in relation to	
				As at July 1, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	Net assets of the Fund	Total market value of investments
				(Rupees)				%	
Modarabas									
OLP Modaraba (AA, PACRA)	October 12, 2023	January 12, 2024	22.43%	-	200,000,000	200,000,000	-	-	-
OLP Modaraba (AA, PACRA)	October 19, 2023	January 19, 2024	22.44%	-	100,000,000	100,000,000	-	-	-
First Habib Modaraba (AA+, PACRA)	November 8, 2023	February 8, 2024	21.95%	-	500,000,000	500,000,000	-	-	-
First Habib Modaraba (AA+, PACRA)	November 17, 2023	February 16, 2024	21.70%	-	500,000,000	500,000,000	-	-	-
Total as at June 30, 2024								-	-
Total as at June 30, 2023								-	-

6.4 Certificates of Musharakah - FISP-II

[illegible]

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

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

Note

June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023
Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
(Rupees)			
Market value of investments	4,333,960,340	2,702,670,000	7,036,630,340
Less: carrying value of investments	(4,291,410,007)	(2,708,367,841)	(6,999,777,848)
	42,550,333	(5,697,841)	36,852,492
			522,275

7 DEPOSIT AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited

100,000 100,000 200,000 100,000

Profit / interest receivable on:

GoP Ijara Sukuks
Balances with banks

85,343,069	58,449,704	143,792,773	220,478,223
23,367,974	26,477,818	49,845,792	10,584,101
108,711,043	84,927,522	193,638,565	231,062,324
3,998,390	-	3,998,390	3,998,390
19,580	-	19,580	-
112,829,013	85,027,522	197,856,535	235,160,714

- 7.1** 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 profits paid to the Fund was deducted by various withholding agents based on the interpretation issued by the 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 bank deposits and profit on debt securities amounts to Rs. 3.998 million (2023: Rs. 3.998 million).

For this purpose, 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 bank deposits and profit on debt securities 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.

Note

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023
Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
(Rupees)			
Balance as at beginning if the year / period	468,808	-	468,808
Preliminary expenses and floatation costs incurred	-	-	510,525
Less: amortisation during the year / period	(102,480)	-	(102,480)
Balance at the end of the year / period	366,328	-	366,328

- 8.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Note

9 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023
Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
(Rupees)			
Management fee payable	8,523,988	5,757,263	14,281,251
Sales tax on management fee payable	1,108,118	748,445	1,856,563
Selling and marketing expenses payable	1,431,301	3,140,375	4,571,676
Preliminary expenses and floatation costs payable	510,525	-	510,525
Accounting and operational charges payable	5,730,715	198,143	5,928,858
Other payable	20,000	10,000	30,000
Sales load payable	3,933,064	5,972,146	9,905,210
	21,257,711	15,826,372	37,084,083
			9,076,257

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

9

- 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 remuneration at the rates ranging from 0.9% to 2 % (2023 : at the rate of 0.9%) per annum of the average annual net assets of the FISP-I and at the rates ranging from 0.25% to 2% per annum of the average annual net assets of the FISP-II, in respect of FISP-I and FISP-II respectively. The remuneration is payable to the Management Company monthly in arrears.
- 9.2 During the year, an amount of Rs. 29.708 million (2023: Rs 1.454 million) for FISP-I and Rs. 5.846 million for FISP-II for the period starting from January 8, 2024 to June 30, 2024, 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 expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan. Accordingly, the Management Company has charged selling and marketing expenses based on its discretion (duly authorised by the Board of Directors) while keeping in view the annual plan, overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations at the rates ranging from 0% to 0.75% (2023: 0.05% to 0.2%) per annum of the average annual net assets of the FISP-I for the year ended June 30, 2024 and at the rates ranging from 0% to 0.4% per annum of the average annual net assets of the FISP-II for the period from January 8, 2024 to June 30, 2024, in respect of FISP-I and FISP-II respectively.

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.

- 9.4 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 overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations. The Management Company has, therefore, charged allocated expenses at the rate of 0.05% per annum of the average annual net assets of the FISP-I for the year ended June 30, 2024 and at the rate of 0.05% per annum of the average annual net assets of the FISP-II for the period from January 8, 2024 to June 30, 2024, in respect of FISP-I and FISP-II respectively.

10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023	
			Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I	
			(Rupees)				
		Remuneration of the Trustee	10.1	234,442	512,676	747,118	245,754
		Sindh sales tax on remuneration of the Trustee fee payable	10.2	31,221	66,764	97,985	32,560
			265,663	579,440	845,103	278,314	

- 10.1 The Trustee is entitled to a monthly remuneration for services rendered to the each plan under the provisions of the Trust Deed at the rate of 0.055% (2023: 0.055%) per annum of the average annual net assets of the FISP-I for the year ended June 30, 2024 and at the rate of 0.055% per annum of the average annual net assets of the FISP-II for the period from January 8, 2024 to June 30, 2024 in respect of FISP-I and FISP-II respectively.
- 10.2 During the period, an amount of Rs. 0.935 million (2023 : Rs. 0.089 million) and Rs. 0.204 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% in respect of FISP-I and FISP-II respectively.

		Note	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023
			Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		(Rupees)			
	Annual fee payable	11.1	319,330	215,773	535,103	248,512

- 11.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the SECP.

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, has revised the rate of fee to 0.075% per annum of the average net assets of the Fund / Plan, applicable to an "Income Scheme". Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund / Plan. Accordingly, the Fund has charged SECP fee at the rate of 0.075% per annum of the daily net assets during the period in respect of FISP-I and FISP-II.

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

10

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.

	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
12 ACCRUED EXPENSES AND OTHER LIABILITIES	(Rupees)			
Legal and professional charges payable	154,323	30,861	185,184	54,681
Auditors' remuneration payable	277,644	171,502	449,146	262,947
Printing charges payable	6,671	-	6,671	16,950
Shariah advisory fee payable	67,863	54,066	121,929	45,547
Capital gain tax payable	5,729,125	9,384,056	15,113,181	1,934,341
Transaction charges payable	424,954	118,216	543,170	-
Withholding tax payable	35,259,366	17,057,610	52,316,976	650
Other payables	989,005	6,100	995,105	965,012
	<u>42,908,951</u>	<u>26,822,411</u>	<u>69,731,362</u>	<u>3,280,128</u>

13 CONTINGENCIES AND COMMITMENTS

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

	For the year ended June 30, 2024	For the period from January 8, 2024 to June 30, 2024	For the year / period ended June 30, 2024	For the period from February 1, 2023 to June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
14 AUDITORS' REMUNERATION	(Rupees)			
Annual audit fee	251,159	86,047	337,206	221,335
Half yearly review	122,896	42,104	165,000	-
Fee for other certifications	63,310	21,690	85,000	-
Out of pocket expenses	26,143	8,957	35,100	22,134
	<u>463,508</u>	<u>158,798</u>	<u>622,306</u>	<u>243,469</u>
Sindh sales tax	37,081	12,704	49,785	19,478
	<u>500,589</u>	<u>171,502</u>	<u>672,091</u>	<u>262,947</u>

15 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the as at June 30, 2024 based on current year / period results is 2.33% and 0.98%, in respect of FISF-I and FISF-II respectively. The above TER includes 0.31% and 0.14% representing government levies on the Fund such as sales taxes and annual fee to the SECP, in respect of FISF-I and FISF-II respectively. 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'.

16 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 NBFC Regulations, 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 period 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.

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.

17 EARNINGS PER UNIT

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

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

11

18 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 18.1** Connected persons and related parties include Faysal Asset Management Limited being the Management Company, CDC 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.
- 18.2** Transactions with connected persons / related parties essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 18.4** Remuneration to the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 18.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed total expense ratio.
- 18.6** The details of transactions carried out by the Fund with connected persons and related parties during the year / period and balances with them, otherwise than disclosed elsewhere, as at year / period end are as follows:

Transactions during the year / period

	For the year ended June 30, 2024	For the period from January 8, 2024 to June 30, 2024	For the year / period ended June 30, 2024	For the period from February 1, 2023 to June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
(Rupees)				
Faysal Asset Management Limited - Management Company				
Remuneration of the Management Company	228,526,197	44,968,750	273,494,947	11,182,979
Sindh sales tax on remuneration of the Management Company	29,708,406	5,845,938	35,554,344	1,453,788
Selling and marketing expenses	20,846,848	3,194,443	24,041,291	1,884,122
Accounting and operational charges	6,535,809	198,143	6,733,952	621,276
Units issued: 18,231,692 units (2023 : 18,684,685 units)	1,838,686,697	-	1,838,686,697	1,881,695,098
Units issued: 2,951,319 units	-	304,097,531	304,097,531	-
Units redeemed: 16,011,005 units (2023 : 13,883,813 units)	1,553,052,050	-	1,553,052,050	1,403,337,129
Units redeemed: 2,946,489 units	-	307,745,349	307,745,349	-
Dividend Reinvest : 432,357 units (2023 : Nil units)	43,399,988	-	43,399,988	-
Dividend Reinvest : 19 units	-	1,935	1,935	-
Faysal Bank Limited - Group company / Associated company				
Profit on balances with banks	638,437,112	117,082,549	755,519,661	45,408,896
Bank charges	291,367	21,578	312,945	3,879
Central Depository Company of Pakistan Limited - Trustee				
Remuneration of the Trustee	7,189,390	1,567,227	8,756,617	683,404
Sindh sales tax on remuneration of the Trustee	934,788	203,855	1,138,643	89,465
CDS charges	5,500	4,000	9,500	3,000
Sindh sales tax on CDS charges	715	520	1,235	390
Faysal Islamic Financial Planning Fund -				
Faysal Sharia Capital Preservation Plan VII				
Units issued: 7,619,288 units (2023 : 35,626,091 units)	778,493,784	-	778,493,784	3,647,775,793
Units redeemed: 9,634,620 units (2023 : 33,621,742 units)	980,204,488	-	980,204,488	3,448,816,567
Dividend Reinvest : 10,983 units	1,102,438	-	1,102,438	-
Faysal Islamic Financial Planning Fund -				
Faysal Sharia Capital Preservation Plan VIII				
Units issued: 45,829,245 units (June 30, 2023 : 57,027,066 units)	4,670,000,000	-	4,670,000,000	5,843,728,950
Units redeemed: 60,475,134 units (June 30, 2023 : 42,381,177 units)	6,182,415,523	-	6,182,415,523	4,343,510,041

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

Transactions during the year / period

	For the year ended June 30, 2024	For the period from January 8, 2024 to June 30, 2024	For the year / period ended June 30, 2024	For the period from February 1, 2023 to June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
(Rupees)				
Faysal Shariah Planning Fund -				
Faysal Sharia Capital Preservation Plan IX				
Units issued: 140,745,807 units (2023 : 57,441,264 units)	14,294,039,958	-	14,294,039,958	4,881,331,075
Units redeemed: 145,901,434 units (2023 : 52,430,391 units)	14,806,890,778	-	14,806,890,778	4,363,328,501
Dividend Reinvest : 144,754 units	14,530,436	-	14,530,436	-
Faysal Shariah Planning Fund -				
Faysal Sharia Capital Preservation Plan X				
Units issued: 70,124,709 units (2023 : 31,017,293) units	7,114,093,350	-	7,114,093,350	3,186,585,995
Units issued : 5,771,144 units (2023 : Nil units)	-	580,000,000	580,000,000	-
Units redeemed: 74,260,829 units (2023 : 27,008,595) units	7,533,908,082	-	7,533,908,082	2,778,570,612
Units redeemed: 5,771,144 units (2023: Nil units)	-	580,634,826	580,634,826	-
Dividend Reinvest : 127,422 units	12,790,596	-	12,790,596	-
Unit holders with more than 10% unit holding				
Units issued: 29,886,432 units (2023 :16,172,405 units)	3,054,727,135	-	3,054,727,135	1,656,679,234
Units issued: 11,064,515 units	-	1,161,249,485	1,161,249,485	-
Units redeemed: 25,438,612 units (2023 : 988,436 units)	1,600,000,000	-	1,600,000,000	100,000,000
Units redeemed: 5,318,762 units	-	578,362,213	578,362,213	-
Dividend Reinvest : 1,003,138 units (2023: Nil units)	100,695,022	-	100,695,022	26,286,086
Key Management Personnel of The Management Company				
Mr. Yousaf Hussain				
Units issued : 2,077,806 units (2023 : Nil)	210,382,728	-	210,382,728	-
Units redeemed : 2,147,769 units (2023 : Nil)	220,318,137	-	220,318,137	-
Dividend Reinvest : 69,963 units (2023: Nil)	7,022,897	-	7,022,897	-
Mr. Nadir Rahman				
Units issued : 149,452 units (2023 : Nil)	15,086,712	-	15,086,712	-
Units redeemed : 157,266 units (2023 : Nil)	15,899,602	-	15,899,602	-
Dividend Reinvest : 7,834 units (2023: Nil)	786,379	-	786,379	-
Mr. Omer Bin Javed				
Units issued : 840,043 units (2023 : Nil)	86,322,839	-	86,322,839	-
Units issued : 202,461 units	-	19,491,895	19,491,895	-
Units redeemed : 840,286 units (2023 : Nil)	86,081,924	-	86,081,924	-
Units redeemed : 202,461 units	-	20,789,745	20,789,745	-
Dividend Reinvest : 243 units	24,406	-	24,406	-

Amounts / balances outstanding as at
year / period end

	June 30, 2024	June 30, 2024	June 30, 2024	June 30, 2023
	Faysal Islamic Sovereign Plan I	Faysal Islamic Sovereign Plan II	Total	Faysal Islamic Sovereign Plan I
(Rupees)				
Faysal Asset Management Limited - Management Company				
Management fee payable	8,523,988	5,757,263	14,281,251	4,021,430
Sindh sales tax on remuneration of the Management Company	1,108,118	748,445	1,856,563	522,786
Selling and marketing expenses payable	1,431,301	3,140,375	4,571,676	1,743,112
Accounting and operational charges payable	5,730,715	198,143	5,928,858	621,277
Preliminary expenses and floatation cost payable	510,525	-	510,525	510,525
Other payable	20,000	10,000	30,000	20,000
Sales load payable	3,933,064	5,972,146	9,905,210	1,637,127
Units Outstanding: 7,453,916 units (2023 : 4,800,872 units)	749,938,489	-	749,938,489	481,911,497
Units Outstanding: 4,849 units	-	486,306	486,306	-
Faysal Bank Limited - Group company / Associated company				
Balances with bank	1,010,525,583	1,341,939,487	-	923,298,056
Profit receivable on balance with bank	23,367,056	26,477,818	-	10,584,101

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

Amounts / balances outstanding as at
year / period end

	June 30, 2024 Faysal Islamic Sovereign Plan I	June 30, 2024 Faysal Islamic Sovereign Plan II	June 30, 2024 Total	June 30, 2023 Faysal Islamic Sovereign Plan I
	(Rupees)			
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan VIII Units outstanding: Nil (2023 : 14,645,889 units)	-	-	-	1,470,154,338
Faysal Sharia Planning Fund - Faysal Sharia Capital Preservation Plan IX Units outstanding: Nil (2023 : 5,010,873 units)	-	-	-	502,991,410
Faysal Sharia Planning Fund - Faysal Sharia Capital Preservation Plan X Units outstanding: Nil (2023 : 4,008,698 units)	-	-	-	402,393,129
Central Depository Company of Pakistan Limited - Trustee Remuneration to the Trustee payable Sindh sales tax payable on remuneration of the Trustee	234,442 31,221	512,676 66,764	747,118 97,985	245,754 32,560
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan VII Units outstanding: Nil (2023 : 2,004,349 units)	-	-	-	201,196,564
Unit holders with more than 10% unit holding Units outstanding: 5,450,958 units (2023 : 15,183,969 units) Units outstanding: 5,745,753 units	548,420,888 -	- 576,241,568	548,420,888 576,241,568	1,524,166,839 -
Key Management Personnel of The Management Company Mr. Nadir Rahman Units outstanding: 20 units (2023 : Nil)	2,012	-	2,012	-

19 FINANCIAL INSTRUMENTS BY CATEGORY

FISP-I

	June 30, 2024		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	1,010,525,583	-	1,010,525,583
Investments	-	4,333,960,340	4,333,960,340
Deposit and other receivables	108,830,623	-	108,830,623
Receivable against sale of units	7,431,000	-	7,431,000
	<u>1,126,787,206</u>	<u>4,333,960,340</u>	<u>5,460,747,546</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	21,257,711	-	21,257,711
Payable to Central Depository Company of Pakistan Limited - Trustee	265,663	-	265,663
Payable against redemption of units	46,052,150	-	46,052,150
Dividend payable	10,038,307	-	10,038,307
Accrued expenses and other liabilities	1,920,460	-	1,920,460
	<u>79,534,291</u>	<u>-</u>	<u>79,534,291</u>
	June 30, 2023		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	923,298,056	-	923,298,056
Investments	-	4,646,177,600	4,646,177,600
Deposit and other receivables	231,162,324	-	231,162,324
	<u>1,154,460,380</u>	<u>4,646,177,600</u>	<u>5,800,637,980</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	9,076,257	-	9,076,257
Payable to Central Depository Company of Pakistan Limited - Trustee	278,314	-	278,314
Accrued expenses and other liabilities	1,345,137	-	1,345,137
	<u>10,699,708</u>	<u>-</u>	<u>10,699,708</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

14

FISP-II

	June 30, 2024		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balance with bank	1,341,939,487	-	1,341,939,487
Investments	-	2,702,670,000	2,702,670,000
Deposit and other receivables	85,027,522	-	85,027,522
	<u>1,426,967,009</u>	<u>2,702,670,000</u>	<u>4,129,637,009</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	15,826,372	-	15,826,372
Payable to Central Depository Company of Pakistan Limited - Trustee	579,440	-	579,440
Payable against redemption of units	32,214,897	-	32,214,897
Dividend payable	40	-	40
Accrued expenses and other liabilities	380,745	-	380,745
	<u>49,001,494</u>	<u>-</u>	<u>49,001,494</u>

20 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.

20.1 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) 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 investment in GoP ijarah sukuk certificates. 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 GoP ijarah sukuk certificates and 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 for the year / period and net assets of plan would have been higher / lower by Rs. 53.445 (June 30, 2023: Rs. 55.695) million for FISP-I and Rs. 40.446 million for FISP-II. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment portfolio, KIBOR 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 reporting dates can be determined as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

FISP-II

June 30, 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					
Balance with bank 20.00%	1,341,939,487	-	-	-	1,341,939,487
Investments 19.86% - 22.39%	149,940,000	2,552,730,000	-	-	2,702,670,000
Deposit and other receivables	-	-	-	85,027,522	85,027,522
	1,491,879,487	2,552,730,000	-	85,027,522	4,129,637,009
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company	-	-	-	15,826,372	15,826,372
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	579,440	579,440
Payable against redemption of units	-	-	-	32,214,897	32,214,897
Dividend payable	-	-	-	40	40
Accrued expenses and other liabilities	-	-	-	380,745	380,745
	-	-	-	49,001,494	49,001,494
On-balance sheet gap (a)	1,491,879,487	2,552,730,000	-	36,026,028	4,080,635,515
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total interest rate sensitivity gap (a+b)	1,491,879,487	2,552,730,000	-		
Cumulative interest rate sensitivity gap	1,491,879,487	4,044,609,487	4,044,609,487		

(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.

The Fund does not hold any instruments that expose it to price risk as of June 30, 2024.

20.2 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 period.

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

17

FISP-I

June 30, 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	1,010,525,583	-	-	-	-	1,010,525,583
Investments	-	75,255,000	4,258,705,340	-	-	4,333,960,340
Deposit and other receivables	108,830,623	-	-	-	-	108,830,623
Receivable against sale of units	7,431,000	-	-	-	-	7,431,000
	1,126,787,206	-	75,255,000	4,258,705,340	-	5,460,747,546
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	21,257,711	-	-	-	-	21,257,711
Payable to Central Depository Company of Pakistan Limited - Trustee	265,663	-	-	-	-	265,663
Payable against redemption of units	46,052,150	-	-	-	-	46,052,150
Dividend payable	10,038,307	-	-	-	-	10,038,307
Accrued expenses and other liabilities	1,920,460	-	-	-	-	1,920,460
	79,534,291	-	-	-	-	79,534,291
Net financial assets	1,047,252,915	-	75,255,000	4,258,705,340	-	5,381,213,255

June 30, 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	923,298,056	-	-	-	-	923,298,056
Investments	-	4,253,150,000	393,027,600	-	-	4,646,177,600
Deposit and other receivables	231,162,324	-	-	-	-	231,162,324
	1,154,460,380	-	4,253,150,000	393,027,600	-	5,800,637,980
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	9,076,257	-	-	-	-	9,076,257
Payable to Central Depository Company of Pakistan Limited - Trustee	278,314	-	-	-	-	278,314
Accrued expenses and other liabilities	1,345,137	-	-	-	-	1,345,137
	10,699,708	-	-	-	-	10,699,708
Net financial assets	1,143,760,672	-	4,253,150,000	393,027,600	-	5,789,938,272

FISP-II

June 30, 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						
Balance with bank	1,341,939,487	-	-	-	-	1,341,939,487
Investments	-	-	2,702,670,000	-	-	2,702,670,000
Deposit and other receivables	85,027,522	-	-	-	-	85,027,522
	1,426,967,009	-	2,702,670,000	-	-	4,129,637,009
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	15,826,372	-	-	-	-	15,826,372
Payable to Central Depository Company of Pakistan Limited - Trustee	579,440	-	-	-	-	579,440
Payable against redemption of units	32,214,897	-	-	-	-	32,214,897
Dividend payable	40	-	-	-	-	40
Accrued expenses and other liabilities	380,745	-	-	-	-	380,745
	49,001,494	-	-	-	-	49,001,494
Net financial assets	1,377,965,515	-	2,702,670,000	-	-	4,080,635,515

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

20.3 Credit risk

- 20.3.1** 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 mainly arises from balances with banks and financial institutions and profit receivable thereon.

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

FISP-I

	2024	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees -----	
Balances with banks	1,010,525,583	1,010,525,583
Investments	4,333,960,340	-
Deposit and other receivables	112,829,013	23,487,554
Receivable against sale of units	7,431,000	7,431,000
	<u>5,464,745,936</u>	<u>1,041,444,137</u>

	2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees -----	
Balances with banks	923,298,056	923,298,056
Investments	4,646,177,600	-
Deposit and other receivables	231,162,324	10,684,101
	<u>5,800,637,980</u>	<u>933,982,157</u>

FISP-II

	2024	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees -----	
Balance with bank	1,341,939,487	1,341,939,487
Investments	2,702,670,000	-
Deposit and other receivables	85,027,522	26,577,818
	<u>4,129,637,009</u>	<u>1,368,517,305</u>

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

20.3.2 Credit quality of financial assets

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

Ratings	Percentage of bank balances exposed to credit risk	Percentage of bank balances exposed to credit risk
	2024	2023
FISP-I		
AA	99.999%	-
AA+	-	100.000%
AAA	0.001%	-
	<u>100.000%</u>	<u>100.000%</u>
FISP-II		
AA	100.000%	-
	<u>100.000%</u>	<u>-</u>

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

19

20.3.3 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.

21 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 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 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.

22 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 at 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.

22.1 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 reporting dates, the Fund held the following financial instruments measured at fair value:

FISP-I

GoP Ijarah Sukuks

June 30, 2024			
Level 1	Level 2	Level 3	Total
Rupees			
-	4,333,960,340	-	4,333,960,340

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

20

June 30, 2023			
Level 1	Level 2	Level 3	Total
Rupees			
GoP Ijarah Sukuks	-	4,646,177,600	-
			4,646,177,600

FISP-II

June 30, 2024			
Level 1	Level 2	Level 3	Total
Rupees			
GoP Ijarah Sukuks	-	2,702,670,000	-
			2,702,670,000

23 UNIT HOLDING PATTERN OF THE FUND

FISP-I

June 30, 2024			
Category	Number of unit holders	Number of units held	Percentage of total
Associated Company	1	7,453,915	14.03%
Other Corporates	31	12,918,809	24.32%
Retirement Funds	10	6,618,747	12.46%
Insurance Companies	4	2,748,114	5.17%
Individuals	1,350	23,379,812	44.02%
	1,396	53,119,397	100.00%

June 30, 2023			
Category	Number of unit holders	Number of units held	Percentage of total
Associated Bank / DF1 / AMC	1	4,800,872	8.32%
Individuals	74	5,728,528	9.92%
NBFCs	4	25,669,809	44.49%
Other Corporates	2	14,341,135	24.85%
Retirement Fund	1	1,197,963	2.08%
Others	1	5,964,669	10.34%
	83	57,702,976	100.00%

FISP-II

June 30, 2024			
Category	Number of unit holders	Number of units held	Percentage of total
Individuals	592	39,908,211	98.72%
Other Corporate	1	499,500	1.24%
Retirement Fund	1	11,232	0.03%
Associated Company	1	4,849	0.01%
	595	40,423,792	100.00%

24 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 Analyst - Research	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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

21

25 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 Halal Amdani Fund, Faysal Islamic Financial Growth Fund, Faysal Islamic KPK Government Employees Pension Fund and Faysal Islamic Mustakil Munafa Fund.

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name of directors	Designation	Attended meeting held on						
		12-Jul-23	18-Aug-23	20-Oct-23	12-Dec-23	05-Jan-24	02-Feb-24	19-Apr-24
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 October 20, 2023.

27 GENERAL

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

28 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

	FISP-II June 30, 2024 (Rupees)	FISP-I June 30, 2024 (Rupees)	FISP-I June 30, 2023 (Rupees)
(i) PERFORMANCE TABLE			
Net assets	4,053,978,076	5,344,270,152	5,792,221,967
Net assets value per unit	100.29	100.61	100.38
Offer price per unit	102.56	102.89	102.65
Repurchase price per unit	100.29	100.61	100.38
Highest offer price per unit	111.15	106.51	108.01
Highest repurchase price per unit	108.69	104.16	105.62
Lowest offer price per unit	100.16	102.65	102.19
Lowest repurchase price per unit	100.19	100.38	99.93
Total return:	18.99%	21.81%	1.39%
- capital growth	10.25%	2.00%	0.38%
- income distribution	8.74%	19.81%	1.01%
Average annual return:			
FISP-I (Launch date: February 01, 2023)			
FISP-II (Launch date: January 08, 2024)			
- one year	18.99%	21.81%	1.39%
- two years	N/A	11.60%	N/A
- three years			N/A
Distribution per unit:			
- Interim distribution (% per unit) *	8.74%	19.81%	1.01%
- Final distribution (% per unit)	-	-	-
	<u>8.74%</u>	<u>19.81%</u>	<u>1.01%</u>

* Announced on 24 & 25 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 Pur	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

W faysalfunds.com

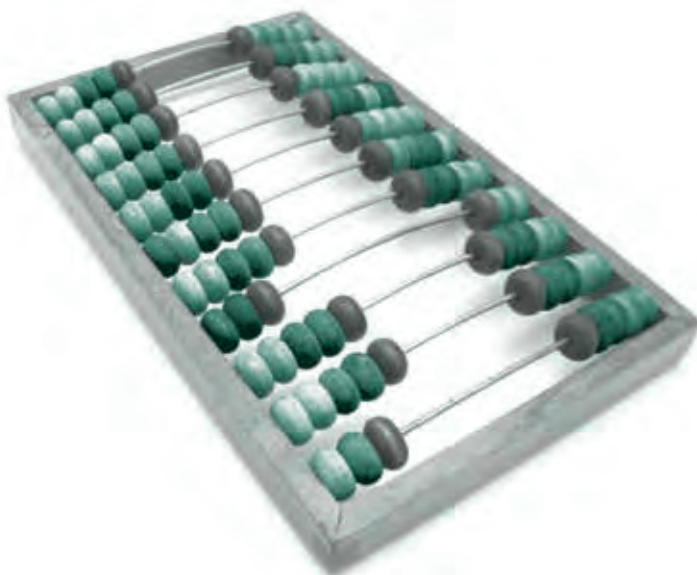
f facebook.com/faysalasset

X x.com/faysalasset

Faysal Islamic Savings Growth Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Report to the Shariah Advisor	08
Trustee Report to the Unit Holders	09
Independent Auditor's Report to the Unit Holders	10
Statement of Assets and Liabilities	13
Income Statement	14
Statement of Comprehensive Income	15
Statement of Movement in Unit Holders' Fund	16
Cash Flow Statement	17
Notes to the Financial Statements	18
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

Al-Baraka Bank Pakistan Limited
MCB Islamic Bank Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Dubai Islamic Bank
Zarai Taraqati Bank Limited
Habib bank Limited (Islamic Banking)
Soneri Bank Limited (Islamic Banking)
Meezan 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 Islamic Saving Growth Funds seeks to provide maximum possible preservation of capital and a responsible Shariah compliant return to its units holder.

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.

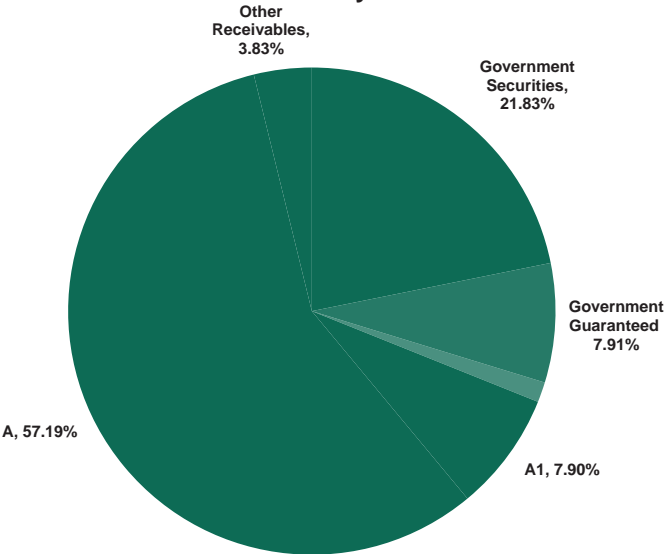
MONEY MARKET REVIEW

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.

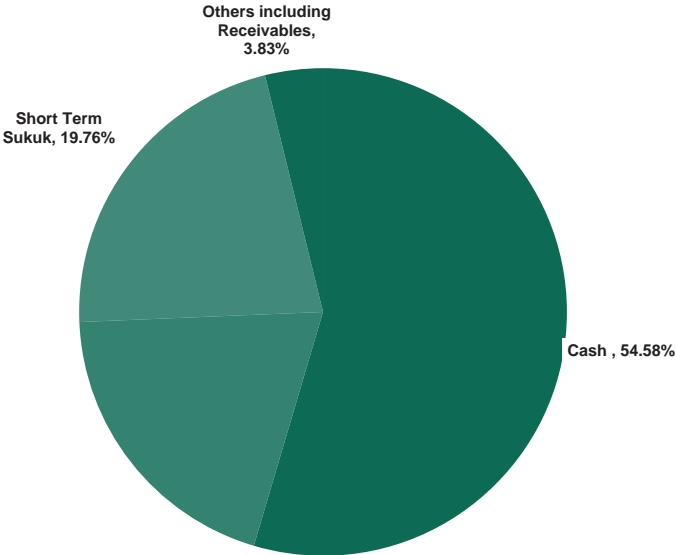
Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Income Scheme
Stability Rating	A+(f) (VIS) December 15 ,2023
Risk Profile	Medium
Launch Date	June 14, 2010
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee	Up to 1.5% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1.50%)
Selling and Marketing Expense	0.33%
Front/Back-end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR 5000
Benchmark	Six months average deposit rates of three A rated scheduled Islamic Banks or Islamic windows of conventional Banks
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 4:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	105.38
Net Assets (PKR mn)	1,197
Total Expense Ratio (Annualized)	2.30%
Total Expense Ratio (Monthly)	2.59%

Fund Returns (% p.a)		
	FY24	FY23
YTD	18.68%	14.32%
Benchmark (YTD)	10.10%	6.06%

Asset Quality



Asset Allocation



FUND PERFORMANCE

Faysal Islamic Savings Growth (FISGF) yielded an annualized FY24 return of 18.68% relative to its benchmark of 10.10%. By the end of the period, Cash allocation was maintained at 54.58%, while exposure in Short-term Sukuk, GOP Ijara Sukuk and Other Receivables stood at 19.76% / 21.83% / 3.83%, respectively. In the future, your fund will strive to maximize returns in a competitive macroeconomic landscape.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،
وعلى آله واصحابه أجمعين. أما بعد

Annual Report of
Faysal Islamic Savings Growth Fund

August 22, 2024

By the blessing of ALLAH, the year ended 30 June, 2024 under analysis of **Faysal Islamic Savings Growth Fund (FISGF)**. I, as the Shariah Advisor of the fund am issuing the report in accordance with the trust deed of the fund. The scope of the report is to express an opinion on the Shariah Compliance of the fund's activities.

In the capability of Shariah Advisor, I have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction.


It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company' personal and review of various documents prepared by the management company to comply with the prescribed criteria.

In the light of above, I hereby certify that:

- I have reviewed and approved the modes of investment of **FISGF** in light of the Shariah guidelines.
- All the provisions of the scheme and investment made on account of **FISGF** by **FAML** Fund Managers are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the management, all operations of **Faysal Islamic Savings Growth Fund (FISGF)** for year ended 30 June 2024 have been in compliance with the Shariah Principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance System.

وصلى الله على حبيبنا محمد صلى الله عليه وسلم


Abdul Zahid Farooqi
Shariah Advisor

Faysal Asset Management Limited

Mufti Abdul Zahid Farooqi
Shariah Advisor
Faysal Asset Management Ltd

**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.cdcPakistan.com
Email: info@cdcpak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL ISLAMIC SAVINGS 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 Islamic Savings Growth Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 clause 2.2.2 of the Offering Document of the Fund wherein the Fund is required to invest at least 25% of the net assets in Cash and Near Cash Instruments on calendar month average basis. In this regard, Faysal Islamic Savings Growth Fund was non-compliant with the said requirement in the month of May 2024 with exposure of 4.41% of the net assets. The said non-compliance has already 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 Islamic Savings Growth Fund****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Faysal Islamic 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)	
	<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. 707.71 million and investments aggregated to Rs. 526.68 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.J. 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: AR202410068zk4XtMoWA

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Assets			
Balances with banks	4	707,709,328	1,366,844,236
Investments	5	526,680,000	1,259,388,212
Advances, deposits, prepayments and other receivables	6	32,196,578	52,460,799
Total assets		<u>1,266,585,906</u>	<u>2,678,693,247</u>
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	7	8,102,398	3,533,635
Payable to Central Depository Company of Pakistan Limited - Trustee	8	78,672	139,020
Payable to the Securities and Exchange Commission of Pakistan	9	69,230	441,517
Payable against redemption and conversion of units		-	495,107
Accrued expenses and other liabilities	10	60,853,665	8,119,987
Total liabilities		<u>69,103,965</u>	<u>12,729,266</u>
Net assets		<u>1,197,481,941</u>	<u>2,665,963,981</u>
Unit holders' fund (as per statement attached)		<u>1,197,481,941</u>	<u>2,665,963,981</u>
Contingencies and commitments	11		
		----- (Number of units) -----	
Number of units in issue		<u>11,363,904</u>	<u>25,405,328</u>
		----- (Rupees) -----	
Net asset value per unit		<u>105.38</u>	<u>104.94</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 ----- (Rupees) -----	2023 -----
Income			
Profit on sukuk certificates		220,277,409	208,252,211
Profit on commercial papers		-	710,528
Profit on balances with banks		212,703,954	89,473,978
Profit on certificate of musharakah		5,189,481	42,946,826
Loss on sale of investments - net		(5,816,066)	(6,474,727)
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit and loss' - net	5.4	(3,772,740)	(8,007,463)
Other income		168,827	-
Total income		<u>428,750,865</u>	<u>326,901,353</u>
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	7.1	29,807,457	22,075,851
Sindh Sales Tax on remuneration of the Management Company	7.2	3,874,969	2,869,861
Selling and marketing expenses	7.3	8,766,810	2,207,585
Accounting and operational charges	7.4	1,387,981	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	1,621,092	1,655,750
Sindh Sales Tax on remuneration of the Trustee	8.2	210,742	215,248
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	1,621,092	441,517
Transaction charges		651,697	289,844
Auditors' remuneration	12	843,963	595,777
Fees and subscription		295,258	276,670
Printing charges		11,027	27,156
Shariah advisory fee		167,189	77,977
Legal and professional charges		261,456	91,590
Bank charges		12,993	12,184
Total expenses		<u>49,533,726</u>	<u>30,837,010</u>
Net income for the year before taxation		<u>379,217,139</u>	<u>296,064,343</u>
Taxation	13	-	-
Net income for the year after taxation		<u><u>379,217,139</u></u>	<u><u>296,064,343</u></u>
Earnings per unit	14		
Allocation of net income for the year			
Net income for the year after taxation		379,217,139	296,064,343
Income already paid on units redeemed		(254,103,481)	(192,227,327)
		<u>125,113,658</u>	<u>103,837,016</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		125,113,658	103,837,016
		<u>125,113,658</u>	<u>103,837,016</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	379,217,139	296,064,343
Other comprehensive income for the year	-	-
Total comprehensive income for the year	379,217,139	296,064,343

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

	Note	2024	2023
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		379,217,139	296,064,343
Adjustments for:			
Unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit and loss' - net	5.4	3,772,740	8,007,463
		382,989,879	304,071,806
Decrease / (increase) in assets			
Investments - net		628,935,472	952,349,075
Advances, deposits, prepayments and other receivables		20,264,221	(14,161,274)
		649,199,693	938,187,801
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		4,568,763	(1,509,227)
Payable to Central Depository Company of Pakistan Limited - Trustee		(60,348)	(60,344)
Payable to the Securities and Exchange Commission of Pakistan		(372,287)	(275,240)
Accrued expenses and other liabilities		15,390,473	(1,470,495)
		19,526,601	(3,315,306)
Net cash generated from operating activities		1,051,716,173	1,238,944,301
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		10,777,852,266	7,572,065,250
Payments against redemption and conversion of units		(12,505,976,974)	(7,757,357,208)
Dividend paid		(82,726,373)	(203,757,884)
Net cash used in financing activities		(1,810,851,081)	(389,049,842)
Net (decrease) / increase in cash and cash equivalents during the year		(759,134,908)	849,894,459
Cash and cash equivalents at the beginning of the year		1,466,844,236	616,949,777
Cash and cash equivalents at the end of the year	17	707,709,328	1,466,844,236

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

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	2,596,132,614	69,831,367	2,665,963,981	2,712,548,999	47,080,588	2,759,629,587
Issuance of 94,535,421 (2023: 68,054,476) units						
- Capital value (at net asset value per unit at the beginning of the year)	9,920,547,080	-	9,920,547,080	7,065,415,698	-	7,065,415,698
- Element of income	929,900,659	-	929,900,659	506,464,552	-	506,464,552
Total proceeds on issuance of units	10,850,447,739	-	10,850,447,739	7,571,880,250	-	7,571,880,250
Redemption of 108,576,845 (2023: 69,230,317) units						
- Capital value (at net asset value per unit at the beginning of the year)	(11,394,054,114)	-	(11,394,054,114)	(7,187,491,511)	-	(7,187,491,511)
- Element of loss	(857,324,272)	(254,103,481)	(1,111,427,753)	(378,133,477)	(192,227,327)	(570,360,804)
Total payments on redemption of units	(12,251,378,386)	(254,103,481)	(12,505,481,867)	(7,565,624,988)	(192,227,327)	(7,757,852,315)
Total comprehensive income for the year	-	379,217,139	379,217,139	-	296,064,343	296,064,343
Distribution for the year ended June 30, 2024 @ Rs. 19.14 per unit declared on June 20, 2024 (2023: Rs. 13.64 per unit declared on June 16, 2023)	(72,595,473)	(120,069,578)	(192,665,051)	(122,671,647)	(81,086,237)	(203,757,884)
Net income for the year less distribution	(72,595,473)	259,147,561	186,552,088	(122,671,647)	214,978,106	92,306,459
Net assets at the end of the year	1,122,606,494	74,875,447	1,197,481,941	2,596,132,614	69,831,367	2,665,963,981
Undistributed income brought forward		77,838,830			54,903,518	
- Realised income		(8,007,463)			(7,822,930)	
- Unrealised loss		69,831,367			47,080,588	
Accounting income available for distribution						
- Relating to capital gains	-			-		
- Excluding capital gains	125,113,658			103,837,016		
	125,113,658			103,837,016		
Distribution during the year		(120,069,578)			(81,086,237)	
Undistributed income carried forward		74,875,447			69,831,367	
Undistributed income carried forward						
- Realised income		78,648,187			77,838,830	
- Unrealised loss		(3,772,740)			(8,007,463)	
		74,875,447			69,831,367	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year	104.94			103.82		
Net asset value per unit at the end of the year	105.38			104.94		

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 Islamic 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 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.

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

- 1.2 The 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 'Shariah Compliant Islamic 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 June 15, 2010 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 According to the Trust Deed, the objective of the Fund is to provide a reasonable rate of return along with maximum possible preservation of capital by investing in Shariah compliant 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. Furthermore, VIS Credit Rating Company Limited has reaffirmed the stability rating of "A+(f)" of the Fund dated December 15, 2023 [2023: A+(f) dated December 13, 2022].
- 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
- 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 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 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 certain investments which have been classified as 'at fair value through profit or loss' and which are measured at fair value.

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 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 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**3.2.1.1 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 amortised 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.

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 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 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 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.

3.9 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 sukuk certificates, commercial papers, certificates of musharakah and murabaha share financing is recognised on an accrual basis using the effective yield method;
- Profit on balances with banks and other income is recognised on an accrual 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 period in which these arise; and
- Income / (loss) from spread transactions is recorded at the date at which the transaction takes place.

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

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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash.

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 per unit is calculated by dividing the net income for 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.

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>707,709,328</u>	<u>1,366,844,236</u>
4.1	These include a balance of Rs. 28.320 million (2023: Rs. 3.473 million) maintained with Faysal Bank Limited (a related party) that carries profit at the rate of 20.00% (2023: 20.40%) per annum. Other savings accounts of the Fund carry profit rates ranging from 6.5% to 21.2% (2023: 9.00% to 19.75%) per annum.		
	Note	2024	2023
		(Rupees)	
5 INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Corporate sukuk certificates	5.1	250,270,000	878,373,212
GoP Ijarah sukuk certificates	5.2	276,410,000	281,015,000
Certificates of musharakah	5.3	-	100,000,000
		<u>526,680,000</u>	<u>1,259,388,212</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

5.1 Corporate 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 as at June 30, 2024	Percentage in relation to	Total market value of	
				(Number of certificates)				(Rupees)		%	investments		
Telecommunication													
Pakistan Telecommunication Company Limited (AA+, PACRA, non-traded) (Face value of 1,000,000 per certificate)	Semi-annually	June 20, 2024	6 months KIBOR plus base rate of 0.2%	-	100	100	-	-	-	-	-	-	
Power Generation & Distribution													
The Hub Power Company Limited (AA+, PACRA, non-traded) (Face value of 50,000 per certificate)	Semi-annually	19 March, 2024	12 months KIBOR plus base rate of 1.90%	2,500	-	2,500	-	-	-	-	-	-	
The Hub Power Company Limited (AA+, PACRA, non-traded) (Face value of 25,000 per certificate)	Quarterly / Semi-annually	August 22, 2023	3 months KIBOR plus base rate of 1.90%	500	-	500	-	-	-	-	-	-	
Pakistan Energy Sukuk II (Face value of 5,000 per certificate)	Semi-annually / At maturity	May 21, 2030	6 months KIBOR minus base rate of 0.10%	20,000	-	-	20,000	100,020,000	100,120,000	100,000	8.36%	19.01%	
Hub Power Holdings Limited (AA+, PACRA, non-traded) (Face value of 100,000 per certificate)	Semi-annually / Semi-annually starting from May 12, 2024	November 12, 2025	6 months KIBOR plus base rate of 2.50%	3,500	-	3,500	-	-	-	-	-	-	
K-Electric Limited PPSTS-16 (A-1+, VIS) (Face value of 1,000,000 per certificate)	At maturity	October 11, 2023	6 months KIBOR plus base rate of 0.30%	225	-	225	-	-	-	-	-	-	
Mughal Iron & Steel Industries STS-1 (A+, PACRA, non-traded) (Face value of 1,000,000 per certificate)	Semi-annually	October 18, 2024	6 months KIBOR plus base rate of 1.1%	-	100	-	100	100,000,000	100,000,000	-	8.35%	18.99%	
Commercial Banks													
Al Baraka Bank Pakistan limited (AA+, PACRA, traded) (Face value of 1,000,000 per certificate)	Semi-annually / At maturity	December 22, 2031	6 months KIBOR plus base rate of 1.50%	50	-	-	50	49,500,000	50,150,000	650,000	4.19%	9.52%	
Chemicals													
Ghani Chemical Industries Limited (A, PACRA, non-traded) (Face value of 12,500 per certificate)	Quarterly	February 2, 2024	3 months KIBOR plus base rate of 1.00%	564	-	564	-	-	-	-	-	-	
Total as at June 30, 2024								249,520,000	250,270,000	750,000	20.90%	47.52%	
Total as at June 30, 2023								873,938,345	878,373,212	4,434,867			

5.2 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 diminution as at June 30, 2024	Percentage in relation to Net assets of the Fund	Total market value of investments
					(Number of certificates)			(Rupees)			%		
GoP Ijarah Sukuk Certificates - XIX - VRR	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted average 6 months T-Bills	-	4,600	4,600	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXII - VRR	Semi-annually / At maturity	December 9, 2020	December 9, 2025	Weighted average 6 months T-Bills	1,000	-	-	1,000	99,598,287	100,750,000	1,151,713	8.41%	19.13%
GoP Ijarah Sukuk Certificates - XI - FRR	Semi-annually / At maturity	December 15, 2021	December 15, 2026	11.40%	1,500	-	-	1,500	135,120,000	131,370,000	(3,750,000)	10.97%	24.94%
GoP Ijarah Sukuk Certificates - XXII - FRR	Semi-annually / At maturity	April 27, 2022	April 27, 2027	12.49%	500	-	-	500	46,214,453	44,290,000	(1,924,453)	3.70%	8.41%
GoP Ijarah Sukuk Certificates - XLVII - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2024	20.7% - 21.84%	-	250	250	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - L - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2026	11.40%	-	750	750	-	-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

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 as at June 30, 2024	Percentage in relation to Total market value of investments
					(Number of certificates)			(Rupees)			%	
GoP Ijarah Sukuk Certificates - XLVIII - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2026	20.33%	-	750	750	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XLIX - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2028	16.19%	-	1,000	1,000	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XLVIII - VRR	Semi-annually / At maturity	December 4, 2023	December 4, 2026	21.16%	-	7,500	7,500	-	-	-	-	-
Total as at June 30, 2024									280,932,740	276,410,000	(4,522,740)	23.08%
Total as at June 30, 2023									293,457,330	281,015,000	(12,442,330)	52.48%

5.2.1 The nominal value of these sukuk certificates is Rs. 100,000 each.

5.3 Certificates of musharakah

Name of the investee company	Maturity date	Profit rate	(Face value)				Percentage in relation to	
			As at July 01, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	Net assets of the Fund	Total market value of investments
			(Rupees)				%	
Modarabas								
OLP Modaraba (AA, PACRA)	September 22, 2023	3 months KIBOR plus base rate of 0.05%	100,000,000	-	100,000,000	-	0.00%	0.00%
Total as at June 30, 2024						-		
Total as at June 30, 2023						100,000,000		

5.4 Unrealised 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	526,680,000	1,259,388,212
Less: carrying value of investments	530,452,740	1,267,395,675
	(3,772,740)	(8,007,463)

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with:

Central Depository Company of Pakistan Limited
National Clearing Company of Pakistan Limited (NCCPL)

100,000	100,000
2,500,000	2,500,000
2,600,000	2,600,000
408,218	416,018
7,205,659	37,067,860
-	545,425
20,280,220	10,542,716
1,443,121	1,029,421
259,360	259,359
32,196,578	52,460,799

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 savings accounts, sukuk certificates and commercial papers 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 withhold. The tax withheld on profit on savings accounts and sukuk certificates amounts to Rs. 1.443 million (2023: Rs. 1.029 million).

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

8

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 CIs (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 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.

	Note	2024	2023
		(Rupees)	
7 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration payable	7.1	2,096,802	1,639,527
Sindh Sales Tax payable on remuneration of the Management Company	7.2	272,584	213,139
Selling and marketing expenses payable	7.3	4,019,686	324,031
Sales load payable		1,524,837	1,356,938
Accounting and operational charges	7.4	188,489	-
		<u>8,102,398</u>	<u>3,533,635</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 rate ranging from 1.1% to 1.5% (2023: 1%) 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. 3.874 million (2023: Rs 2.870 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 the rate ranging from 0.10% to 0.75% (2023: 0.10%) 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 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 allocated expenses to the Fund at the rates ranging from 0% to 0.25% (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 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	2023
		(Rupees)	
8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED -TRUSTEE			
Remuneration payable to the Trustee	8.1	69,626	123,027
Sindh Sales Tax payable on remuneration of the Trustee	8.2	9,046	15,993
		<u>78,672</u>	<u>139,020</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.

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

9

- 8.2** During the year, an amount of Rs. 0.210 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 of 13% (2023: 13%).

	Note	2024	2023
		----- (Rupees) -----	
9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable	9.1	<u>69,230</u>	<u>441,517</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 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.

	Note	2024	2023
		----- (Rupees) -----	
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	10.1	5,271,869	5,271,869
Auditor's remuneration payable		650,478	575,151
Zakat payable		241,443	237,033
Legal and professional charges payable		1,306,331	1,179,695
Printing charges payable		40,430	47,597
Withholding tax payable		15,610,911	506,127
Dividend Payable		37,343,205	-
Transaction charges payable		74,156	-
Shariah advisory fee payable		170,872	161,319
Others		<u>143,970</u>	<u>141,196</u>
		<u>60,853,665</u>	<u>8,119,987</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. 5.272 million (2023: Rs. 5.272 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. 0.464 (2023: Re. 0.208) per unit.

11 CONTINGENCIES AND COMMITMENTS

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

10

12	AUDITORS' REMUNERATION	2024	2023
		(Rupees)	
	Annual audit fee	430,000	350,000
	Fee for half yearly review of condensed interim financial statements	305,000	166,000
	Out of pocket expenses	46,447	35,645
		781,447	551,645
	Sindh Sales tax	62,516	44,132
		<u>843,963</u>	<u>595,777</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 in these financial statements as, in the opinion of the management, the determination of the 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 2.30% (2023: 1.4%) which includes 0.27% (2023: 0.16%) 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'.

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 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.
- 16.4** Remuneration to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 16.5** Selling and marketing expenses and accounting and operational charges are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

- 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	2023
	(Rupees)	
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	29,807,457	22,075,851
Sindh Sales Tax on remuneration of the Management Company	3,874,969	2,869,861
Selling and marketing expenses	8,766,810	2,207,585
Accounting and operational charges	1,387,981	-
Units issued: 18,010,614 units (2023: 25,148,058 units)	2,009,696,465	2,815,545,090
Units redeemed: 17,060,035 units (2023: 22,760,967 units)	1,940,000,000	2,574,258,426
Faysal Bank Limited - Group Company		
Profit on balance with bank	10,670,841	3,800,015
Bank charges	5,040	3,902
Units issued: Nil Units (2023: 20,094,168 units)	-	2,242,638,588
Units redeemed: Nil Units (2023: 19,964,652 units)	-	2,230,643,057
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,621,092	1,655,750
Sindh Sales Tax on remuneration of the Trustee	210,742	215,248
CDS charges	18,000	8,749
Sindh Sales Tax on CDS charges	2,340	850
Faysal Bank Limited - Staff Provident Fund		
Units issued: Nil units (2023: 5,511,850 units)	-	640,255,519
Units redeemed: 5,511,850 Units (2023: 4,873,310 units)	612,972,817	573,783,565
Faysal Bank Limited - Staff Gratuity Fund		
Units issued: Nil units (2023: 2,857,675 units)	-	331,947,001
Units redeemed: 2,857,675 Units (2023: 2,526,617 units)	341,892,204	297,483,939
Directors, their close family members and Key Management Personnel of the Management Company		
Units issued: Nil units (2023: 35 units)	-	3,657
Units redeemed: 35 units (2023: Nil units)	4,150	-
Dividend paid	-	286
Unit holders with more than 10% holding *		
Units issued: 18,010,614 units (2023: 12,872,314 units)	2,009,696,465	1,442,068,603
Units redeemed: 17,060,035 units (2023: 7,399,927 units)	1,940,000,000	871,267,504
Amounts / balances outstanding as at year end	2024	2023
	(Rupees)	
Faysal Asset Management Limited - Management Company		
Remuneration payable	2,096,802	1,639,527
Sindh Sales Tax payable on remuneration of the Management Company	272,584	213,139
Selling and marketing expenses payable	4,019,686	324,031
Sales load payable	1,524,837	1,356,938
Units outstanding: 3,337,670 units (2023: 2,387,091 units)	351,723,665	250,501,330
Faysal Bank Limited - Group Company		
Balance with bank	28,320,267	3,473,222
Profit receivable on balance with bank	-	-
Units outstanding: 1,950,851 units (2023: 1,950,851 units)	205,580,678	204,722,304

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

Amounts / balances outstanding as at year end

	2024	2023
	(Rupees)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	69,626	123,027
Sindh Sales Tax payable on remuneration of the Trustee	9,046	15,993
Security deposit	100,000	100,000

Faysal Bank Limited - Staff Provident Fund

Units outstanding: Nil units (2023: 5,511,850 units)	-	578,413,539
--	---	-------------

Faysal Bank Limited - Staff Gratuity Fund

Units outstanding: Nil units (2023: 2,857,675 units)	-	299,884,415
--	---	-------------

Directors, their close family members and Key Management Personnel of the Management Company

Units outstanding: Nil units (2023: 36 unit)	-	3,778
--	---	-------

Unit holders with more than 10% holding *

Units outstanding: 5,046,840 units (2023: 12,872,314 units)	531,836,031	1,350,820,683
---	-------------	---------------

* This also includes holding of Faysal Asset Management Limited and Faysal Bank Limited .

	Note	2024	2023
		(Rupees)	
17 CASH AND CASH EQUIVALENTS			
Balances with banks	4	707,709,328	1,366,844,236
Certificates of musharakah	5	-	100,000,000
		<u>707,709,328</u>	<u>1,466,844,236</u>

18 FINANCIAL INSTRUMENTS BY CATEGORY

2024		
At amortised cost	At fair value through profit or loss	Total
Rupees		

Financial assets

Balances with banks	707,709,328	-	707,709,328
Investments	-	526,680,000	526,680,000
Deposits and other receivables	<u>30,345,239</u>	<u>-</u>	<u>30,345,239</u>
	<u>738,054,567</u>	<u>526,680,000</u>	<u>1,264,734,567</u>

Financial liabilities

Payable to Faysal Asset Management Limited - Management Company	8,102,398	-	8,102,398
Payable to Central Depository Company of Pakistan Limited - Trustee	78,672	-	78,672
Accrued expenses and other liabilities	<u>39,729,442</u>	<u>-</u>	<u>39,729,442</u>
	<u>47,910,512</u>	<u>-</u>	<u>47,910,512</u>

2023		
At amortised cost	At fair value through profit or loss	Total
Rupees		

Financial assets

Balances with banks	1,366,844,236	-	1,366,844,236
Investments	-	1,259,388,212	1,259,388,212
Deposits and other receivables	<u>51,015,360</u>	<u>-</u>	<u>51,015,360</u>
	<u>1,417,859,596</u>	<u>1,259,388,212</u>	<u>2,677,247,808</u>

Financial liabilities

Payable to Faysal Asset Management Limited - Management Company	3,533,635	-	3,533,635
Payable to Central Depository Company of Pakistan Limited - Trustee	139,020	-	139,020
Accrued expenses and other liabilities	<u>2,104,958</u>	<u>-</u>	<u>2,104,958</u>
	<u>495,107</u>	<u>-</u>	<u>495,107</u>
	<u>6,272,720</u>	<u>-</u>	<u>6,272,720</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

19 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.

19.1 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.

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 banks, sukuk certificates and certificates of musharakah. 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, investment in sukuk certificates and certificates of musharakah 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. 10,587 million (2023: Rs. 24,333 million).

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity 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 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	6.5% - 21.5%	707,709,328	-	-	707,709,328	
Investments	11.40% - 22.81%	-	351,020,000	-	526,680,000	
Deposits and other receivables		-	-	30,345,239	30,345,239	
		707,709,328	351,020,000	175,660,000	30,345,239	1,264,734,567
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company		-	-	8,102,398	8,102,398	
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	78,672	78,672	
Accrued expenses and other liabilities		-	-	39,729,442	39,729,442	
		-	-	47,910,512	47,910,512	
On-balance sheet gap (a)		707,709,328	351,020,000	175,660,000	(17,565,273)	1,216,824,055
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		707,709,328	351,020,000	175,660,000		
Cumulative profit rate sensitivity gap		707,709,328	1,058,729,328	1,234,389,328		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

14

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	9.00% - 20.40%	1,366,844,236	-	-	1,366,844,236
Investments	11.40% - 24.58%	119,023,212	959,060,000	181,305,000	1,259,388,212
Deposits and other receivables		-	-	51,015,360	51,015,360
		1,485,867,448	959,060,000	181,305,000	2,677,247,808
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	3,533,635	3,533,635
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	139,020	139,020
Accrued expenses and other liabilities		-	-	2,104,958	2,104,958
		-	-	495,107	495,107
		-	-	6,272,720	6,272,720
On-balance sheet gap (a)		1,485,867,448	959,060,000	181,305,000	44,742,640
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		1,485,867,448	959,060,000	181,305,000	
Cumulative profit rate sensitivity gap		1,485,867,448	2,444,927,448	2,626,232,448	

(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.

19.2 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 settlement of equity securities and 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

15

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	707,709,328	-	-	-	-	707,709,328
Investments	-	-	200,750,000	175,660,000	150,270,000	526,680,000
Deposits and other receivables	20,539,580	-	7,205,659	-	2,600,000	30,345,239
	728,248,908	-	207,955,659	175,660,000	150,270,000	1,264,734,567
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	8,102,398	-	-	-	-	8,102,398
Payable to Central Depository Company of Pakistan Limited - Trustee	78,672	-	-	-	-	78,672
Accrued expenses and other liabilities	39,078,964	650,478	-	-	-	39,729,442
	47,260,034	650,478	-	-	-	47,910,512
Net financial assets	680,988,874	(650,478)	207,955,659	175,660,000	150,270,000	1,216,824,055

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	1,366,844,236	-	-	-	-	1,366,844,236
Investments	-	112,537,212	357,111,000	508,725,000	281,015,000	1,259,388,212
Receivable against issuance and conversion of units	10,802,075	545,425	37,067,860	-	2,600,000	51,015,360
Deposits and other receivables	1,377,646,311	113,082,637	394,178,860	508,725,000	281,015,000	2,677,247,808
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	3,533,635	-	-	-	-	3,533,635
Payable to Central Depository Company Limited - Trustee	139,020	-	-	-	-	139,020
Accrued expenses and other liabilities	1,529,807	575,151	-	-	-	2,104,958
Payable against redemption of units	495,107	-	-	-	-	495,107
	5,697,569	575,151	-	-	-	6,272,720
Net financial assets	1,371,948,742	112,507,486	394,178,860	508,725,000	281,015,000	2,670,975,088

19.3 Credit risk

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	707,709,328	707,709,328	1,366,844,236	1,366,844,236
Investments	526,680,000	250,270,000	1,259,388,212	978,373,212
Deposits and other receivables	30,345,239	27,368,204	51,015,360	47,837,088
	1,264,734,567	985,347,532	2,677,247,808	2,393,054,536

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 profit accrued thereon, however, is not exposed to credit risk and have been excluded from the above analysis as investment in government securities are guaranteed by the Government of Pakistan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

19.3.1 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 certificates of musharakah and profit accrued thereon. The credit rating profile of bank balances, sukuk certificates, certificates of musharakah and its accrued profit is as follows:

Rating	% of financial assets exposed to credit risk	
	2024	2023
Bank balances and profit accrued thereon		
AAA	0.00%	0.04%
AA+	0.02%	0.01%
AA-	0.04%	0.02%
AA	2.29%	31.14%
A+	0.04%	13.45%
A-	0.13%	0.06%
A	55.47%	6.94%
Sukuk certificates and profit accrued thereon		
AA+	19.88%	21.20%
A	0.00%	0.25%
A-1+	1.16%	8.82%
AA	0.86%	0%
Certificates of musharakah and profit accrued thereon		
AA	0.00%	3.76%

19.3.2 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.

20 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).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

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				
Corporate sukuk certificates	-	250,270,000	-	250,270,000
GoP Ijarah sukuk certificates	-	276,410,000	-	276,410,000
	-	526,680,000	-	526,680,000
	2023			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets at fair value through profit or loss				
Corporate sukuk certificates	-	878,373,212	-	878,373,212
GoP Ijarah sukuk certificates	-	281,015,000	-	281,015,000
Certificate of Musharakah	-	100,000,000	-	100,000,000
	-	1,259,388,212	-	1,259,388,212

21 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 19, 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.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2024			2023		
	Number of unit holders	Number of unit held	Percentage of total	Number of unit holders	Number of unit held	Percentage of total
Associated companies	2	3,579,350	31.50%	3	4,337,941	17.07%
Insurance companies	3	177	-	1	60	0.00%
Banks and DFI's	2	1,709,169	15.04%			
Retirement funds	9	820,680	7.22%	10	9,112,702	35.87%
Individuals	803	4,961,136	43.66%	642	11,619,578	45.74%
Others	23	293,391	2.58%	19	335,047	1.32%
	842	11,363,904	100.00%	675	25,405,328	100.00%

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Next Capital Limited	100%	43.68%
JS Global Capital Limited	-	41.67%
Adam Securities Limited	-	14.65%
	100%	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

23.1 The Fund has not traded with any brokers / dealers during the year ended June 30, 2023 (2022: 4 brokers / dealers).

24 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 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 Analyst - Research	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

25 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 Asset Allocation Fund, Faysal 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, Faysal Cash Fund and Faysal Special Savings Fund

26 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	Yes
Syed Majid Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ali Waqar	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs. Samia Zuber	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ehsen Zafar Puri*	Director	-	-	-	Yes	Yes	Yes	Yes	Yes
Mr. Nadir Rahman	Chief Executive officer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

*Mr Ehsen Zafar Puri has been appointed as director on the Board with effect from October 20,2023.

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

19

27 GENERAL

27.1 Figures have been rounded off to the nearest Rupees, 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	1,197,481,941	2,665,963,981	2,759,629,587	4,013,608,661	2,241,248,301
Net assets value per unit	105.38	104.94	103.82	103.43	103.18
Offer price per unit	107.77	107.32	106.17	105.77	105.25
Repurchase price per unit	105.38	104.94	103.82	103.43	103.18
Highest offer price per unit	126.78	120.53	114.4	112.52	116.03
Highest repurchase price per unit	123.98	117.86	111.87	110.03	113.75
Lowest offer price per unit	107.31	106.2	105.11	105.54	105.10
Lowest repurchase price per unit	104.94	103.85	103.45	103.20	103.03
Total return:	18.68%	14.32%	8.50%	6.75%	10.69%
- capital growth	0.44%	1.18%	0.41%	0.25%	0.22%
- income distribution	18.24%	13.14%	8.09%	6.50%	10.47%
Average annual return: (Launch date: June 14, 2010)					
- one year	18.68%	14.32%	8.50%	6.75%	10.69%
- two years	16.50%	11.41%	7.63%	8.72%	9.27%
- three years	13.83%	9.86%	8.65%	8.43%	N/A
Four Year	12.06%	10.07%	8.45%	N/A	N/A
Five Years	11.79%				
Distribution per unit:					
- Interim distribution (% per unit) *	18.24%	13.14%	8.09%	6.50%	10.47%
- Final distribution (% per unit)	-	-	-	-	0.00%
	<u>18.24%</u>	<u>13.14%</u>	<u>8.09%</u>	<u>6.50%</u>	<u>10.47%</u>

* Announced on 20 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

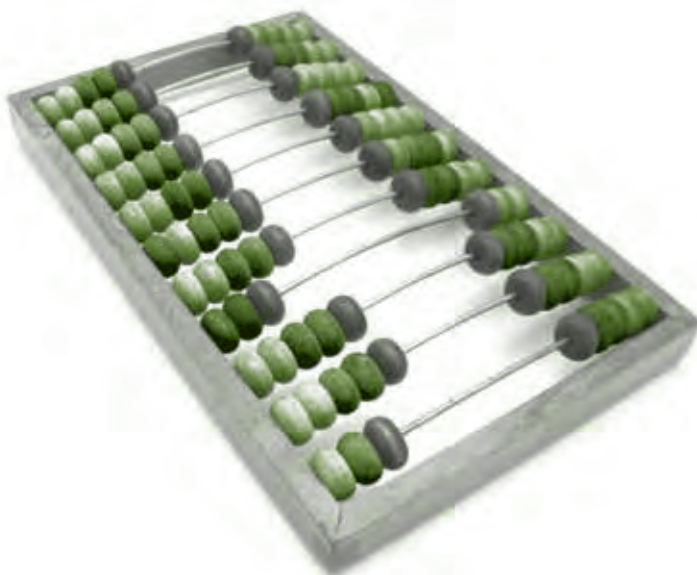
f facebook.com/faysalasset

✕ x.com/faysalasset

Faysal Islamic Special Income Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Report to the Shariah Advisor	12
Trustee Report to the Unit Holders	13
Independent Auditor's Report to the Unit Holders	14
Statement of Assets and Liabilities	17
Income Statement	18
Statement of Comprehensive Income	19
Statement of Movement in Unit Holders' Fund	20
Cash Flow Statement	21
Notes to the Financial Statements	22
Supplementary Non Financial Information	41

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

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 Islamic Special Income Funds seeks to provide maximum possible preservation of capital and a responsible Shariah compliant return to its units holder.

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

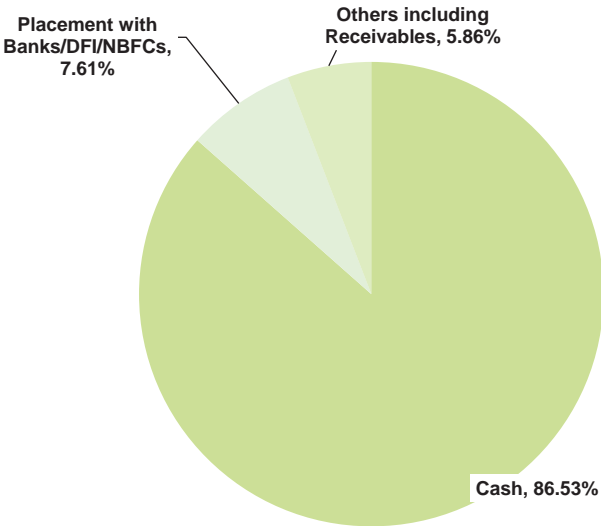
For the majority of FY24, the SBP kept the policy rate steady at 22%. However, following a decline in CPI readings, the SBP revised down the policy rate by 150 basis points to 20.5%. During the year, SBP held 26 T-Bill and 10 PIB auctions raising a total of ~PKR 21.3tn through T-Bills and ~PKR 4.5tn 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	Shariah Compliant Income Fund
Risk Profile	Medium
Launch Date	June 20, 2022
Custodian/Trustee	CDC
Stability Rating	AA(f) (PACRA) February 26 ,2024
Auditor	A.F. Ferguson & Co.
Management Fee	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.15%)
Selling and Marketing Expense	0.00%
Front/Back end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark*	Six months average deposit rates of three A rated scheduled Islamic Banks or Islamic windows of conventional Banks
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 4:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	10.09
Net Assets (mn)	129
Total Expense Ratio (Annualized)	1.40%
Total Expense Ratio (Monthly)	0.68%

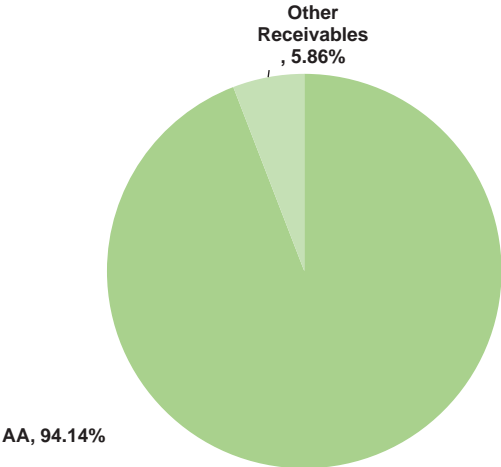
* weighted average of 6M KIBOR & percentage invested in equities

Fund Returns (% p.a)		
	FY24	FY23
YTD	19.58%	22.25%
Benchmark (YTD)	10.10%	6.06%

Asset Allocation



Asset Quality



FUND PERFORMANCE

Faysal Islamic Special Income Fund Plan-I (FISIP-I) significantly outpaced its Benchmark return by 9.48%, in FY24 posting an annualized return of 19.58%. Funds were allocated in Cash (86.53%), Placements with Banks (7.61%) and Others (5.86%). In the future, your fund will take exposure in other investment avenues, keeping in view the country’s economic position.

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.

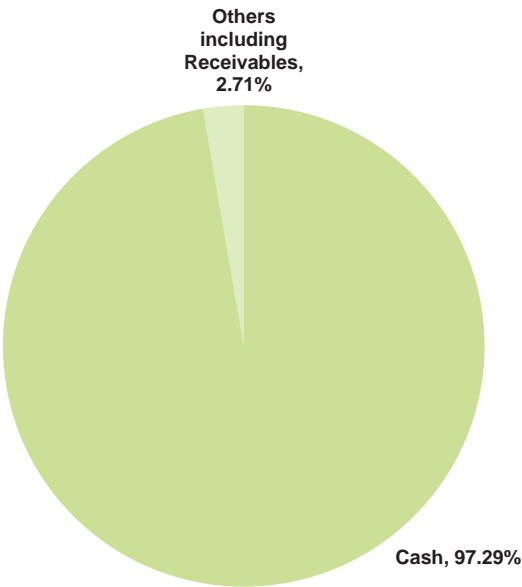
MONEY MARKET REVIEW

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.

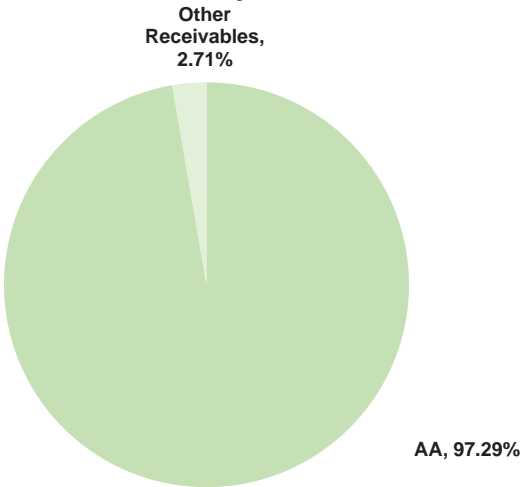
Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Income Fund
Risk Profile	Medium
Launch Date	February 1, 2024
Custodian/Trustee	CDC
Stability Rating	Not Rated
Auditor	A.F. Ferguson & Co.
Management Fee	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.23%)
Selling and Marketing Expense	0.00%
Front/Back end Load	FEL up to 2% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark*	Six months average deposit rates of three A rated scheduled Islamic Banks or Islamic windows of conventional Banks
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9:00 am - 4:00 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	100.21
Net Assets (mn)	1250
Total Expense Ratio (Annualized)	0.20%
Total Expense Ratio (Monthly)	0.48%

Fund Returns (% p.a)		
	FY24	FY23
YTD	20.86%	-
Benchmark (YTD)	11.11%	-

Asset Allocation



Asset Quality



FUND PERFORMANCE

Faysal Islamic Special Income Fund Plan-III (FISIP-III) significantly outpaced its Benchmark return by 9.75%, in FY24 posting an annualized return of 20.86%. Funds were allocated in Cash (97.29%), and Others (2.71%). In the future, your fund will take exposure to other investment avenues, keeping in view the country’s economic position.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،
وعلى آله واصحابه أجمعين. أما بعد

Annual Report
of
Faysal Islamic Special Income Fund

August 22, 2024

By the blessing of ALLAH, the year ended 30 June, 2024 under analysis of Faysal **Islamic Special Income Fund (FISIF)**. I, as the Shariah Advisor of the fund am issuing the report in accordance with the trust deed of the fund. The scope of the report is to express an opinion on the Shariah Compliance of the fund's activities.

In the capability of Shariah Advisor, I have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction.

It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company' personal and review of various documents prepared by the management company to comply with the prescribed criteria.


In the light of above, I hereby certify that:

- I have reviewed and approved the modes of investment of **FISIF** in light of the Shariah guidelines.
- All the provisions of the scheme and investment made on account of **FISIF** by **FAML** Fund Managers are Shariah Compliant and in accordance with the criteria established.

On the basis of information provided by the management, all operations of **Faysal Islamic Special Income Fund (FISIF)**, for year ended 30 June 2024 have been in compliance with the Shariah Principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance System.

وصلى الله على حبيبه محمد صلى الله عليه وسلم


Abdul Zahid Farooqi
Shariah Advisor

Faysal Asset Management Limited

Mufti Abdul Zahid Farooqi
Shariah Advisor
Faysal Asset Management Ltd

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

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

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL ISLAMIC SPECIAL INCOME 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 Islamic Special Income Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 24, 2024



A.F. FERGUSON & CO.

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

We have audited the financial statements of Faysal Islamic Special Income 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. 1,330.22 million and investments aggregated to Rs. 10.00 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: AR202410068SZj3wTfzv

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

		2024			2023
		Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
Note		----- (Rupees) -----			
Assets					
Balances with bank	4	113,671,650	1,216,549,776	1,330,221,426	38,887,553
Investments	5	10,000,000	-	10,000,000	100,000,000
Receivable from Faysal Asset Management Limited - Management Company	6	2,369,390	-	2,369,390	-
Preliminary expenses and floatation costs	7	28,395	-	28,395	61,702
Advance, deposits, prepayments and other receivables	8	5,328,732	33,901,969	39,230,701	4,752,992
Total assets		131,398,167	1,250,451,745	1,381,849,912	143,702,247
Liabilities					
Payable to Faysal Asset Management Limited - Management Company	9	38,579	213,480	252,059	302,623
Payable to Central Depository Company of Pakistan Limited - Trustee	10	8,285	61,209	69,494	10,982
Payable to the Securities and Exchange Commission of Pakistan	11	7,732	54,011	61,743	30,338
Accrued expenses and other liabilities	12	2,651,082	237,574	2,888,656	3,861,326
Payable against redemption of units		26,567	-	26,567	96,779
Total liabilities		2,732,245	566,274	3,298,519	4,302,048
Net assets		<u>128,665,922</u>	<u>1,249,885,471</u>	<u>1,378,551,393</u>	<u>139,400,199</u>
Unit holders' fund (as per statement attached)		<u>128,665,922</u>	<u>1,249,885,471</u>	<u>1,378,551,393</u>	<u>139,400,199</u>
Contingencies and commitments	13	----- (Number of units) -----			
Number of units in issue		<u>12,755,462</u>	<u>12,472,818</u>		<u>13,826,350</u>
		----- (Rupees) -----			
Net asset value per unit		10.0871	100.2087		10.082

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

	For the year ended June 30, 2024	For the period from February 1, 2024 to June 30, 2024	Total	For the year ended June 30, 2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III		Faysal Islamic Special Income Plan-I
Note	(Rupees)			
Income				
Profit on balances with bank	18,402,733	67,387,898	85,790,631	23,747,025
Profit on sukuk certificates	3,142,302	-	3,142,302	3,448,849
Profit on certificate of musharaka	244,319	-	244,319	-
	<u>21,789,354</u>	<u>67,387,898</u>	<u>89,177,252</u>	<u>27,195,874</u>
Expenses				
Remuneration of Faysal Asset Management Limited - Management Company	9.1 264,153	751,347	1,015,500	451,078
Sindh Sales Tax on remuneration of the Management Company	9.2 34,340	97,675	132,015	58,640
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1 67,642	245,004	312,646	83,510
Sindh Sales Tax on remuneration of the Trustee	10.2 8,793	31,851	40,644	10,856
Annual fee to the Securities and Exchange Commission of Pakistan	11.1 83,642	244,896	328,538	30,446
Selling and marketing expense	9.3 173,114	-	173,114	451,083
Allocated expenses	9.4 13,477	-	13,477	-
Auditors' remuneration	14 536,672	134,693	671,365	499,032
Legal and professional charges	113,474	17,449	130,923	274,287
Amortisation of preliminary expenses and floatation cost	7.1 33,307	-	33,307	33,215
Bank charges	2,369,505	4,190	2,373,695	50,280
Transaction charges	10,283	-	10,283	7,458
Shariah advisory fee	69,815	46,654	116,469	118,516
Fund rating fee	141,824	30,113	171,937	-
Printing charges	7,918	2,096	10,014	27,181
Reimbursement of expenses from the Management Company	6.1 (2,369,390)	-	(2,369,390)	-
Total expenses	<u>1,558,569</u>	<u>1,605,968</u>	<u>3,164,537</u>	<u>2,095,582</u>
Net income for the year / period before taxation	<u>20,230,785</u>	<u>65,781,930</u>	<u>86,012,715</u>	<u>25,100,292</u>
Taxation	16 -	-	-	-
Net income for the year / period after taxation	<u>20,230,785</u>	<u>65,781,930</u>	<u>86,012,715</u>	<u>25,100,292</u>
Earnings per unit	3.15			
Allocation of net income for the year / period				
Net income for the year / period after taxation	20,230,785	65,781,930	86,012,715	25,100,292
Income already paid on units redeemed	(10,299,326)	(84,937)	(10,384,263)	(22,557,891)
	<u>9,931,459</u>	<u>65,696,993</u>	<u>75,628,452</u>	<u>2,542,401</u>
Accounting income available for distribution				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	9,931,459	65,696,993	75,628,452	2,542,401
	<u>9,931,459</u>	<u>65,696,993</u>	<u>75,628,452</u>	<u>2,542,401</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

	For the year ended June 30, 2024	For the period from February 1, 2024 to June 30, 2024	Total	For the year ended June 30, 2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III		Faysal Islamic Special Income Plan-I
	(Rupees)			
Net income for the year / period after taxation	20,230,785	65,781,930	86,012,715	25,100,292
Other comprehensive income for the year / period	-	-	-	-
Total comprehensive income for the year / period	<u>20,230,785</u>	<u>65,781,930</u>	<u>86,012,715</u>	<u>25,100,292</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			For the period from February 1, 2024 to June 30, 2024			Total			2023		
	Faysal Islamic Special Income Plan-I			Faysal Islamic Special Income Plan-III			Faysal Islamic Special Income Plan-I			Faysal Islamic Special Income Plan-I		
	Capital value	Undistributed Income	Total	Capital value	Undistributed Income	Total	Capital value	Undistributed Income	Total	Capital value	Undistributed Income	Total
	(Rupees)			(Rupees)			(Rupees)			(Rupees)		
Net assets at the beginning of the year / period	137,986,760	1,413,439	139,400,199	-	-	-	137,986,760	1,413,439	139,400,199	105,303,450	17,771	105,321,221
Issuance of 34,425,601 and 12,494,757 units in FISIP-I and FISIP-III (2023: 419,246,787 units in FISIP-I)	347,086,225	-	347,086,225	1,249,475,700	-	1,249,475,700	1,596,561,925	-	1,596,561,925	4,193,306,364	-	4,193,306,364
- Capital value (at net asset value per unit at the beginning of the year / at par value per unit)	23,731,263	-	23,731,263	33,087,279	-	33,087,279	56,818,542	-	56,818,542	714,137,038	-	714,137,038
- Element of income	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	370,817,488	-	370,817,488	1,282,562,979	-	1,282,562,979	1,653,380,467	-	1,653,380,467	4,907,443,402	-	4,907,443,402
Redemption of 25,496,489 and 21,939 units in FISIP-I and FISIP-III (2023: 406,473,471 units in FISIP-I)	(357,883,146)	-	(357,883,146)	(2,193,900)	-	(2,193,900)	(360,077,046)	-	(360,077,046)	(4,065,547,667)	-	(4,065,547,667)
- Capital value (at net asset value per unit at the beginning of the year / at par value per unit)	(12,279,156)	(10,299,326)	(22,578,482)	(96,984)	(84,937)	(181,921)	(12,376,140)	(10,384,263)	(22,760,403)	(787,226,077)	(22,557,891)	(809,783,968)
- Element of loss	(370,162,302)	(10,299,326)	(380,461,628)	(2,290,884)	(84,937)	(2,375,821)	(372,453,186)	(10,384,263)	(382,837,449)	(4,852,773,744)	(22,557,891)	(4,875,331,635)
Total payments on redemption of units	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year / period	20,230,785	20,230,785	40,461,570	65,781,930	65,781,930	131,563,860	86,012,715	86,012,715	172,025,430	25,100,292	25,100,292	50,105,582
Faysal Islamic Special Income Plan-I	(11,417,832)	(9,903,090)	(21,320,922)	-	-	-	(11,417,832)	(9,903,090)	(21,320,922)	(21,986,348)	(1,146,733)	(23,133,081)
Distribution for the year ended June 30, 2024 @ Rs 1.97 per unit declared on June 28, 2024 (2023: Rs 2.13 per unit declared on June 17, 2023)	-	-	-	(32,990,323)	(63,093,294)	(96,083,617)	(32,990,323)	(63,093,294)	(96,083,617)	-	-	-
Faysal Islamic Special Income Plan-III	(11,417,832)	(9,903,090)	(21,320,922)	(32,990,323)	(63,093,294)	(96,083,617)	(32,990,323)	(63,093,294)	(96,083,617)	(21,986,348)	(1,146,733)	(23,133,081)
Distribution for the period ended June 30, 2024 @ Rs 8.34 per unit declared on June 27, 2024	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year / period less distribution	10,227,695	(10,900,137)	(672,442)	2,603,699	2,603,699	5,307,357	4,045,507	4,045,507	8,091,014	23,953,559	1,967,211	25,920,770
Net assets at the end of the year / period	127,224,114	1,441,808	128,665,922	1,247,281,712	2,603,699	1,249,885,411	137,408,155	13,016,331	150,424,486	137,986,760	1,413,439	139,400,199
Undistributed income brought forward	1,413,439	-	1,413,439	1,413,439	-	1,413,439	1,413,439	-	1,413,439	17,771	-	17,771
- Realised income	-	-	-	-	-	-	-	-	-	-	-	-
- Unrealised income	-	-	-	-	-	-	-	-	-	-	-	-
Accounting income available for distribution	9,931,459	65,696,993	75,628,452	9,931,459	65,696,993	75,628,452	75,628,452	2,542,401	78,170,853	2,542,401	1,146,733	3,689,134
- Relating to capital gains	-	-	-	-	-	-	-	-	-	-	-	-
- Excluding capital gains	9,931,459	65,696,993	75,628,452	9,931,459	65,696,993	75,628,452	75,628,452	2,542,401	78,170,853	2,542,401	1,146,733	3,689,134
Distribution made during the year / period	(9,903,090)	(63,093,294)	(72,996,384)	(9,903,090)	(63,093,294)	(72,996,384)	(9,903,090)	(63,093,294)	(72,996,384)	(9,903,090)	(63,093,294)	(72,996,384)
Undistributed income carried forward	1,441,808	2,603,699	4,045,507	1,441,808	2,603,699	4,045,507	1,441,808	2,603,699	4,045,507	1,441,808	2,603,699	4,045,507
Undistributed income carried forward	1,441,808	2,603,699	4,045,507	1,441,808	2,603,699	4,045,507	1,441,808	2,603,699	4,045,507	1,441,808	2,603,699	4,045,507
- Realised income	-	-	-	-	-	-	-	-	-	-	-	-
- Unrealised income	-	-	-	-	-	-	-	-	-	-	-	-
Net asset value per unit at the beginning of the year / period	10.0827	-	10.0827	10.0827	-	10.0827	10.0827	-	10.0827	10.0827	-	10.0827
Net asset value per unit at the end of the year / period	10.0871	-	10.0871	10.0871	-	10.0871	10.0871	-	10.0871	10.0871	-	10.0871

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

	For the year ended June 30, 2024	For the period from February 1, 2024 to June 30, 2024	Total	For the year ended June 30, 2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III		Faysal Islamic Special Income Plan-I
Note(Rupees).....				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the year / period before taxation	20,230,785	65,781,930	86,012,715	25,100,292
Adjustments for:				
Amortisation of preliminary expenses and floatation cost	7 33,307	-	33,307	33,215
	20,264,092	65,781,930	86,046,022	25,133,507
Decrease / (Increase) in assets				
Receivable from Faysal Asset Management Limited - Management Company	(2,369,390)	-	(2,369,390)	90,000
Investments - net	90,000,000	-	90,000,000	(100,000,000)
Advance, deposits, prepayments and other receivables	(575,740)	(33,901,969)	(34,477,709)	(4,307,125)
	87,054,870	(33,901,969)	53,152,901	(104,217,125)
(Decrease) / Increase in liabilities				
Payable to Faysal Asset Management Limited - Management Company	(264,044)	213,480	(50,564)	187,285
Payable to Central Depository Company of Pakistan Limited - Trustee	(2,697)	61,209	58,512	9,192
Payable to the Securities and Exchange Commission of Pakistan	(22,606)	54,011	31,405	29,762
Accrued expenses and other liabilities	(1,210,244)	237,574	(972,670)	3,651,276
	(1,499,591)	566,274	(933,317)	3,877,515
Net cash generated from / (used in) from operating activities	105,819,371	32,446,235	138,265,606	(75,206,103)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts against issuance of units - net of refund of capital	370,817,488	1,282,562,979	1,653,380,467	4,907,443,402
Payments made against redemption of units	(380,531,840)	(2,375,821)	(382,907,661)	(4,875,234,856)
Dividend paid	(21,320,922)	(96,083,617)	(117,404,539)	(23,133,081)
Net cash (used in) / generated from financing activities	(31,035,274)	1,184,103,541	1,153,068,267	9,075,465
Net increase / (decrease) in cash and cash equivalents during the year / period	74,784,097	1,216,549,776	1,291,333,873	(66,130,638)
Cash and cash equivalents at the beginning of the year / period	38,887,553	-	38,887,553	105,018,191
Cash and cash equivalents at the end of the year / period	4 113,671,650	1,216,549,776	1,330,221,426	38,887,553

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 Islamic Special Income Fund (the Fund) is an open end mutual fund constituted under a Trust Deed entered into on May 19, 2020 between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Trust Deed has been re-registered under the Sindh Trusts Act, 2020 on November 16, 2021. 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 SECP. The registered office of the Management Company is situated at 7th Floor, West Wing, Faysal House, ST-02, main Sharah-e-Faisal, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

- 1.2** The Fund is categorised as a 'Shariah Compliant 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 June 20, 2022 and are transferable and redeemable by surrendering them to the Fund.
- 1.3** The Fund shall offer multiple allocation plans, however two allocation plans i.e. Faysal Islamic Special Income Plan-I (FISIP-I) and Faysal Islamic Special Income Plan-III (FISIP-III) are being offered by the Fund. The second plan i.e. Faysal Islamic Special Income Plan-II is being offered from February 1, 2024. The objective of the Fund is to provide competitive regular return with capital preservation on investments as per respective allocation plans by investing in authorised investable avenues in line with the risk tolerance of the investor. The objective of the Fund and the authorised avenues are more fully explained in the Fund's offering document.
- 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. The Pakistan Credit Rating Agency Limited (PACRA) has assigned a "AA(f)" rating to Faysal Islamic Special Income Fund as of February 26, 2024.
- 1.5** 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.
- 1.6** As per the second supplemental to the offering document dated October 7, 2022, the Management Company had subdivided the units of the Plan as a result of which the par value of the units had decreased from Rs. 100 to Rs. 10 during the year ended June 30, 2023 and the unit holders had received additional units.

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 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 period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 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 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 these 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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 that investments have been carried at fair value.

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 / period presented, unless otherwise stated.

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.

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 requires 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.

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 / period 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 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 year / period also includes portion of income already paid on units redeemed during the year / period.

Distributions declared subsequent to the period 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 assets 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 will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified the methodology of determination of income paid on units redeemed during the period under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year / period.

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place;

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

5

- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise;
- Income from investment in debt securities is recognised on accrual basis;
- Profit on savings accounts is recognised on an accrual basis.

3.11 Expenses

All expenses chargeable to the Fund including management fee, trustee fee and annual fee to 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 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 / period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

3.14 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 / period, 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.

3.15 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 / period.

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.

Note	2024			2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
			(Rupees)	

4 BALANCES WITH BANK

4.1 Savings accounts 113,671,650 1,216,549,776 1,330,221,426 38,887,553

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

- 4.1 These represent balances maintained with Faysal Bank Limited, a related party, that carries profit at the rate of 20.00% (2023: 20.40%) per annum.

Note	2024			2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I

5 INVESTMENTS

(Rupees)

At fair value through profit or loss

Sukuk certificates	5.1	-	-	-	100,000,000
Certificate of musharka	5.2	10,000,000	-	10,000,000	-
		10,000,000	-	10,000,000	100,000,000

5.1 Sukuk certificates

Faysal Islamic Special Income Plan-I

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 as at June 30, 2024	Market value as a percentage of total investments of the Fund
				Number of certificates			Rupees		%		

Fintech

Abhi (Private) Limited (AA,PACRA)	At maturity	November 11, 2023	6 months KIBOR plus 2.75%	100	-	100	-	-	-	-	-
(Face value of Rs. 1,000,000 per certificate)											

Total as at June 30, 2024

-

Total as at June 30, 2023

100,000,000 100,000,000

5.2 Certificate of musharka

Faysal Islamic Special Income Plan-I

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 as at June 30, 2024	Market value as a percentage of	
			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							
								%			

OLP Modaraba (AA, PACRA)	November 21, 2024	21.75%	-	10,000,000	-	10,000,000	10,000,000	10,000,000	-	7.77%	100%
--------------------------	-------------------	--------	---	------------	---	------------	------------	------------	---	-------	------

Total as at June 30, 2024

10,000,000 10,000,000

Total as at June 30, 2023

-

Note	2024			2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I

(Rupees)

6 RECEIVABLE FROM FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Reimbursement from the Management Company

6.1	2,369,390	-	2,369,390	-
-----	-----------	---	-----------	---

- 6.1 The Total Expense Ratio (TER) of the Fund is required to be within the maximum limit of 2.5% as prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme. However, the TER of FISIP-I exceeded the above limit as at June 30, 2024. As a result, the Fund had recorded reimbursement from the Management Company to comply with the TER limit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7						
7	PRELIMINARY EXPENSES AND FLOATION COSTS	Note	2024		2023	
			Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
(Rupees)						
	Balance at the beginning of the year / period		61,702	-	61,702	94,917
	Less: amortisation during the year / period	7.1	(33,307)	-	(33,307)	(33,215)
	Balance at the end of the year / period		28,395	-	28,395	61,702

- 7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

		Note	2024			2023
			Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
8	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		(Rupees)			
	Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000	200,000	100,000
	Profit receivable on sukuk certificate		-	-	-	3,448,849
	Profit receivable on certificate of musharka		244,319	-	244,319	-
	Profit receivable on balances with bank	8.1	4,715,861	33,799,479	38,515,340	965,527
	Prepaid listing fee		29,936	-	29,936	-
	Prepaid printing charges		-	2,490	2,490	-
	Advance tax		238,616	-	238,616	238,616
			5,328,732	33,901,969	39,230,701	4,752,992

- 8.1 This represent profit receivable on balances with bank held with Faysal Bank Limited, a related party.

- 8.2 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 profits paid to FISIP-I of the Fund was deducted by withholding agent 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 agent. The tax withheld on profits on bank balances amounts to Rs. 0.239 million (2023: Rs. 0.239 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.

		Note	2024			2023
			Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
			(Rupees)			
9	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY					
	Management fee payable	9.1	16,199	166,214	182,413	74,861
	Sindh sales tax payable on management fee	9.2	2,106	21,608	23,714	9,732
	Selling and marketing expenses payable	9.3	274	-	274	198,030
	Other payable		20,000	25,658	45,658	20,000
			38,579	213,480	252,059	302,623

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

8

- 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 remuneration at the rates ranging from 0.05% to 1% (2023: 0% to 0.4%) of the average annual net assets in FISIP-I and at the rate of 0.23% (2023: Nil) in FISIP-III during the year ended June 30, 2024. The remuneration is payable to the Management Company in arrears.

- 9.2** During the year / period, an amount of Rs. 0.034 million (2023: Rs. 0.058 million) in FISIP-I and Rs 0.098 million (2023: Nil) in FISIP-III was charged on account of sales tax at the rate of 13% on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011.

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

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion (duly authorised by the Board of Directors) while keeping in view the annual plan, overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations at the rates ranging from 0% to 1% of average annual net assets in FISIP-I (2023: 0.4%).

- 9.4** 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).

The Management Company, based on its own discretion, has charged such expenses at the rates ranging from 0% to 0.05% (2023: Nil) of the average annual net assets in FISIP-I.

- 9.5** During the year / period, 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			2023
			Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		(Rupees)			
	Remuneration payable to the Trustee	10.1	7,332	54,167	61,499	9,719
	Sindh Sales Tax on remuneration of the Trustee	10.2	953	7,042	7,995	1,263
			<u>8,285</u>	<u>61,209</u>	<u>69,494</u>	<u>10,982</u>
10.1	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: 0.055%) per annum of the average annual net assets of the Fund.					
10.2	During the year, an amount of Rs. 0.009 million (2023: Rs. 0.010 million) in FISIP-I and Rs. 0.032 million (2023: Nil) in FISIP-III was charged on account of sales tax at the rate of 13% on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.					

		Note	2024			2023
			Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		(Rupees)			
	Fee payable	11.1	7,732	54,011	61,743	30,338

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

9

- 11.1** 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 / period 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.

	2024			2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
12 ACCRUED EXPENSES AND OTHER LIABILITIES				
	(Rupees)			
Auditors' remuneration payable	139,548	134,693	274,241	262,928
Printing charges payable	10,558	-	10,558	18,351
Shariah advisory fee payable	80,465	46,654	127,119	120,012
Withholding tax payable	1,835,150	171	1,835,321	13,514
Legal and professional charges payable	340,684	17,449	358,133	274,287
Capital gain tax payable	224,682	8,494	233,176	576,104
Other payable	19,995	30,113	50,108	2,596,130
	<u>2,651,082</u>	<u>237,574</u>	<u>2,888,656</u>	<u>3,861,326</u>

13 CONTINGENCIES AND COMMITMENTS

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

	For the year ended June 30, 2024	For the period from February 1, 2024 to June 30, 2024	Total	For the year ended June 30, 2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III		Faysal Islamic Special Income Plan-I
14 AUDITORS' REMUNERATION				
	(Rupees)			
Annual audit fee	268,655	102,657	371,312	256,138
Half yearly review of condensed interim financial statements	115,137	-	115,137	109,774
Fee for other certifications	85,000	15,000	100,000	70,000
Out of pocket expenses	28,127	7,059	35,186	26,155
	<u>496,919</u>	<u>124,716</u>	<u>621,635</u>	<u>462,067</u>
Sindh Sales Tax	39,753	9,977	49,730	36,965
	<u>536,672</u>	<u>134,693</u>	<u>671,365</u>	<u>499,032</u>

15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund as at June 30, 2024 is 1.40% (2023: 1.40%) and 0.20% (2023: Nil) in FISIP-I and FISIP-III respectively which includes 0.12% (2023: 0.07%) and 0.05% (2023: Nil) in FISIP-I and FISIP-III respectively 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.

16 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 / period 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

17 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 17.1** 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 / period end.
- 17.2** 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.
- 17.3** Remuneration to the Management Company is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 17.4** Remuneration to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 17.5** Selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 17.6** Allocated expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 17.7** 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 / period

For the year ended June 30, 2024	For the period from February 1, 2024 to June 30, 2024	Total	For the year ended June 30, 2023
Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III		Faysal Islamic Special Income Plan-I

(Rupees)

Faysal Asset Management Limited - Management Company

Remuneration of Faysal Asset Management Limited - Management Company	264,153	751,347	1,015,500	451,078
Sindh Sales Tax on remuneration of the Management Company	34,340	97,675	132,015	58,640
Selling and marketing expense	173,114	-	173,114	451,083
Accounting and operational charges	13,477	-	13,477	-
Issuance 13,314,242 units (2023: 335,310,075 units)	142,547,338	-	142,547,338	4,791,801,929
Redemption 5,800,833 units (2023: 336,363,109 units)	61,135,233	-	61,135,233	3,967,446,400
Dividend paid	12,590,471	-	12,590,471	7,309

Faysal Bank Limited - Group company / associated company

Profit on balances with bank	18,402,733	67,387,898	85,790,631	23,747,025
Bank charges	2,369,505	4,190	2,373,695	50,280

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	67,642	245,004	312,646	83,510
Sindh Sales Tax on remuneration of the Trustee	8,793	31,851	40,644	10,856

Unit holders with more than 10% holding

Adamjee Life Insurance Company Limited - Tameen Issuance of 9,026,849 units (2023: Nil units)	-	909,537,789	909,537,789	-
Adamjee Life Insurance Company Limited - Mazaaf Issuance of 2,515,082 units (2023: Nil units)	-	270,589,003	270,589,003	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

11

Outstanding balances

2024			2023
Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Total	Faysal Islamic Special Income Plan-I
(Rupees)			

Faysal Asset Management Limited -
Management Company

Management fee payable	16,199	166,214	182,413	74,861
Sindh sales tax payable on	2,106	21,608	23,714	9,732
Selling and marketing expenses	274	-	274	198,030
Other payable	20,000	25,658	45,658	20,000
Receivable from the Management Company	2,369,390	-	2,369,390	-
Units outstanding: 7,529,238 units (2023: 15,829 units)	75,948,177	-	75,948,177	159,591

Faysal Bank Limited (Group /
Associated company)

Balances with bank	113,671,650	1,216,549,776	1,330,221,426	38,887,553
Profit receivable on balance with bank	4,715,861	33,799,479	38,515,340	965,527

Central Depository Company of Pakistan
Limited - Trustee

Remuneration to the Trustee payable	7,332	54,167	61,499	9,719
Sindh Sales Tax payable on remuneration of the Trustee	953	7,042	7,995	1,263

Unit holders with more than 10% holding

Adamjee Life Insurance Company Limited - Tameen				
Units outstanding: 9,026,849 (2023: Nil units)	-	904,568,803	904,568,803	-
Adamjee Life Insurance Company Limited - Mazaaf				
Units outstanding: 2,515,082 (2023: Nil units)	-	252,033,098	252,033,098	-

18 FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	2024						2023			
	Faysal Islamic Special Income Plan-I			Faysal Islamic Special Income Plan-III			Faysal Islamic Special Income Plan-I			
	At amortised cost	At fair value through profit or loss	Sub total	At amortised cost	At fair value through profit or loss	Sub total	Total	At amortised cost	At fair value through profit or loss	Total
	Rupees						Rupees			
Financial assets										
Balances with bank	113,671,650	-	113,671,650	1,216,549,776	-	1,216,549,776	1,330,221,426	38,887,553	-	38,887,553
Investments	-	10,000,000	10,000,000	-	-	-	10,000,000	-	100,000,000	100,000,000
Receivable from Faysal Asset Management Limited - Management Company	2,369,390	-	2,369,390	-	-	-	2,369,390	-	-	-
Deposits and other receivables	5,060,180	-	5,060,180	33,901,969	-	33,901,969	38,962,149	4,514,376	-	4,514,376
	121,101,220	10,000,000	131,101,220	1,250,451,745	-	1,250,451,745	1,381,552,965	43,401,929	100,000,000	143,401,929
Financial liabilities										
Payable to Faysal Asset Management Limited - Management Company	38,579	-	38,579	213,480	-	213,480	252,059	302,623	-	302,623
Payable to Central Depository Company of Pakistan Limited - Trustee	8,285	-	8,285	61,209	-	61,209	69,494	10,982	-	10,982
Accrued expenses and other liabilities	591,250	-	591,250	228,909	-	228,909	820,159	3,271,708	-	3,271,708
Payable against redemption of units	26,567	-	26,567	-	-	-	26,567	96,779	-	96,779
	664,681	-	664,681	503,598	-	503,598	1,168,279	3,682,092	-	3,682,092

19 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**

12

19.1 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) 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, investment in certificate of musharka. 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 bank and KIBOR based certificate of musharka in FISIP-I and balances with banks in FISIP-III 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. 1.24 million and Rs 12.17 million in FISIP-I and FISIP-III respectively

The composition of the Fund's investment portfolio, KIBOR 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:

Faysal Islamic Special Income Plan-I

2024					
Profit rate (%)	Exposed to 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 bank	20.00%	113,671,650	-	-	113,671,650
Investments	21.75%	-	10,000,000	-	10,000,000
Receivable from Faysal Asset Management Limited - Management Company		2,369,390	-	-	2,369,390
Deposits and other receivables		-	-	5,060,180	5,060,180
		116,041,040	10,000,000	-	131,101,220
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	38,579	38,579
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	8,285	8,285
Accrued expenses and other liabilities		-	-	591,250	591,250
Payable against redemption of units		-	-	26,567	26,567
		-	-	664,681	664,681
On-balance sheet gap (a)		116,041,040	10,000,000	4,395,499	130,436,539
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		116,041,040	10,000,000	-	-
Cumulative interest rate sensitivity gap		116,041,040	126,041,040	126,041,040	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

2023					
Profit rate (%)	Exposed to 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 bank	20.40%	38,887,553	-	-	38,887,553
Investments	24.68%	-	100,000,000	-	100,000,000
Deposits and other receivables		-	-	4,514,376	4,514,376
		38,887,553	100,000,000	-	143,401,929
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	302,623	302,623
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	10,982	10,982
Accrued expenses and other liabilities		-	-	3,271,708	3,271,708
Payable against redemption of units		-	-	96,779	96,779
		-	-	3,682,092	3,682,092
On-balance sheet gap (a)		38,887,553	100,000,000	-	139,719,837
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		38,887,553	100,000,000	-	
Cumulative interest rate sensitivity gap		38,887,553	138,887,553	138,887,553	

Faysal Islamic Special Income Plan-III

2024					
Profit rate (%)	Exposed to 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 bank	20.00%	1,216,549,776	-	-	1,216,549,776
Deposits and other receivables		-	-	33,901,969	33,901,969
		1,216,549,776	-	33,901,969	1,250,451,745
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	213,480	213,480
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	61,209	61,209
Accrued expenses and other liabilities		-	-	228,909	228,909
		-	-	503,598	503,598
On-balance sheet gap (a)		1,216,549,776	-	33,398,371	1,249,948,147
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		1,216,549,776	-	-	-
Cumulative interest rate sensitivity gap		1,216,549,776	1,216,549,776	1,216,549,776	-

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 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.

19.2 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 of 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 / period.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining year 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:

Faysal Islamic Speical Income Plan-I

	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
	Rupees					
						Total
Financial assets						
Balances with bank	113,671,650	-	-	-	-	113,671,650
Investments	-	-	10,000,000	-	-	10,000,000
Receivable from Faysal Asset Management Limited - Management Company	2,369,390	-	-	-	-	2,369,390
Deposits and other receivables	4,960,180	-	-	-	100,000	5,060,180
	121,001,220	-	10,000,000	-	-	131,101,220
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	38,579	-	-	-	-	38,579
Payable to Central Depository Company of Pakistan Limited - Trustee	8,285	-	-	-	-	8,285
Accrued expenses and other liabilities	451,702	139,548	-	-	-	591,250
Payable against redemption of units	26,567	-	-	-	-	26,567
	525,133	139,548	-	-	-	664,681
Net financial assets / (liabilities)	120,476,087	(139,548)	10,000,000	-	-	130,436,539

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 five years	Financial instruments with no fixed maturity	Total
Rupees-----						
Financial assets						
Balances with banks	38,887,553	-	-	-	-	38,887,553
Investments	-	-	100,000,000	-	-	100,000,000
Deposits and other receivables	4,414,376	-	-	-	100,000	4,514,376
	43,301,929	-	100,000,000	-	100,000	143,401,929
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	302,623	-	-	-	-	302,623
Payable to Central Depository Company of Pakistan Limited - Trustee	10,982	-	-	-	-	10,982
Accrued expenses and other liabilities	3,008,780	262,928	-	-	-	3,271,708
Payable against redemption of units	96,779	-	-	-	-	96,779
	3,419,164	262,928	-	-	-	3,682,092
Net financial assets / (liabilities)	39,882,765	(262,928)	100,000,000	-	100,000	139,719,837

Faysal Islamic Speical Income Plan-III

----- 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	1,216,549,776	-	-	-	-	1,216,549,776
Deposits and other receivables	33,801,969	-	-	-	100,000	33,901,969
	1,250,351,745	-	-	-	100,000	1,250,451,745
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	213,480	-	-	-	-	213,480
Payable to Central Depository Company of Pakistan Limited - Trustee	61,209	-	-	-	-	61,209
Accrued expenses and other liabilities	94,216	134,693	-	-	-	228,909
	368,905	134,693	-	-	-	503,598
Net financial assets / (liabilities)	1,249,982,840	(134,693)	-	-	100,000	1,249,948,147

19.3 Credit risk

19.3.1 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

16

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

	2024				2023	
	Faysal Islamic Special Income Plan-I		Faysal Islamic Special Income Plan-III		Faysal Islamic Special Income Plan-I	
	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	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees				Rupees	
Balances with bank	113,671,650	113,671,650	1,216,549,776	1,216,549,776	38,887,553	38,887,553
Investments	10,000,000	10,000,000	-	-	100,000,000	100,000,000
Receivable from Faysal Asset Management Limited - Management Company	2,369,390	2,369,390	-	-	-	-
Deposits and other receivables	5,060,180	5,060,180	33,899,479	33,899,479	4,514,376	4,514,376
	<u>131,101,220</u>	<u>131,101,220</u>	<u>1,250,449,255</u>	<u>1,250,449,255</u>	<u>143,401,929</u>	<u>143,401,929</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets.

19.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in bank and profit accrued thereon. The credit rating profile of balances with bank is as follows:

	2024		2023
	Faysal Islamic Special Income Plan-I	Faysal Islamic Special Income Plan-III	Faysal Islamic Special Income Plan-I
	Rating		
	Rating		
Balances with banks and profit accrued thereon			
AA	90.30%	99.99%	27.79%
Certificate of musharka and profit accrued thereon			
AA	7.81%	-	-
Sukuk certificate and profit accrued thereon			
AA	-	-	72.14%

19.3.3 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.

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 except in FISIP-I for the period from August 27, 2023 to August 30, 2023 and October 19, 2023 to January 3, 2024.

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

17

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 19, 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 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 at 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.

21.1 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 holds the following financial instrument measured at fair value.

Faysal Islamic Special Income Plan-I

-----2024-----				
Level 1	Level 2	Level 3	Total	
-----Rupees-----				
Financial assets 'at fair value through profit or loss'				
Certificate of musharka*	-	10,000,000	-	10,000,000
	-	10,000,000	-	10,000,000
-----2023-----				
Level 1	Level 2	Level 3	Total	
-----Rupees-----				
Financial assets 'at fair value through profit or loss'				
Sukuk certificates*	-	100,000,000	-	100,000,000
	-	100,000,000	-	100,000,000

Faysal Islamic Special Income Plan-III

-----2024-----				
Financial assets 'at fair value through profit or loss'	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Certificate of musharka*	-	10,000,000	-	10,000,000
	-	10,000,000	-	10,000,000

* 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

22 UNIT HOLDING PATTERN OF THE FUND

Category	2024						2023		
	Number of unit holders	Number of unit held	Percentage of total	Number of unit holders	Number of unit held	Percentage of total	Number of unit holders	Number of unit held	Percentage of total
	Faysal Islamic Special Income Fund Plan-I			Faysal Islamic Special Income Fund Plan-III			Faysal Islamic Special Income Fund Plan-I		
Individuals	54,939	5,216,357	40.90%	1	23,683	0.19%	25,395	13,826,350	100%
Corporates	3	7,539,105	59.10%	3	12,449,135	99.81%	-	-	-
	54,942	12,755,462	100%	4	12,472,818	100%	25,395	13,826,350	100%

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

24 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
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 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

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 director on board with effect from 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

19

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

	(FISIP-III)	(FISIP-I)		
	June 30, 2024 (Rupees)	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
(i) PERFORMANCE TABLE				
Net assets	1,249,885,471	128,665,922	139,400,199	105,321,221
Net assets value per unit	100.2087	10.09	10.08	100.02
Offer price per unit	102.4735	10.32	10.31	102.28
Repurchase price per unit	100.2087	10.09	10.08	100.02
Highest offer price per unit	110.7416	12.31	12.39	102.44
Highest repurchase price per unit	108.2941	12.04	12.11	100.17
Lowest offer price per unit	100.000	10.30	10.23	100
Lowest repurchase price per unit	100.000	10.08	10.00	100
Total return:	20.86%	19.58%	22.25%	13.14%
- capital growth	12.51%	0.04%	0.95%	12.80%
- income distribution	8.35%	19.54%	21.30%	0.34%
Average annual return:				
FISIP-I (Launch date: June 20, 2022)				
FISIP-III (Launch date: February, 2024)				
- one year	20.86%	19.58%	22.25%	13.14%
- two years		20.92%	17.70%	N/A
- three years		18.32%	N/A	N/A
Distribution per unit:				
- Interim distribution (% per unit) *	8.35%	19.54%	21.30%	0.34%
- Final distribution (% per unit)	0.00%	0.00%	-	-
	<u>8.35%</u>	<u>19.54%</u>	<u>21.30%</u>	<u>0.34%</u>

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

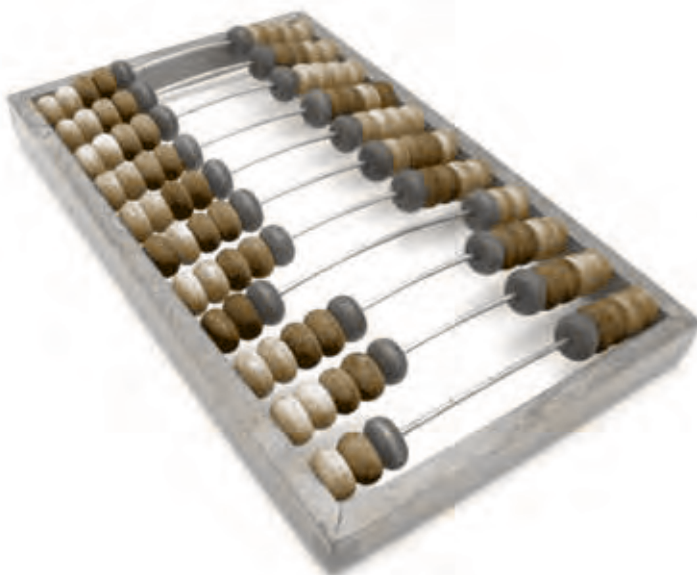
 facebook.com/faysalasset

 x.com/faysalasset

Faysal Islamic Asset Allocation Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Report to the Shariah Advisor	08
Trustee Report to the Unit Holders	09
Independent Auditor's Report to the Unit Holders	10
Statement of Assets and Liabilities	13
Income Statement	14
Statement of Comprehensive Income	15
Statement of Movement in Unit Holders' Fund	16
Cash Flow Statement	17
Notes to the Financial Statements	18
Supplementary Non Financial Information	39

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

Al-Baraka Bank Pakistan Limited
MCB Islamic Bank Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Dubai Islamic Bank
Zarai Taraqati Bank Limited
Habib bank Limited (Islamic Banking)
Soneri Bank Limited (Islamic Banking)
Meezan 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

The Faysal Islamic Asset Allocation Fund endeavours to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing Shariah compliant equity, fixed income & money market instruments.

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.

Equities review:

During FY24, the index surged by ~79% from 41,453 points at the end of Jun'23 to 78,445 points. Positive developments on the external front (IMF program success and reapproval, stable PKR, modest Fx reserves), as well as diminishing inflationary pressures and political stability among others, bolstered investor sentiment during the year.

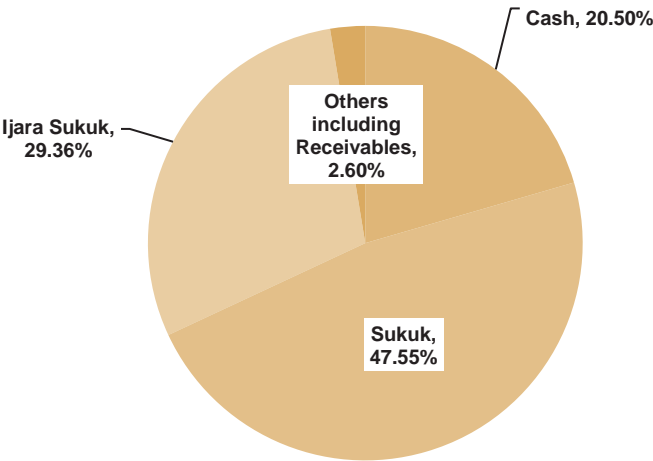
During the FY24, Foreigners and Insurance drove the market with a net purchase of ~USD 152m and ~USD 126m. On the flipside, Banks/DFIs, Individuals, Mutual Funds and Others were net sellers to the tune of ~USD 141mn, ~USD 59mn, ~USD 47mn and ~USD 33m respectively.

During FY24 the sectors which contributed positively to the index include Banks (13,262 points), Fertilizer (5,074 points), Oil & Gas Exploration Companies (4,300 points), Power Generation & Distribution (4,192 points), Cement (2,513 points) and Automobile Assembler (1,095 points). The sectors which dragged in the bourse in FY24 majorly include Technology & Communication (-52 points) and Textile Spinning (-17 points). The market experienced a sustained bull run in FY24, driven by improving macroeconomic indicators, rising corporate profitability, expectations of a rate cut in 2HFY24, and attractive market valuations.

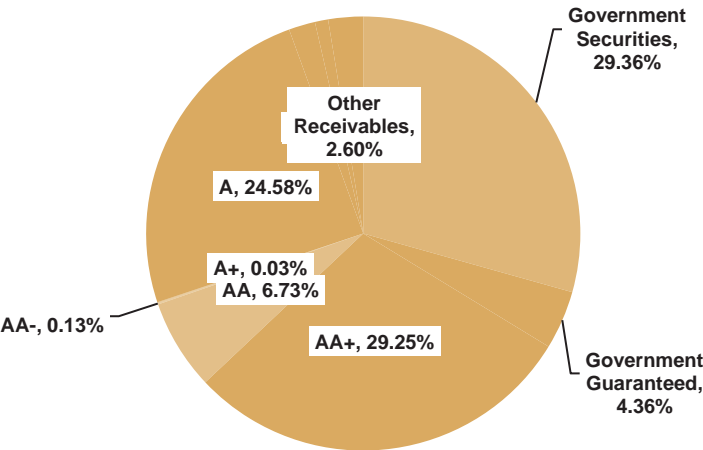
Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Asset Allocation Scheme
Risk Profile	High
Stability Rating	3-Star (PACRA) February 14 ,2024
Launch Date	September 9, 2015
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee**	Up to 2% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.15%)
Selling and Marketing Expense	0.00%
Front/Back-end Load	FEL up to 3% of NAV & BEL 0%
Min Subscription	PKR. 5,000
Benchmark*	KMI - 30 Index/6M Deposit rate of A & above rated Islamic Banks
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	Mon - Thu 9:00 am - 3:30 pm, Fri 9:00 am - 4:30 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	89.67
Net Assets (mn)	2,290
Total Expense Ratio (Annualized)	0.62%
Total Expense Ratio (Monthly)	0.46%

Fund Returns (% p.a)		
	FY24	FY23
YTD	21.97%	15.17%
Benchmark (YTD)	10.11%	6.06%

Asset Allocation



Asset Quality



FUND PERFORMANCE

During the period under review, Faysal Islamic Asset Allocation Fund (FIAAF) posted an absolute FY24 return of 21.97% relative to its benchmark of 10.11%. At the end of the period, exposure in Sukuk, Ijarah Sukuk, Cash and Others stood at 47.55%, 29.36%, 20.50% and 2.60%, respectively. In the future, your fund will continue exploring Islamic investment avenues to provide competitive returns.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،
وعلى آله وأصحابه أجمعين. أما بعد

Annual Report of
Faysal Islamic Asset Allocation Fund

August 22, 2024

By the blessing of ALLAH, the year ended 30 June, 2024 under analysis of **Faysal Islamic Asset Allocation Fund (FIAAF)**. I, as the Shariah Advisor of the fund am issuing the report in accordance with the trust deed of the fund. The scope of the report is to express an opinion on the Shariah Compliance of the fund's activities.

In the capability of Shariah Advisor, I have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction.

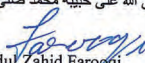
It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company' personal and review of various documents prepared by the management company to comply with the prescribed criteria.

In the light of above, I hereby certify that:

- I have reviewed and approved the modes of investment of **FIAAF** in light of the Shariah guidelines.
- All the provisions of the scheme and investment made on account of **FIAAF** by **FAML** Fund Managers are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the management, all operations of **Faysal Islamic Asset Allocation Fund (FIAAF)**, for year ended 30 June 2024 have been in compliance with the Shariah Principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance System.

وصلى الله على حبيبه محمد صلى الله عليه وسلم


Abdul Zahid Farooqi
Shariah Advisor

Faysal Asset Management Limited

Mufti Abdul Zahid Farooqi
Shariah Advisor
Faysal Asset Management Ltd

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 ISLAMIC ASSET ALLOCATION 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 Islamic Asset Allocation Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 24, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT**To the Unit holders of Faysal Islamic Asset Allocation Fund****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Faysal Islamic Asset Allocation 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. 470.19 million and investments aggregated to Rs. 1,755.37 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.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: AR202410068QepEzAPoT

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Assets			
Balances with banks	4	470,188,675	282,173,580
Investments	5	1,755,375,820	1,657,480,466
Advances, deposits and other receivables	6	68,293,708	60,453,525
Total assets		<u>2,293,858,203</u>	<u>2,000,107,571</u>
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	7	302,025	350,279
Payable to Central Depository Company of Pakistan Limited - Trustee	8	150,150	149,546
Payable to the Securities and Exchange Commission of Pakistan	9	167,704	451,223
Accrued expenses and other liabilities	10	2,901,884	2,080,669
Total liabilities		<u>3,521,763</u>	<u>3,031,717</u>
Net assets		<u>2,290,336,440</u>	<u>1,997,075,854</u>
Unit holders' fund (as per statement attached)		<u>2,290,336,440</u>	<u>1,997,075,854</u>
Contingencies and commitments	11		
Number of units in issue			
		<u>25,541,290</u>	<u>22,295,732</u>
Net asset value per unit			
		<u>89.67</u>	<u>89.57</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		87,781,057	64,128,735
Profit on sukuk certificates		332,801,892	304,384,904
Profit on commercial papers		-	735,960
Gain / (loss) on sale of investments - net		5,073,434	(19,537,204)
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	(11,270,445)	(16,911,372)
Total income		414,385,938	332,801,023

Expenses

Remuneration of Faysal Asset Management Limited - Management Company	7.1	2,638,204	2,256,237
Sindh Sales Tax on remuneration of the Management Company	7.2	342,967	293,311
Selling and marketing expenses	7.3	400,232	1,128,119
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	1,518,379	1,692,178
Sindh Sales Tax on remuneration of the Trustee	8.2	197,389	219,983
Fee to the Securities and Exchange Commission of Pakistan	9	1,923,280	451,247
Transaction charges		1,070,283	679,856
Auditors' remuneration	12	987,144	757,300
Fees and subscription		33,524	251,263
Legal and professional charges		261,456	320,291
Shariah advisory fee		167,186	78,104
Provision against non-performing sukuk certificates	5.2.2	2,958,310	5,809,504
Bank charges		42,288	10,954
Printing charges		11,867	31,755
Total expenses		12,552,509	13,980,102

Net income for the year before taxation

		401,833,429	318,820,921
--	--	-------------	-------------

Taxation

13	-	-
----	---	---

Net income for the year after taxation

		<u>401,833,429</u>	<u>318,820,921</u>
--	--	--------------------	--------------------

Earnings per unit

14		
----	--	--

Allocation of net income for the year

Net income for the year after taxation		401,833,429	318,820,921
Income already paid on units redeemed		(397,034,974)	(315,043,436)
		<u>4,798,454</u>	<u>3,777,485</u>

Accounting income available for distribution

- Relating to capital gains
- Excluding capital gains

-	-
<u>4,798,454</u>	<u>3,777,485</u>
<u>4,798,454</u>	<u>3,777,485</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 COMPREHENSIVE INCOME

For The Year Ended June 30, 2024

	2024	2023
	----- (Rupees) -----	
Net income for the year after taxation	401,833,429	318,820,921
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>401,833,429</u>	<u>318,820,921</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

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	2,148,288,425	(151,212,571)	1,997,075,854	2,590,548,260	(154,990,056)	2,435,558,204
Issuance of 31,477,168 units (2023: 25,671,681 units)						
- Capital value (at net asset value per unit at beginning of the year)	2,819,409,959	-	2,819,409,959	1,996,486,631	-	1,996,486,631
- Element of income	487,806,946	-	487,806,946	277,756,897	-	277,756,897
Total proceeds on issuance of units	3,307,216,905	-	3,307,216,905	2,274,243,528	-	2,274,243,528
Redemption of 28,231,610 units (2023: 34,691,467 units)						
- Capital value (at net asset value per unit at beginning of the year)	(2,528,705,299)	-	(2,528,705,299)	(2,697,955,389)	-	(2,697,955,389)
- Element of loss	(80,073,135)	(397,034,974)	(477,108,109)	(18,547,974)	(315,043,436)	(333,591,410)
Total payments on redemption of units	(2,608,778,434)	(397,034,974)	(3,005,813,408)	(2,716,503,363)	(315,043,436)	(3,031,546,799)
Total comprehensive income for the year	-	401,833,429	401,833,429	-	318,820,921	318,820,921
Distribution for the year ended June 30, 2024 @ Rs. 95.01 per unit declared on June 28, 2024	(407,571,603)	(2,404,737)	(409,976,340)	-	-	-
Net income for the year less distribution	(407,571,603)	399,428,692	(8,142,911)	-	318,820,921	318,820,921
Net assets at the end of the year	2,439,155,293	(148,818,854)	2,290,336,440	2,148,288,425	(151,212,571)	1,997,075,854
Accumulated loss brought forward						
- Realised loss		(134,301,199)			(169,233,802)	
- Unrealised (loss) / income		(16,911,372)			14,243,746	
		(151,212,571)			(154,990,056)	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		4,798,454			3,777,485	
		4,798,454			3,777,485	
Distribution made during the year		(2,404,737)			-	
Accumulated loss carried forward		(148,818,854)			(151,212,571)	
Accumulated loss carried forward						
- Realised loss		(137,548,409)			(134,301,199)	
- Unrealised loss		(11,270,445)			(16,911,372)	
		(148,818,854)			(151,212,571)	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		89.57			77.77	
Net asset value per unit at the end of the year		89.67			89.57	

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	2023
		----- (Rupees) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		401,833,429	318,820,921
Adjustments for:			
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.4	11,270,445	16,911,372
		11,270,445	16,911,372
(Increase) / decrease in assets			
Investments - net		(109,165,799)	254,958,619
Advances, deposits and other receivables		(7,840,183)	(11,374,245)
		(117,005,982)	243,584,374
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - Management Company		(48,254)	(46,494)
Payable to Central Depository Company of Pakistan Limited - Trustee		604	(14,996)
Payable to the Securities and Exchange Commission of Pakistan		(283,519)	(85,791)
Accrued expenses and other liabilities		821,215	322,003
		490,046	174,722
Net cash generated from operating activities		296,587,938	579,491,389
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		2,899,645,302	2,274,243,528
Payments against redemption and conversion of units		(3,005,813,408)	(3,031,546,799)
Dividend paid		(2,404,737)	-
Net cash used in financing activities		(108,572,843)	(757,303,271)
Net increase / (decrease) in cash and cash equivalents during the year		188,015,095	(177,811,882)
Cash and cash equivalents at the beginning of the year		282,173,580	459,985,462
Cash and cash equivalents at the end of the year	4	470,188,675	282,173,580

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 Islamic Asset Allocation Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on May 18, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP).

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 16, 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 an 'Shariah Compliant (Islamic) Asset Allocation 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 September 9, 2015 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The principal activity of the Fund is to provide capital growth by investing primarily in a diversified pool of equities and equity related investments and to earn competitive riba free return by investing in various Shariah Compliant asset classes / instruments based on the market outlook.
- 1.5 The Management Company has been assigned a quality rating of 'AM2++' by VIS Credit Rating Company Limited dated December 29, 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. Pakistan Credit Rating Agency Limited (PACRA) has assigned a "4-Star" rating to the Fund dated February 14, 2024 (2023: "5-Star" dated February 10, 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
- 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 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 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 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 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 which are measured at fair value.

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 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the 'Statement of Assets and Liabilities' at fair value, with gains and losses recognised in the Income Statement, except where an irrevocable election has been made at the time of initial recognition to measure the investments at FVOCI. The management considers its investment in equity securities being managed as a group of assets hence has classified as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVOCI are to be recognised in the Income Statement. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the Income Statement on derecognition.

3.2.2.2 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 losses (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.

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

4

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.

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 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

5

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.

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 appreciation / (diminution) 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 and government 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 No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

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	470,188,675	282,173,580

4.1 These include a balance of Rs. 155.64 million (2023: Nil) maintained with Faysal Bank Limited (a related party) that carries profit at the rate of 20.00% (2023: 20.40%) per annum. Other savings accounts of the Fund carry profit rates ranging from 6.65% to 21.50% (2023: 15.50% to 19.75%) per annum.

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
5 INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Listed equity securities	5.1	6,676	6,105
Corporate sukuk certificates	5.2	1,081,966,144	1,145,968,861
GoP Ijarah sukuk certificates	5.3	673,403,000	511,505,500
		<u>1,755,375,820</u>	<u>1,657,480,466</u>

5.1 Listed equity securities

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares received	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 as at June 30, 2024	Market value as a percentage of net assets	Paid-up capital of investee company (with face value of investment)
Number of shares held						Rupees			%	
OIL & GAS MARKETING COMPANIES										
Hascol Petroleum Limited *	1,100	-	-	-	1,100	6,105	6,676	571	-	-
Total as at June 30, 2024						<u>6,105</u>	<u>6,676</u>	<u>571</u>	<u>-</u>	<u>-</u>
Total as at June 30, 2023						<u>4,641</u>	<u>6,105</u>	<u>1,464</u>		

* Nil figures due to rounding off difference.

5.1.1 This investment represents 1,100 bonus shares as at June 30, 2024, which is equivalent to 5% (representing tax impact of a bonus announcement) that has been withheld by the investee company during previous years. These shares have a face value of Rs. 10 each.

5.2 Corporate 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 diminution as at June 30, 2024	Percentage in relation to
										Net assets of the Fund	Total market value of investments
				----- (Number of certificates) -----			----- (Rupees) -----			----- % -----	
Commercial Banks											
BankIslami Pakistan Limited	Monthly / At maturity	Perpetual	1 month KIBOR plus base rate of 2.75%	-	5,000	-	5,000	25,000,000	25,000,000	-	1.09% 1.42%
Additional Tier - I (A, PACRA) (Face value of 5,000 per certificate)											
BankIslami Pakistan Limited	Monthly / At maturity	Perpetual	1 month KIBOR plus base rate of 2.75%	10,000	-	-	10,000	50,000,000	50,000,000	-	2.18% 2.85%
Additional Tier - I (A, PACRA) (note 5.2.3) (Face value of 5,000 per certificate)											

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

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 as at June 30, 2024	Percentage in relation to	
				(Number of certificates)				(Rupees)			Net assets of the Fund	Total market value of investments
											%	
Dubai Islamic Bank Pakistan Limited Additional Tier - I (A+, VIS) (Face value of 5,000 per certificate)	Monthly / At maturity	Perpetual	1 months KIBOR plus base rate of 1.75%	29,000	-	29,000	-	-	-	-	-	-
Meezan Bank Limited Additional Tier - I (AA+, VIS) (note 5.2.3) (Face value of 1,000,000 per certificate)	Monthly / At maturity	Perpetual	1 month KIBOR plus base rate of 1.75%	261	109	60	310	310,000,000	310,000,000	-	13.54%	17.66%
Dubai Islamic Bank Pakistan Limited (AA+, VIS, traded) (Face value of 1,000,000 per certificate)	Semi-annually / At maturity	December 2, 2032	6 months KIBOR plus base rate of 0.70%	58	-	55	3	3,004,110	3,009,000	4,890	0.13%	0.17%
Al Baraka Bank (Pakistan) Limited (A, VIS, traded) (Face value of 1,000,000 per certificate)	Semi-annually / At maturity	August 22, 2024	6 months KIBOR plus base rate of 0.75%	75	-	50	25	25,025,000	24,954,075	(70,925)	1.09%	1.42%
Al Baraka Bank (Pakistan) Limited (A, VIS, traded) (Face value of 1,000,000 per certificate)	Semi-annually / At maturity	December 22, 2031	6 months KIBOR plus base rate of 1.50%	50	29	50	29	29,014,500	29,087,000	72,500	1.27%	1.66%
Power Generation & Distribution												
K-Electric Limited Sukuk V (AA+, VIS, traded) (Face value of 3,250 per certificate)	Quarterly	August 3, 2027	3 months KIBOR plus base rate of 1.70%	21,700	9,412	29,412	1,700	5,873,707	5,621,688	(252,019)	0.25%	0.32%
Hub Power Holdings Company (AA+, PACRA, traded) (note 5.2.3) (Face value of 75,000 per certificate)	Semi-annually	November 12, 2025	6 months KIBOR plus base rate of 2.50%	-	1,337	-	1,337	102,230,363	102,230,363	-	4.46%	5.82%
The Hub Power Company Limited (AA+, PACRA, non-traded) (Face value of 50,000 per certificate)	Annually	19 March, 2024	12 months KIBOR plus base rate of 1.90%	2,400	3,535	5,935	-	-	-	-	-	-
K-Electric Limited Sukuk VI (AA+, VIS, non-traded) (Face value of 1,000,000 per certificate)	Quarterly commencing from February 23, 2025	November 23, 2029	3 months KIBOR plus base rate of 1.70%	1,000	3,200	1,690	2,510	255,264,140	252,982,147	(2,281,993)	11.05%	14.41%
K-Electric Limited PPSTS-15 (A+, VIS) (Face value of 1,000,000 per certificate)	At maturity	September 21, 2023	6 months KIBOR plus base rate of 0.50%	60	-	60	-	-	-	-	-	-
Pakistan Energy Sukuk - II (AA, VIS) (Face value of 5,000 per certificate)	Semi-annually	May 21, 2030	6 months KIBOR minus base rate of 0.10%	-	20,000	-	20,000	100,050,000	100,120,000	70,000	4.37%	5.70%
Chemical												
Ghani Chemical Industries Limited GCLSC2 (A, PACRA) (note 5.2.3) (Face value of 100,000 per certificate)	Quarterly	December 18, 2029	3 months KIBOR plus base rate of 1.25%	-	1,200	-	1,200	120,000,000	120,000,000	-	5.24%	6.84%
Pharmaceuticals												
Aspin Pharma (Private) Limited (A, VIS, non-traded) (Face value of 5,000 per certificate)	Quarterly	November 30, 2023	3 months KIBOR plus base rate of 1.50%	1,032	-	1,032	-	-	-	-	-	-
Technology & Communication												
TPL Trakler Limited (A+, PACRA, non-traded) (Face value of 611,111 per certificate)	Quarterly	March 30, 2026	3 months KIBOR plus base rate of 3.00%	4	-	4	-	-	-	-	-	-
Engineering												
Crescent Steel & Allied Products Limited (A-, VIS, non-traded) (Face value of 83,333 per certificate)	Semi-annually	October 11, 2025	6 months KIBOR plus base rate of 2.00%	1,200	-	300	900	44,079,022	45,164,907	1,085,885	1.97%	2.57%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

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 as at June 30, 2024	Percentage in relation to	
				----- (Number of certificates) -----			----- (Rupees) -----			----- % -----		
Miscellaneous												
Shakarganj Food Products Limited* (BBB+, VIS, non-traded) (note 5.2.1) (Face value of 450,000 per certificate)	Quarterly	July 10, 2025	3 months KIBOR plus base rate of 1.75%	50	-	-	50	13,796,964	13,796,964	-	0.60%	0.79%
Total as at June 30, 2024								1,083,337,806	1,081,966,144	(1,371,662)	47.24%	61.63%
Total as at June 30, 2023								1,151,245,176	1,145,968,861	(5,276,315)		

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

- 5.2.1** 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 Islamic Asset Allocation Fund (the Fund) as an 'Asset Allocation 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 Funds are in sukuk 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	Percentage of Total assets
		(Rupees)			%	
Shakarganj Food Products Limited (note 5.2.1.1)	Non-traded sukuk certificates	25,071,975	8,767,814	16,304,161	0.71%	0.93%
Total as at June 30, 2024		25,071,975	8,767,814	16,304,161	0.71%	0.93%
Total as at June 30, 2023		25,071,975	5,809,504			

- 5.2.1.1** On April 26, 2023, sukuk certificates of Shakarganj Food Products 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 sukuk certificates 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. 8.767 million has also been held as provision.

During the current year, SFPL repaid one principal installment amounting to Rs. 5 million which was due to be repaid on April 10, 2023, thereby resulting in the reversal of Rs. 5 million against the provision created on June 30, 2023. On September 8, 2023, the restructuring of the aforementioned sukuk was approved by all the sukuk investors whereby the four principal installments due on July 10, 2023, October 10, 2023, January 10, 2024 and April 10, 2024 has been deferred for one year from their respective due dates and the tenure of the sukuk has been extended by twelve months. However, SFPL will continue to service profit payments on quarterly basis on the outstanding amount of principal as per the earlier agreed terms. Therefore, the Fund has not recorded further provision after the finalisation of the restructuring agreement. However, an amount of Rs. 8.768 million (2023: Rs. 5.810 million) has been held as provision. The face value of sukuk certificates is Rs. 22.5 million as at June 30, 2024.

	Note	2024	2023
		(Rupees)	
5.2.2 Movement of provision			
Balance as at July 1		5,809,504	-
Charge for the year	5.2.1.1	5,458,310	5,809,504
Reversal for the year	5.2.1.1	(2,500,000)	-
		2,958,310	5,809,504
Balance as at June 30		8,767,814	5,809,504

- 5.2.3** Sukuk certificates of BankIslami Pakistan Limited, Meezan Bank Limited, Hub Power Holdings Limited and Ghani Chemical Industries Limited are carried at their cost as they are not valued by MUFAP / at PKISRV.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

9

5.3 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 diminution as at June 30, 2024	Percentage in relation to	
					(Number of certificates)			(Rupees)				Net assets of the Fund	Total market value of investments
GoP Ijarah Sukuk Certificates - XI - FRR	At maturity	December 15, 2021	December 15, 2026	11.40%	2,500	-	-	2,500	225,200,000	218,950,000	(6,250,000)	9.56%	12.47%
GoP Ijarah Sukuk Certificates - XIII - VRR	Semi-annually / At maturity	April 30, 2020	April 30, 2025	Weighted average 6 months T-Bills	75	-	-	75	7,231,500	7,452,000	220,500	0.33%	0.42%
GoP Ijarah Sukuk Certificates -XXV- VRR	Semi-annually / At maturity	April 27, 2022	April 27, 2027	Weighted average 6 months T-Bills	500	-	500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates -XXVI- VRR	Semi-annually / At maturity	October 26, 2022	October 26, 2027	Weighted average 6 months T-Bills	2,300	2,650	1,500	3,450	350,870,854	347,001,000	(3,869,854)	15.15%	19.77%
GoP Ijarah Sukuk Certificates -XXX- VRR	Semi-annually / At maturity	April 17, 2023	April 17, 2024	Weighted average 6 months T-Bills	-	1,100	1,100	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates -XXXI- VRR	Semi-annually / At maturity	May 22, 2023	May 22, 2024	Weighted average 6 months T-Bills	-	2,380	2,380	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates -XXXVII- VRR	Semi-annually / At maturity	August 7, 2023	August 7, 2024	Weighted average 6 months T-Bills	-	2,500	2,500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates -GIS- VRR *	Semi-annually / At maturity	May 10, 2024	May 10, 2029	Weighted average 6 months T-Bills	-	20,000	-	20,000	100,000,000	100,000,000	-	4.37%	5.70%
Total as at June 30, 2024									683,302,354	673,403,000	(9,899,354)	25.04%	32.66%
Total as at June 30, 2023									523,142,021	511,505,500	(11,636,521)		

*The nominal value of these sukuk certificates is Rs. 100,000 each except for GoP Ijarah sukuk certificates-GIS-VRR having nominal value of Rs. 5,000 each.

5.4 Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net

Note	2024	2023
	----- Rupees -----	
, 5.2 & 5.3	1,755,375,820	1,657,480,466
, 5.2 & 5.3	(1,766,646,265)	(1,674,391,838)
	<u>(11,270,445)</u>	<u>(16,911,372)</u>

6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with:			
National Clearing Company of Pakistan Limited (NCCPL)		2,500,000	2,500,000
Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
		2,600,000	2,600,000
Profit receivable on:			
- Balances with banks		12,097,602	6,194,927
- Corporate sukuk certificates		34,166,548	36,843,171
- GoP Ijarah sukuk certificates		17,737,042	13,122,911
		64,001,192	56,161,009
Advance tax	6.1	1,300,716	1,300,716
Dividend receivable		391,800	391,800
		68,293,708	60,453,525

- 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 savings accounts, sukuk certificates and dividends 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 withholders. The tax withheld on profit on savings accounts, sukuk certificates and dividends amounts to Rs. 1.301 million (2023: Rs. 1.301 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

10

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 and commercial papers has been shown as advance tax under 'Advances, deposits and other receivables' 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 to the Management Company	7.1	267,279	176,466
	Sindh Sales Tax payable on remuneration of the Management Company	7.2	34,746	22,941
	Selling and marketing expenses payable	7.3	-	150,872
			<u>302,025</u>	<u>350,279</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 rate of ranging from 0.10% to 0.15% (2023: 0.10%) 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. 0.342 million (2023: Rs. 0.293 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 the rate of ranging from 0.00% to 0.05% (2023: 0.05%) 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, the Securities and Exchange Commission of Pakistan (SECP) carried out an 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	2023
			----- (Rupees) -----	
	Remuneration payable to the Trustee	8.1	132,876	132,342
	Sindh Sales Tax payable on remuneration of the Trustee	8.2	17,274	17,204
			<u>150,150</u>	<u>149,546</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. 0.197 million (2023: Rs. 0.220 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	2023
			----- (Rupees) -----	
	Fee payable	9.1	<u>167,704</u>	<u>451,223</u>

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

11

- 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 0.095% (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.

	Note	2024	2023
		----- (Rupees) -----	-----
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Transaction charges payable		56,335	111,830
Withholding tax payable		584,669	-
Auditors' remuneration payable		533,082	496,336
Shariah advisory fee payable		170,999	3,810
Fees and subscription payable		55,090	76,479
Printing charges payable		73,723	84,051
Zakat payable		147,882	147,882
Legal and professional charges payable		501,157	477,241
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company and sales load	10.1	680,669	680,669
Other liabilities		98,278	2,371
		<u>2,901,884</u>	<u>2,080,669</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. 0.681 million (2023: Rs. 0.681 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. 0.027 (2023: Re. 0.031) per unit.

11 CONTINGENCIES AND COMMITMENTS

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

	2024	2023
	----- (Rupees) -----	-----
12 AUDITORS' REMUNERATION		
Annual audit fee	500,000	454,000
Half yearly review of condensed interim financial statements	275,000	170,000
Fee for other certifications	85,000	70,000
Out of pocket expenses	54,022	7,204
	<u>914,022</u>	<u>701,204</u>
Sindh Sales Tax	73,122	56,096
	<u>987,144</u>	<u>757,300</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

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 in these financial statements as, in the opinion of the management, the determination of the 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 0.62% (2023: 0.62%) which includes 0.13% (2023: 0.04%) representing government levies on the Fund such as sales taxes, 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 'Asset Allocation Scheme'.

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

- 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.
- 16.4** Remuneration to the Trustee is determined in accordance with the provisions of the Trust Deed.
- 16.5** Selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 16.6** The details of transactions carried out by the Fund with connected persons 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	2,638,204	2,256,237
Sindh Sales Tax on remuneration of the Management Company	342,967	293,311
Selling and marketing expenses	400,232	1,128,119
Faysal Bank Limited - Group Company		
Profit on balance with bank	12,590,245	1,357,652
Bank charges	34,941	4,249

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		
Units issued: Nil units (2023: 61 units)	4,843	4,843
Units redeemed: Nil units (2023: 132 units)	10,467	10,467
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,518,379	1,692,178
Sindh Sales Tax on remuneration of the Trustee	197,389	219,983
Settlement charges	89,617	14,118
Unit holders with more than 10% holding		
Units issued: 27,390,696 units (2023: 25,640,098 units)	2,899,850,346	2,271,583,885
Units redeemed: 22,616,513 units (2023: 34,268,298 units)	2,462,428,458	2,996,583,885
Amounts / balances outstanding as at year end		
Faysal Asset Management Limited - Management Company		
Remuneration payable	267,279	176,466
Sindh Sales Tax payable on remuneration of the Management Company	34,746	22,941
Selling and marketing expenses payable	-	150,872
Faysal Bank Limited - Group Company		
Balance with bank	155,664,886	-
Profit receivable on balance with bank	694,578	128,606
Directors, their close family members and Key Management		
Personnel of the Management Company		
Units outstanding: Nil units (2023: Nil units)	-	-
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	100,000	100,000
Remuneration payable	132,876	132,342
Sindh Sales Tax payable on remuneration of the Trustee	17,274	17,204
Unit holders with more than 10% holding		
Units outstanding: 24,142,330 units (2023: 22,019,030 units)	2,166,049,869	1,972,244,517

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2024		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Financial assets			
Balances with banks	470,188,675	-	470,188,675
Investments	-	1,755,375,820	1,755,375,820
Deposits and other receivables	66,992,992	-	66,992,992
	<u>537,181,667</u>	<u>1,755,375,820</u>	<u>2,292,557,487</u>
Financial liabilities			
Payable to Faysal Asset Management Limited - Management Company	302,025	-	302,025
Payable to Central Depository Company of Pakistan Limited - Trustee	150,150	-	150,150
Accrued expenses and other liabilities	<u>1,488,664</u>	<u>-</u>	<u>1,488,664</u>
	<u>1,940,839</u>	<u>-</u>	<u>1,940,839</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

14

	2023		
	At amortised cost	At fair value through profit or loss	Total
	Rupees		
Financial assets			
Balances with banks	282,173,580	-	282,173,580
Investments	-	1,657,480,466	1,657,480,466
Deposits and other receivables	59,152,809	-	59,152,809
	<u>341,326,389</u>	<u>1,657,480,466</u>	<u>1,998,806,855</u>
Financial liabilities			
Payable to Faysal Asset Management Limited			
- Management Company	350,279	-	350,279
Payable to Central Depository Company of Pakistan Limited - Trustee	149,546	-	149,546
Accrued expenses and other liabilities	<u>1,252,118</u>	<u>-</u>	<u>1,252,118</u>
	<u>1,751,943</u>	<u>-</u>	<u>1,751,943</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 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.

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 banks and sukuk certificates. 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 investment in sukuk certificates 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. 19.06 million (2023: Rs. 17.14 million).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

15

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 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	6.65% - 21.50%	470,188,675	-	-	470,188,675
Investments	11.40% - 25.91%	802,354,874	734,064,270	218,950,000	1,755,375,820
Deposits and other receivables		-	-	66,992,992	66,992,992
		1,272,543,549	734,064,270	218,950,000	2,292,557,487
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	302,025	302,025
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	150,150	150,150
Accrued expenses and other liabilities		-	-	1,488,664	1,488,664
		-	-	1,940,839	1,940,839
On-balance sheet gap (a)		1,272,543,549	734,064,270	218,950,000	65,058,829
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		1,272,543,549	734,064,270	218,950,000	
Cumulative profit rate sensitivity gap		1,272,543,549	2,006,607,819	2,225,557,819	

----- 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	15.50% - 20.40%	282,173,580	-	-	282,173,580
Investments	11.40% - 24.94%	819,327,113	612,947,248	225,200,000	1,657,480,466
Deposits, profit and other receivables		-	-	59,152,809	59,152,809
		1,101,500,693	612,947,248	225,200,000	1,998,806,855
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	350,279	350,279
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	149,546	149,546
Accrued expenses and other liabilities		-	-	1,252,118	1,252,118
		-	-	1,751,943	1,751,943
On-balance sheet gap (a)		1,101,500,693	612,947,248	225,200,000	57,406,971
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		1,101,500,693	612,947,248	225,200,000	
Cumulative profit rate sensitivity gap		1,101,500,693	1,714,447,941	1,939,647,941	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

(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 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 significant 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 settlement of equity securities and 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:

	2024						
	Within one 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	470,188,675	-	-	-	-	-	470,188,675
Investments	-	-	335,512,772	662,940,634	396,915,738	360,006,676	1,755,375,820
Deposits and other receivables	12,489,402	34,166,548	17,737,042	-	-	2,600,000	66,992,992
	482,678,077	34,166,548	353,249,814	662,940,634	396,915,738	362,606,676	2,292,557,487
Financial liabilities							
Payable to Faysal Asset Management Limited - Management Company	302,025	-	-	-	-	-	302,025
Payable to Central Depository Company of Pakistan Limited - Trustee	150,150	-	-	-	-	-	150,150
Accrued expenses and other liabilities	955,582	533,082	-	-	-	-	1,488,664
	1,407,757	533,082	-	-	-	-	1,940,839
Net financial assets	481,270,320	33,633,466	353,249,814	662,940,634	396,915,738	362,606,676	2,290,616,648

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

17

	2023						
	Within one 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	282,173,580	-	-	-	-	-	282,173,580
Investments	-	60,000,000	130,940,351	800,711,750	209,822,260	456,006,105	1,657,480,466
Deposits and other receivables	6,586,727	36,843,171	13,122,911	-	-	2,600,000	59,152,809
	288,760,307	96,843,171	144,063,262	800,711,750	209,822,260	458,606,105	1,998,806,855
Financial liabilities							
Payable to Faysal Asset Management Limited - Management Company	350,279	-	-	-	-	-	350,279
Payable to Central Depository Company of Pakistan Limited - Trustee	149,546	-	-	-	-	-	149,546
Accrued expenses and other liabilities	755,782	496,336	-	-	-	-	1,252,118
	1,255,607	496,336	-	-	-	-	1,751,943
Net financial assets	287,504,700	96,346,835	144,063,262	800,711,750	209,822,260	458,606,105	1,997,054,912

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	470,188,675	470,188,675	282,173,580	282,173,580
Investments	1,755,375,820	1,081,966,144	1,657,480,466	1,145,968,861
Deposits and other receivables	66,992,992	49,255,950	59,152,809	46,029,898
	<u>2,292,557,487</u>	<u>1,601,410,769</u>	<u>1,998,806,855</u>	<u>1,474,172,339</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 equity securities, investment in government securities and profit accrued thereon, however, are not exposed to credit risk and have been excluded from the above analysis as investment in government securities are guaranteed by the Government of Pakistan.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

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 and profit accrued thereon. The credit rating profile of bank balances, sukuk certificates and its accrued profit is as follows:

Rating	% of financial assets exposed to credit risk	
	2024	2023
Bank balances and profit accrued thereon		
AAA	14.45%	0.07%
AA	6.83%	0.02%
AA-	-	0.01%
A+	0.07%	14.02%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

Rating	% of financial assets exposed to credit risk	
	2024	2023
Sukuk certificates and profit accrued thereon		
AA+	18.45%	24.55%
AA	11.24%	8.42%
AA-	4.57%	10.32%
A+	5.46%	0.65%
A	5.82%	9.05%
A-	2.06%	5.19%
BBB+	1.04%	1.25%

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 except as disclosed in note 5.2.1 to these financial statements.

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 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				
Listed equity securities	6,676	-	-	6,676
Corporate sukuk certificates	-	1,081,966,144	-	1,081,966,144
GoP Ijarah sukuk certificates	100,000,000	573,403,000	-	673,403,000
	<u>100,006,676</u>	<u>1,655,369,144</u>	<u>-</u>	<u>1,755,375,820</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

19

ASSETS	2023			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Financial assets at fair value through profit or loss				
Listed equity securities	6,105	-	-	6,105
Corporate sukuk certificates	-	1,145,968,861	-	1,145,968,861
GoP Ijarah sukuk certificates	-	511,505,500	-	511,505,500
	<u>6,105</u>	<u>1,657,474,361</u>	<u>-</u>	<u>1,657,480,466</u>

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
Insurance company	1	1,231,690	4.82%	-	-	-
Retirement funds	3	57,413	0.22%	2	49,451	0.22%
Individuals	140	109,641	0.43%	125	226,148	1.01%
Banks / DFIs	1	5,079,912	19.90%	2	22,019,029	98.77%
Others *	2	19,062,634	74.63%	1	1,104	-
	<u>147</u>	<u>25,541,290</u>	<u>100.00%</u>	<u>130</u>	<u>22,295,732</u>	<u>100.00%</u>

* Nil figures due to rounding off difference.

22 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024	2023
	Percentage of commission paid	Percentage of commission paid
Continental Exchange (Private) Limited	12.57%	12.12%
Next Capital Limited	87.43%	87.88%
	<u>100.00%</u>	<u>100.00%</u>

22.1 The Fund has traded with only the above mentioned 2 brokers / dealers during the year ended June 30, 2024 (2023: 2 brokers / dealers).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

20

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
Syed 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 Analyst - Research	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	Fund Manager	B.Com	Faysal Islamic Savings Growth Fund, Faysal Halal Amdani Fund, Faysal Islamic Cash Fund, Faysal Islamic Special Income Plan I, Faysal Islamic Financial Planning Fund II (Faysal Sharia Capital Preservation Plan X), Faysal Islamic Sovereign Fund (Faysal Islamic Sovereign Plan I), Faysal Islamic Special Income Plan III, Faysal Islamic Sovereign Fund (Faysal Islamic Sovereign Plan II), Faysal Islamic Financial Growth Fund (Faysal Islamic Financial Growth Plan I), Faysal Islamic Mustakil Munafa Fund (Faysal Islamic Mehdood Muddat Plan I), Faysal Islamic Mustakil Munafa Fund (Faysal Islamic Mehdood Muddat Plan II)

25 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 has been appointed as director on the Board with effect from October 20, 2023.

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

21

26 GENERAL

26.1 Figures have been rounded off to the nearest Rupees, 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	2,290,336,440	1,997,075,854	2,435,558,204	2,665,463,250	1,833,958,241
Net assets value per unit	89.67	89.57	77.77	70.77	71.60
Offer price per unit	92.71	92.61	80.41	73.17	73.75
Repurchase price per unit	89.67	89.57	77.77	70.77	71.60
Highest offer price per unit	112.66	92.61	80.41	73.23	78.66
Highest repurchase price per unit	108.97	89.57	77.77	70.82	76.36
Lowest offer price per unit	92.61	80.44	73.18	67.56	61.93
Lowest repurchase price per unit	89.57	77.80	70.78	65.34	60.12
Total return:	21.97%	15.17%	9.89%	8.33%	10.89%
- capital growth	0.14%	15.17%	9.89%	8.33%	1.18%
- income distribution	21.83%	-	-	-	9.71%
Average annual return:					
(Launch date: September 9, 2015)					
- one year	21.97%	15.17%	9.89%	8.33%	10.89%
- two years	18.57%	12.53%	9.11%	9.61%	N/A
- three years	15.68%	11.13%	9.70%	N/A	N/A
- Four years	13.84%	11.07%	N/A	N/A	N/A
- Five Years	13.25%				
Distribution per unit:					
- Interim distribution (% per unit)	21.83%	-	-	-	-
- Final distribution (% per unit)	-	-	-	-	9.71%
	<u>21.83%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9.71%</u>

* Announced on 28 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) Responsibilities towards Proxy Voting as per Regulation 38A

Faysal Asset Management Limited (FAML) on behalf of Faysal Islamic Asset Allocation Fund (FIAAF) a collective investment scheme (CIS) under its management did not participate in shareholders' meetings. Further, the proxy voting policy of the FIAAF is available on the website of the FAML and detailed information regarding actual proxies voted by the FAML (if any) in respect of the CIS is also available without charge, upon request, to all unit holders.

(iii) 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

(iv) 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

(v) 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

(vi) 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

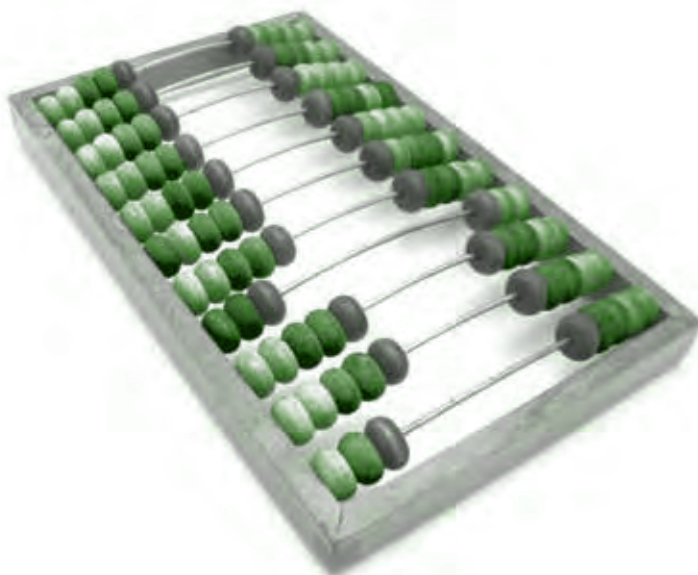
 facebook.com/faysalasset

 x.com/faysalasset

Faysal Islamic Dedicated Equity Fund

Financial Statements

For The Year Ended June 30, 2024



CONTENTS

Fund Information	02
Mission Statement	03
Fund Manager's Report	04
Report to the Shariah Advisor	08
Trustee Report to the Unit Holders	09
Independent Auditor's Report to the Unit Holders	10
Statement of Assets and Liabilities	13
Income Statement	14
Statement of Comprehensive Income	15
Statement of Movement in Unit Holders' Fund	16
Cash Flow Statement	17
Notes to the Financial Statements	18
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
Dubai Islamic Bank
Meezan 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

FIDEF is to provide other 'Fund of Funds' schemes an avenue for investing in Shariah compliant equities.

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.

Equities review:

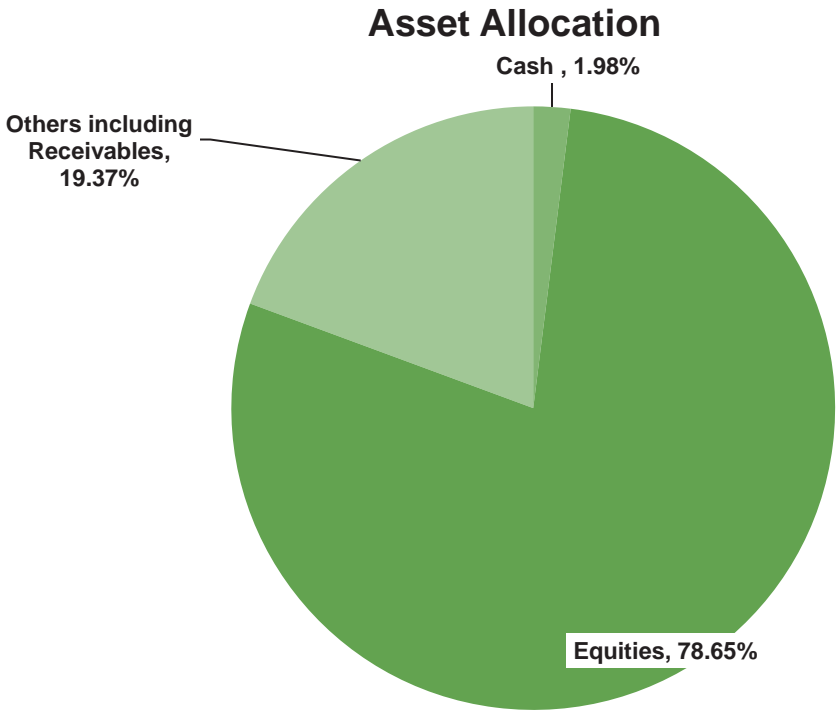
During FY24, the index surged by ~79% from 41,453 points at the end of Jun'23 to 78,445 points. Positive developments on the external front (IMF program success and reapproval, stable PKR, modest Fx reserves), as well as diminishing inflationary pressures and political stability among others, bolstered investor sentiment during the year.

During the FY24, Foreigners and Insurance drove the market with a net purchase of ~USD 152m and ~USD 126m. On the flipside, Banks/DFIs, Individuals, Mutual Funds and Others were net sellers to the tune of ~USD 141mn, ~USD 59mn, ~USD 47mn and ~USD 33m respectively.

During FY24 the sectors which contributed positively to the index include Banks (13,262 points), Fertilizer (5,074 points), Oil & Gas Exploration Companies (4,300 points), Power Generation & Distribution (4,192 points), Cement (2,513 points) and Automobile Assembler (1,095 points). The sectors which dragged in the bourse in FY24 majorly include Technology & Communication (-52 points) and Textile Spinning (-17 points). The market experienced a sustained bull run in FY24, driven by improving macroeconomic indicators, rising corporate profitability, expectations of a rate cut in 2HFY24, and attractive market valuations.

Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Equity Scheme
Risk Profile	High
Launch Date	January 2, 2020
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee*	Upto 3% of Average Annual N.A. (Actual Rate of Management Fee Charged is 2.25%)
Selling and Marketing Expense	0.00%
Front/Back-end Load	FEL up to 3% of NAV & BEL 0%
Min Subscription	PKR 5,000
Benchmark	KMI 30 Index
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	Mon - Thu 9:00 am - 3:30 pm, Fri 9:00 am - 4:30 pm
AMC Rating	AM2++ (VIS) December 29, 2023
NAV per Unit (PKR)	155.73
Net Assets (mn)	36
Net Assets (PKR mn) excluding FoF	0
Total Expense Ratio (Annualized)	4.98%
Total Expense Ratio (Monthly)	-48.25%

Fund Returns (% p.a)		
	FY24	FY23
YTD	57.79%	8.72%
Benchmark (YTD)	78.70%	2.88%



FUND PERFORMANCE

In FY24, the fund posted a return of 57.79% against its benchmark return of 78.70%. At the end of the period, exposure in Cash, Equities and Others stood at 1.98%, 78.65%, and 19.37%, respectively. During this period, an overweight stance was taken in the Cement sector and Oil & Gas sector, whereas an underweight stance relative to KMI-30 was taken on all the remaining sectors.

بسم الله الرحمن الرحيم
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،
وعلى آله واصحابه أجمعين. أما بعد

Annual Report
of
Faysal Islamic Dedicated Equity Fund

August 22, 2024

By the blessing of ALLAH, the year ended 30 June, 2024 under analysis of **Faysal Islamic Dedicated Equity Fund (FIDEF)**. I, as the Shariah Advisor of the fund am issuing the report in accordance with the trust deed of the fund. The scope of the report is to express an opinion on the Shariah Compliance of the fund's activities.


In the capability of Shariah Advisor, I have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction. It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company' personal and review of various documents prepared by the management company to comply with the prescribed criteria.

In the light of above, I hereby certify that:

- I have reviewed and approved the modes of investment of **FIDEF** in light of the Shariah guidelines.
- All the provisions of the scheme and investment made on account of **FIDEF** by **FAML** Fund Managers are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the management, all operations of **Faysal Islamic Dedicated Equity Fund (FIDEF)**, for year ended 30 June 2024 have been in compliance with the Shariah Principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance System.

وصلى الله على حبيب محمد صلى الله عليه وسلم


Abdul Zahid Farooqi
Shariah Advisor

Faysal Asset Management Limited

Mufti Abdul Zahid Farooqi
Shariah Advisor
Faysal Asset Management Ltd

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

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

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL ISLAMIC DEDICATED EQUITY 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 Islamic Dedicated Equity Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 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 24, 2024



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT**To the Unit holders of Faysal Islamic Dedicated Equity Fund****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Faysal Islamic Dedicated Equity 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. 0.78 million and investments aggregated to Rs. 31.07 million.	Our audit procedures amongst others included the following:
	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.	<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: AR2024100689HVqNynDe

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2024

	Note	2024	2023
		----- (Rupees) -----	
Assets			
Balances with banks	4	782,475	294,063,162
Investments	5	31,068,065	1,433,471,636
Advances, deposits and other receivables	6	6,007,225	9,138,430
Preliminary expenses and floatation costs	8	104,375	311,897
Receivable from Faysal Asset Management Limited - Management Company	7	1,600,000	675,000
Receivable against sale of investments		-	33,921,795
Total assets		39,562,140	1,771,581,920
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	9	67,905	10,771,813
Payable to Central Depository Company of Pakistan Limited - Trustee	10	-	212,740
Payable to the Securities and Exchange Commission of Pakistan	11	2,256	458,780
Payable against purchase of investments		-	168,581,664
Accrued expenses and other liabilities	12	3,728,340	7,320,951
Total liabilities		3,798,501	187,345,948
Net assets		35,763,639	1,584,235,972
Unit holders' fund (as per statement attached)		35,763,639	1,584,235,972
Contingencies and commitments	13		
		----- (Number of units) -----	
Number of units in issue		229,646	16,050,217
		----- (Rupees) -----	
Net asset value per unit		155.73	98.70

The annexed notes from 1 to 29 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 ----- (Rupees) -----
Income			
Profit on balances with banks		7,575,018	31,092,848
Dividend income		25,668,998	233,583,414
Other Income		16,191	-
Realised gain on sale of investments - net		196,981,426	112,920,876
		230,241,633	377,597,138
Unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2	6,744,611	(67,653,415)
Total income		236,986,244	309,943,723
Expenses			
Remuneration of Faysal Asset Management Limited - Management Company	9.1	6,545,616	39,364,146
Sindh Sales Tax on remuneration of the Management Company	9.2	850,930	5,117,337
Selling and marketing expenses	9.3	5,168,978	39,025,888
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	774,492	3,277,549
Sindh Sales Tax on remuneration of the Trustee	10.2	100,684	426,081
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	391,508	458,805
Auditors' remuneration	14	786,839	498,970
Legal and professional charges		490,862	784,614
Transaction charges		9,585,108	22,929,408
Amortisation of preliminary expenses and floatation cost	8	207,522	207,522
Bank charges		10,666	17,992
Printing charges		9,713	27,156
Reimbursement of expenses from the Management Company	7.1	(4,620,000)	(675,000)
Total expenses		20,302,918	111,460,468
Net income for the year before taxation		216,683,326	198,483,255
Taxation	15	-	-
Net income for the year after taxation		216,683,326	198,483,255
Earnings per unit	16		
Allocation of net income for the year			
Net income for the year after taxation		216,683,326	198,483,255
Income already paid on units redeemed		(216,459,462)	(198,483,255)
		223,864	-
Accounting income available for distribution			
- Relating to capital gains		223,864	-
- Excluding capital gains		-	-
		223,864	-

The annexed notes from 1 to 29 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 ----- (Rupees) -----	2023 -----
Net income for the year after taxation	216,683,326	198,483,255
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>216,683,326</u>	<u>198,483,255</u>

The annexed notes from 1 to 29 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

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the year	2,348,121,301	(763,885,329)	1,584,235,972	3,449,866,549	(763,885,329)	2,685,981,220
Issuance of 240,439 units (2023: 74,423,562 units)						
- Capital value (at net asset value per unit at the beginning of the year)	23,731,329	-	23,731,329	6,756,170,958	-	6,756,170,958
- Element of income	13,197,623	-	13,197,623	583,627,484	-	583,627,484
Total proceeds on issuance of units	36,928,952	-	36,928,952	7,339,798,442	-	7,339,798,442
Redemption of 16,061,010 units (2023: 87,961,558 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(1,585,221,687)	-	(1,585,221,687)	(7,985,150,235)	-	(7,985,150,235)
- Element of loss	(403,462)	(216,459,462)	(216,862,924)	(456,393,455)	(198,483,255)	(654,876,710)
Total payments on redemptions of units	(1,585,625,149)	(216,459,462)	(1,802,084,611)	(8,441,543,690)	(198,483,255)	(8,640,026,945)
Total comprehensive income for the year	-	216,683,326	216,683,326	-	198,483,255	198,483,255
Net assets at the end of the year	799,425,104	(763,661,465)	35,763,639	2,348,121,301	(763,885,329)	1,584,235,972
Accumulated loss brought forward						
- Realised loss		(696,231,914)			(427,998,115)	
- Unrealised loss		(67,653,415)			(335,887,214)	
		(763,885,329)			(763,885,329)	
Accounting income available for distribution						
- Relating to capital gains	223,864			-		
- Excluding capital gains	-			-		
	223,864			-		
Accumulated loss carried forward		(763,661,465)			(763,885,329)	
Accumulated loss carried forward						
- Realised loss		(770,406,076)			(696,231,914)	
- Unrealised income / (loss)		6,744,611			(67,653,415)	
		(763,661,465)			(763,885,329)	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		98.70			90.78	
Net asset value per unit at the end of the year		155.73			98.70	

The annexed notes from 1 to 29 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		216,683,326	198,483,255
Adjustments for:			
Unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.2	(6,744,611)	67,653,415
Amortisation of preliminary expenses and floatation cost	8	207,522	207,522
		<u>210,146,237</u>	<u>266,344,192</u>
Decrease / (increase) in assets			
Investments - net		1,409,148,182	724,217,287
Advances, deposits and other receivables		3,131,205	1,238,152
Receivable from Faysal Asset Management Limited - Management Company		(925,000)	325,000
Receivable against sale of investments		33,921,795	35,502,307
		<u>1,445,276,182</u>	<u>761,282,746</u>
(Decrease) / increase in liabilities			
Payable to Faysal Asset Management Limited - Management Company		(10,703,908)	(11,007,263)
Payable to Central Depository Company of Pakistan Limited - Trustee		(212,740)	(168,535)
Payable to the Securities and Exchange Commission of Pakistan		(456,524)	(375,826)
Payable against purchase of investments		(168,581,664)	135,065,541
Accrued expenses and other liabilities		(3,592,611)	845,251
		<u>(183,547,447)</u>	<u>124,359,168</u>
Net cash generated from operating activities		<u>1,471,874,972</u>	<u>1,151,986,106</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance of units - net of refund of capital		36,928,952	7,339,798,442
Payments against redemption of units		(1,802,084,611)	(8,640,026,945)
Net cash used in financing activities		<u>(1,765,155,659)</u>	<u>(1,300,228,503)</u>
Net decrease in cash and cash equivalents during the year		<u>(293,280,687)</u>	<u>(148,242,397)</u>
Cash and cash equivalents at the beginning of the year		294,063,162	442,305,559
Cash and cash equivalents at the end of the year	4	<u><u>782,475</u></u>	<u><u>294,063,162</u></u>

The annexed notes from 1 to 29 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 Islamic Dedicated Equity Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on February 18, 2019 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). 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 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 SECP. The registered office of the Management Company is situated at 7th Floor, West Wing, Faysal House, Shahr-e-Faisal, Karachi. 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 shariah compliant equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 issued by the SECP and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs.100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from January 02, 2020 and are transferable and redeemable by surrendering them to the Fund.
- 1.4 The investment objective of the Fund is to provide Equity exposure to other 'Fund of Funds' Schemes an avenue for investing in Shariah Compliant Equities.
- 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.
- 1.6 VIS Credit Rating Company Limited has assigned the rating of "AM2++" to the Management Company as at December 29, 2023 (2023: "AM2++" dated December 31, 2022). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a ranking of "MFR 1-Star" to Faysal Islamic Dedicated Equity Fund on May 23, 2024 (2023: MFR 4-Star dated November 30, 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. 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 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 the 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 the 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 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 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 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 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

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 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 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 Pakistan Stock Exchange Regulations.

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 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".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

4

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 / the 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 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 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 period in which these arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Profit on balances with banks is recognised on a time proportion basis using the effective yield method.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

5

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.

3.13 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

3.14 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders in cash.

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.

3.15 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 / (loss) per unit is not practicable as disclosed in note 16.

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
4 BALANCES WITH BANKS			
In savings accounts	4.1	<u>782,475</u>	<u>294,063,162</u>

- 4.1** These savings accounts carry profit at rates ranging from 6.69% to 20% (2023: 4.50% to 19.50%) per annum. Deposits in savings accounts also include Rs. 0.042 million (2023: Rs. 250.303 million) maintained with Faysal Bank Limited, a related party, and carry profit at the rate of 20% (2023: 20.4%) per annum.

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
5 INVESTMENTS			
Investment at 'fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	5.1	<u>31,068,065</u>	<u>1,433,471,636</u>

5.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2023	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	Paid-up capital of investee company (with face value of investment)
	(Number of shares)					(Rupees)			%		
Property											
TPL Properties Limited	451,950	1,088,000	-	1,539,950	-	-	-	-	-	-	-
Oil & Gas Exploration Companies											
Mani Petroleum Company Limited	92,442	9,965	-	101,831	476	786,929	1,291,074	504,145	3.61	4.16	-
Oil and Gas Development Company Limited (note 5.1.2)	1,636,042	1,034,800	-	2,650,041	20,801	2,385,109	2,815,831	430,722	7.87	9.06	-
Pakistan Petroleum Limited	2,165,932	1,451,739	-	3,597,547	20,124	1,935,112	2,356,722	421,610	6.59	7.59	-
									18.07	20.81	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

6

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2023	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	Paid-up capital of investee company (with face value of investment)
	(Number of shares)					(Rupees)			%		
Engineering											
Agha Steel Industries Limited	730,000	400,000	-	1,130,000	-	-	-	-	-	-	-
Mughal Iron And Steel Industries Limited	198,937	85,000	-	283,937	-	-	-	-	-	-	-
International Industries Limited	-	90,015	-	88,385	1,630	298,291	319,007	20,716	0.89	1.03	-
International Steels Limited	-	269,218	-	269,218	-	-	-	-	-	-	-
									0.89	1.03	
Pharmaceuticals											
AGP Limited	-	63,171	-	58,239	4,932	354,896	455,569	100,673	1.27	1.47	-
Citi Pharma Limited	-	410,000	-	410,000	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	125,100	-	124,400	700	156,793	174,587	17,794	0.49	0.56	-
Haleon Pakistan Limited	-	2,500	-	-	2,500	502,227	743,425	241,198	2.08	2.39	-
Highnoon Laboratories Limited	-	17,650	-	16,400	1,250	655,397	891,975	236,578	2.49	2.87	-
The Seafire Company Limited	-	322,500	-	317,500	5,000	306,500	285,600	(20,900)	0.80	0.92	-
									7.13	8.21	
Cement											
Cherat Cement Company Limited (note 5.1.2)	484,155	418,876	-	903,031	-	-	-	-	-	-	-
Kohat Cement Company Limited	42,512	21,320	-	63,832	-	-	-	-	-	-	-
Fauji Cement Company Limited	3,542,000	3,295,300	-	6,726,500	110,800	2,075,855	2,538,428	462,573	7.10	8.17	-
Lucky Cement Limited (note 5.1.2)	139,134	86,330	-	223,525	1,939	1,277,319	1,758,149	480,830	4.92	5.66	-
Pioneer Cement Limited	178,783	222,700	-	394,283	7,200	966,314	1,214,280	257,966	3.40	3.91	-
Maple Leaf Cement Factory Limited	2,320,760	2,217,724	-	4,508,862	29,622	1,048,195	1,125,636	77,441	3.15	3.62	-
Attock Cement Pakistan Limited	-	6,450	-	-	6,450	629,137	626,553	(2,584)	1.75	2.02	-
D.G. Khan Cement Company Limited	-	442,700	-	439,000	3,700	325,602	333,999	8,397	0.93	1.08	-
									21.25	24.46	
Commercial Banks											
Meezan Bank Limited	1,365,831	351,960	-	1,708,468	9,313	1,286,288	2,229,439	943,151	6.23	7.18	-
Bankislami Pakistan Limited	1,572,599	921,000	-	2,493,599	-	-	-	-	-	-	-
Faysal Bank Limited	1,508,188	814,738	-	2,309,126	13,800	533,899	723,672	189,773	2.02	2.33	-
									8.25	9.51	
Glass & Ceramics											
Tariq Glass Industries Limited	755,000	271,800	-	1,024,000	2,800	320,581	326,340	5,759	0.91	1.05	-
Chemical											
Descon Oxychem Limited	885,500	410,000	-	1,295,500	-	-	-	-	-	-	-
Engro Polymer and Chemicals Limited (note 5.1.2)	106	145,300	-	138,106	7,300	325,214	327,916	2,702	0.92	1.06	-
Lotte Chemical Pakistan Limited	1,176,718	106,000	-	1,282,718	-	-	-	-	-	-	-
Dyneema Pakistan Limited	-	1,500	-	-	1,500	282,000	338,280	56,280	0.95	1.09	-
									1.87	2.15	
Textile Composite											
Interloop Limited	-	396,013	-	382,213	13,800	1,017,409	977,454	(39,955)	2.73	3.15	-
Nishat Mills Limited	-	17,500	-	16,500	1,000	68,650	70,850	2,200	0.20	0.23	-
									2.93	3.38	
Synthetic & Rayon											
Image Pakistan Limited	-	146,500	-	146,500	-	-	-	-	-	-	-
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	128,600	-	128,600	-	-	-	-	-	-	-
Cables & Electrical Goods											
Pak Elektron Limited	-	1,076,823	-	1,076,823	-	-	-	-	-	-	-
Fertilizer											
Engro Fertilizers Limited (note 5.1.2)	1,101,940	606,200	-	1,699,686	8,454	954,761	1,405,224	450,463	3.93	4.52	-
Engro Corporation Limited (note 5.1.2)	496,010	108,340	-	600,170	4,180	1,226,512	1,390,728	164,216	3.89	4.48	-
									7.82	9.00	
Transport											
Blue-Ex Limited	404,329	-	-	404,329	-	-	-	-	-	-	-
(formerly Universal Networks System Limited)	-	-	-	-	-	-	-	-	-	-	-
Pakistan International Bulk Terminal Limited	-	1,466,500	-	1,413,500	53,000	317,395	327,010	9,615	0.91	1.05	-
									0.91	1.05	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

7

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares received during the year	Disposed of during the year	As at June 30, 2023	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	Paid-up capital of investee company (with face value of investment)
	(Number of shares)					(Rupees)		%			
Refinery											
National Refinery Limited	-	42,000	-	42,000	-	-	-	-	-	-	-
Attock Refinery Limited	-	100,500	-	100,500	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	1,643,860	-	1,643,860	-	-	-	-	-	-	-
Food & Personal Care Products											
Fauji Foods Limited	-	463,830	-	463,830	-	-	-	-	-	-	-
Al-Tahur Limited	-	192,500	-	192,500	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	1,190,500	6,165	1,196,665	-	-	-	-	-	-	-
Oil & Gas Marketing Companies											
Attock Petroleum Limited	-	800	-	800	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	668,475	-	668,475	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	17,890	1,613,293	-	1,631,183	-	-	-	-	-	-	-
Shell Pakistan Limited	-	2,200	-	2,200	-	-	-	-	-	-	-
Power Generation & Distribution											
K-Electric Limited	264,000	-	-	264,000	-	-	-	-	-	-	-
The Hub Power Company Limited (note 5.1.2)	1,271,672	1,176,396	-	2,425,036	23,032	2,310,583	3,756,059	1,445,476	10.50	12.09	-
Lalpur Power Limited	-	969,000	-	969,000	-	-	-	-	-	-	-
Nishat Chunian Power Limited	-	1,561,500	-	1,561,500	-	-	-	-	-	-	-
									10.50	12.09	
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	-	60,000	-	60,000	-	-	-	-	-	-	-
Milat Tractors Limited	35,250	-	-	35,250	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	97,000	-	97,000	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	261,200	-	261,200	-	-	-	-	-	-	-
									-	-	-
Automobile Parts & Accessories											
Exide Pakistan Limited	-	800	-	-	800	348,000	471,448	123,448	1.32	1.52	-
Panther Tyres Limited	-	34,000	-	34,000	-	-	-	-	-	-	-
Thal Limited	-	1,972	-	467	1,505	565,524	727,427	161,903	2.03	2.34	-
									3.35	3.86	
Technology & Communication											
Avanceon Limited	13,060	138,000	-	151,060	-	-	-	-	-	-	-
Systems Limited (note 5.1.2)	307,380	94,997	-	399,830	2,547	1,072,962	1,065,383	(7,579)	2.98	3.43	-
Air Link Communication Limited	-	235,248	-	235,248	-	-	-	-	-	-	-
									2.98	3.43	
Total as at June 30, 2024						24,323,454	31,068,065	6,744,611	86.86	100.00	
Total as at June 30, 2023						1,501,125,051	1,433,471,636	(67,653,415)	82.85	100.00	

5.1.2 Investments include the following shares of the companies which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

Name of the investee company	2024		2023	
	Number of shares	Market value in Rupees	Number of shares	Market value in Rupees
Oil and Gas Development Company Limited	14,301	1,935,926	127,068	9,911,304
Cherat Cement Company Limited	-	-	200,000	24,056,000
Engro Fertilizers Limited	7,454	1,239,004	500,000	41,265,000
The Hub Power Company Limited	20,932	3,413,591	400,000	27,832,000
Systems Limited	2,147	898,090	35,758	14,422,274
Engro Corporation Limited	3,340	1,111,251	-	-
Lucky Cement Limited	1,479	1,341,054	-	-
	49,653	9,938,916	1,262,826	117,486,578

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

8

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
5.2 Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net			
Market value of investments	5.1	31,068,065	1,433,471,636
Carrying value of investments	5.1	(24,323,454)	(1,501,125,051)
		<u>6,744,611</u>	<u>(67,653,415)</u>
6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Profit receivable on balances with banks		4,532,007	5,321,141
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Security deposit with National Clearing Company of Pakistan Limited		1,000,000	2,500,000
Dividend receivable		32,897	936,797
Advance tax	6.1	280,492	280,492
Trustee Fee Receivable		61,829	-
		<u>6,007,225</u>	<u>9,138,430</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 dividend and profits 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 deposits and dividend amounts to Rs. 280,492 (2023: Rs. 280,492).			
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. 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 dividends and profit on bank deposits 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		2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
Reimbursement from the Management Company		<u>1,600,000</u>	<u>675,000</u>
7.1 The Total Expense Ratio (TER) of the Fund shall be within the maximum limit of 4.5% as prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme. Hence, the Fund has recorded reimbursement from the Management Company to ensure compliance with the maximum limit of 4.5% for TER of the Fund.			
8 PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
At the beginning of the year		311,897	519,419
Less: amortisation during the year		(207,522)	(207,522)
At the end of the year	8.1	<u>104,375</u>	<u>311,897</u>
8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

9

9	PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024 ----- (Rupees)	2023 -----
	Management fee payable	9.1	60,093	495,930
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	7,812	66,710
	Selling and marketing expenses payable	9.3	-	10,209,173
			<u>67,905</u>	<u>10,771,813</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 1.5% to 2.25% (2023: 0.6% to 2.75%) of the average annual net assets of the Fund.

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

- 9.2 During the year, an amount of Rs 0.851 million (2023: Rs 5.117 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 had allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion (duly authorised by the Board of Directors) while keeping in view the annual plan, overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations at the rates ranging from 0% to 2% (2023: 0% to 2%) of the average annual net assets of the Fund.

- 9.4 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 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 ----- (Rupees)	2023 -----
	Remuneration of the Trustee	10.1	-	188,265
	Sindh Sales Tax on remuneration of the Trustee	10.2	-	24,475
			<u>-</u>	<u>212,740</u>

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

Net assets (Rs.)	Fee
up to Rs. 1,000 million	0.2% per annum of net assets or Rs. 700,000, whichever is higher.
over Rs. 1,000 million	Rs. 2.0 million plus 0.10% per annum of net assets exceeding Rs. 1,000 million.

- 10.2 During the year, an amount of Rs. 0.101 million (2023: Rs. 0.426 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%).

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ----- (Rupees)	2023 -----
	Annual fee payable	11.1	<u>2,256</u>	<u>458,805</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 0.095% (2023: 0.02%) of the average annual net assets of the Fund.

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

10

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.

	2024	2023
	----- (Rupees) -----	-----
12 ACCRUED EXPENSES AND OTHER LIABILITIES		
Transaction charges payable	1,275,869	5,216,644
Auditors' remuneration payable	630,960	403,194
Rating fee payable	192,250	192,250
Annual listing fee payable	105,298	105,298
Legal and professional charges payable	1,216,893	1,024,906
Withholding tax payable	269,774	332,967
Printing charges payable	37,296	45,691
	<u>3,728,340</u>	<u>7,320,951</u>

13 CONTINGENCIES AND COMMITMENTS

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

	2024	2023
	----- (Rupees) -----	-----
14 AUDITORS' REMUNERATION		
Annual audit fee	407,500	290,775
Half yearly review of condensed interim financial statements	192,500	129,234
Fee for other certifications	92,555	-
Out of pocket expenses	36,000	42,001
	<u>728,555</u>	<u>462,010</u>
Sindh sales tax	58,284	36,960
	<u>786,839</u>	<u>498,970</u>

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 period 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.

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 / (LOSS) PER UNIT

Earnings / (loss) per unit (EPU) 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.

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 4.98% (2023: 4.87%) which includes 0.55% (2023: 0.37%) representing government levies on the Fund such as Sales Taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Equity Scheme'.

18 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

- 18.1** Connected persons and related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, Faysal Asset Management Limited - Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund, Faysal Bank Limited, Faysal Bank Limited - Staff Provident Fund, Faysal Bank Limited - Staff Gratuity Fund and other entities under common management and / or directorship and the directors and their close family members and officers of the Management Company and the Trustee, key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund at year end.

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

11

- 18.2** 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.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 18.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5** Selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 18.6** 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 ----- (Rupees) -----	2023 ----- (Rupees) -----
Faysal Asset Management Limited - Management Company		
Remuneration of the Management Company	6,545,616	39,364,146
Sindh Sales Tax on remuneration of the Management Company	850,930	5,117,337
Selling and marketing expenses	5,168,978	39,025,888
Faysal Bank Limited - Group company / associated company		
Profit on balances with banks	2,450,336	15,926,411
Faysal Islamic Financial Planning Fund		
- Faysal Sharia Capital Preservation Plan - V (fund managed by the Management Company)		
Issuance of Nil units (2023: 3,147,470 units)	-	305,000,000
Redemption of Nil units (2023: 4,219,505 units)	-	400,688,008
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan - VI (fund managed by the Management Company)		
Issuance of Nil units (2023: 6,699,992 units)	-	670,000,000
Redemption of Nil units (2023: 7,945,357 units)	-	782,714,586
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan - VII (fund managed by the Management Company)		
Issuance of Nil units (2023: 11,198,487 units)	-	1,110,000,000
Redemption of Nil units (2023: 14,866,655 units)	-	1,424,825,903
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan - VIII (fund managed by the Management Company)		
Issuance of 4,047 units (2023: 16,115,969 units)	423,555	1,605,777,658
Redemption of 1,936,169 units (2023: 23,509,530 units)	207,943,571	2,329,777,658
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan - IX (fund managed by the Management Company)		
Issuance of 4,047 units (2023: 19,617,766 units)	423,555	1,936,366,634
Redemption of 9,487,201 units (2023: 24,411,573 units)	1,054,059,203	2,422,366,634
Faysal Islamic Financial Planning Fund - Faysal Sharia Capital Preservation Plan - X (fund managed by the Management Company)		
Issuance of 2,698 units (2023: 17,643,879 units)	282,370	1,712,654,150
Redemption of 4,407,994 units (2023: 13,008,937 units)	504,282,370	1,279,654,150

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

12

Transactions during the year	2024	2023
	----- (Rupees) -----	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	774,492	3,294,023
Sindh Sales Tax on remuneration of the Trustee	100,684	409,607
CDS Charges	334,029	753,380
Sindh Sales Tax on CDS Charges	43,424	18,408
Amounts / balances outstanding as at year end	2024	2023
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Management fee payable	60,093	495,930
Sindh Sales Tax payable on remuneration of the Management Company	7,812	64,471
Selling and marketing expenses payable	-	10,211,412
Allocated expenses payable	-	-
Other payable	-	-
Receivable from the Management Company	-	675,000
Faysal Bank Limited - Group company / associated company		
Balance with bank	41,754	250,302,696
Profit receivable on balance with bank	4,203,084	4,953,256
Faysal Islamic Financial Planning Fund		
- Faysal Sharia Capital Preservation Plan - VIII (fund managed by the Management Company)		
Outstanding Nil units (2023: 1,932,121 units)	-	190,700,343
Faysal Islamic Financial Planning Fund		
- Faysal Sharia Capital Preservation Plan - IX (fund managed by the Management Company)		
Outstanding Nil units (2023: 9,483,154 units)	-	935,987,300
Faysal Islamic Financial Planning Fund II		
- Faysal Sharia Capital Preservation Plan - X (fund managed by the Management Company)		
Outstanding 229,646 units (2023: 4,634,942 units)	35,762,772	457,468,775
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee	-	182,995
Sindh Sales Tax payable on remuneration of the Trustee	-	29,745
Receivable from Trustee	61,829	-

19 FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2024		
At amortised cost	At fair value through profit or loss	Total
----- Rupees -----		
Financial assets		
Balances with banks	782,475	-
Investments	-	31,068,065
Deposits and other receivables	5,726,733	-
Receivable from Faysal Asset Management Limited - Management Company	1,600,000	-
	8,109,208	31,068,065
Financial liabilities		
Payable to Faysal Asset Management Limited - Management Company	-	67,905
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-
Accrued expenses and other liabilities	-	3,458,566
	-	3,526,471

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

13

June 30, 2023			
	At amortised cost	At fair value through profit or loss	Total
Rupees			
Financial assets			
Balances with banks	294,063,162	-	294,063,162
Investments	-	1,433,471,636	1,433,471,636
Deposits and other receivables	8,857,938	-	8,857,938
Receivable against sale of investments	33,921,795	-	33,921,795
Receivable from Faysal Asset Management Limited			
- Management Company	675,000	-	675,000
	<u>337,517,895</u>	<u>1,433,471,636</u>	<u>1,770,989,531</u>
Financial liabilities			
Payable to Faysal Asset Management Limited	-	10,771,813	10,771,813
- Management Company			
Payable to Central Depository Company of Pakistan Limited - Trustee	-	212,740	212,740
Payable against purchase of investments	-	168,581,664	168,581,664
Accrued expenses and other liabilities	-	6,987,984	6,987,984
	<u>-</u>	<u>186,554,201</u>	<u>186,554,201</u>

20 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.

20.1 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.

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 interest rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks. 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 for the year and net assets of the Fund would have been higher / lower by Rs. 0.007 million (2023: Rs. 2.941 million).

The composition of the Fund's investment portfolio, profit rates 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 financial 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

June 30, 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	6.69% - 20%	782,475	-	-	782,475
Investments		-	-	31,068,065	31,068,065
Deposits and other receivables		-	-	5,726,733	5,726,733
Receivable from Faysal Asset Management Limited - Management Company		-	-	1,600,000	1,600,000
		782,475	-	38,394,798	39,177,273
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	67,905	67,905
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	-
Accrued expenses and other liabilities		-	-	3,458,566	3,458,566
		-	-	3,526,471	3,526,471
On-balance sheet gap (a)					
		782,475	-	34,868,327	35,650,802
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap (b)					
		-	-	-	-
Total profit rate sensitivity gap (a+b)					
		782,475	-	-	-
Cumulative profit rate sensitivity gap					
		782,475	782,475	782,475	

June 30, 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	4.5% - 19.5%	294,063,162	-	-	294,063,162
Investments		-	-	1,433,471,636	1,433,471,636
Deposits and other receivables		-	-	8,857,938	8,857,938
Receivable from Faysal Asset Management Limited - Management Company		-	-	675,000	675,000
Receivable against sale of investments		-	-	33,921,795	33,921,795
		294,063,162	-	1,476,926,369	1,770,989,531
Financial liabilities					
Payable to Faysal Asset Management Limited - Management Company		-	-	10,771,813	10,771,813
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	212,740	212,740
Payable against purchase of investments		-	-	168,581,664	168,581,664
Accrued expenses and other liabilities		-	-	6,987,984	6,987,984
		-	-	186,554,201	186,554,201
On-balance sheet gap (a)		294,063,162	-	1,290,372,168	1,584,435,330
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		294,063,162	-	-	-
Cumulative profit rate sensitivity gap		294,063,162	294,063,162	294,063,162	

(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.

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

15

(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.

In case of 1% increase / decrease in KMI All Share Index on June 30, 2024, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 0.311 million (2023: Rs. 14.334 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI All Share Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI All Share Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI All Share Index.

20.2 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 obtained 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 redemptions during the year.

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:

June 30, 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	782,475	-	-	-	-	782,475
Investments	-	-	-	-	31,068,065	31,068,065
Deposits and other receivables	4,626,733	-	-	-	1,100,000	5,726,733
Receivable from Faysal Asset Management Limited - Management Company	1,600,000	-	-	-	-	1,600,000
Receivable against sale of investments	-	-	-	-	-	-
	7,009,208	-	-	-	32,168,065	39,177,273

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

16

June 30, 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 liabilities						
Payable to Faysal Asset Management Limited - Management Company	67,905	-	-	-	-	67,905
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	-	-
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	2,827,606	630,960	-	-	-	3,458,566
	2,895,511	630,960	-	-	-	3,526,471
Net financial assets / (liabilities)	4,113,697	(630,960)	-	-	32,168,065	35,650,802

June 30, 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	294,063,162	-	-	-	-	294,063,162
Investments	-	-	-	-	1,433,471,636	1,433,471,636
Deposits and other receivables	6,257,938	-	-	-	2,600,000	8,857,938
Receivable from Faysal Asset Management Limited - Management Company	675,000	-	-	-	-	675,000
Receivable against sale of investments	33,921,795	-	-	-	-	33,921,795
	334,917,895	-	-	-	1,436,071,636	1,770,989,531

Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company	10,771,813	-	-	-	-	10,771,813
Payable to Central Depository Company of Pakistan Limited - Trustee	212,740	-	-	-	-	212,740
Payable against purchase of investments	168,581,664	-	-	-	-	168,581,664
Accrued expenses and other liabilities	6,584,790	403,194	-	-	-	6,987,984
	186,151,007	403,194	-	-	-	186,554,201
Net financial assets / (liabilities)	148,766,888	(403,194)	-	-	1,436,071,636	1,584,435,330

20.3 Credit risk

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, receivable against sale of investments, dividend receivable and receivable from the Management Company.

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	782,475	782,475	294,063,162	294,063,162
Investments	31,068,065	-	1,433,471,636	-
Deposits and other receivables	5,726,733	5,726,733	8,857,938	8,857,938
Receivable from Faysal Asset Management Limited - Management Company	1,600,000	1,600,000	675,000	675,000
Receivable against sale of investments	-	-	33,921,795	33,921,795
	39,177,273	8,109,208	1,770,989,531	337,517,895

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

17

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 equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

20.3.1 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 and related profit receivable thereon, dividend receivable, receivable against sale of investments and receivable from the Management Company. The credit rating profile of balances with banks is as follows:

Rating category	% of bank balances exposed to credit risk	
	2024	2023
	----- (%) -----	
AAA	-	0.10
AA+	4.19	-
AA-	0.18	-
AA	95.64	99.90
	<u>100</u>	<u>100</u>

20.3.2 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.

21 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. However, the Fund is exempt from any "Minimum Fund Size" requirements in NBFC and Notified Entity Regulations, 2008 as it is designed to provide equity exposure to other "Fund-of-Fund" schemes, therefore, the Fund size may decline to zero when there no "Fund-of-Funds" invested in the Fund.

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 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.

22 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

18

22.1 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	As at June 30, 2024			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets 'at fair value through profit or loss'				
Shares of listed companies - 'ordinary shares'	31,068,065	-	-	31,068,065
ASSETS	As at June 30, 2023			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets 'at fair value through profit or loss'				
Shares of listed companies - 'ordinary shares'	1,433,471,636	-	-	1,433,471,636

23 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	1	229,646	100.00%	3	16,050,217	100.00%

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2024 Percentage of commission paid	2023 Percentage of commission paid
Taurus Securities Limited	9.30%	5.24%
A. H. M. Securities (Private) Limited	6.23%	-
Al Habib Capital Markets (Private) Limited	5.07%	-
Topline Securities Limited	4.74%	5.23%
Optimus Capital Management Limited	4.58%	5.94%
Next Capital Limited	4.50%	11.78%
ABA Ali Habib Securities (Private) Limited	4.28%	-
Alfalalah CLSA Securities (Private) Limited	4.19%	-
Intermarket Securities Limited	4.15%	6.33%
Arif Habib Limited	4.01%	5.18%
Khadim Ali Shah Bukhari Securities (Private) Limited	-	13.64%
Akik Capital (Private) Limited	-	5.49%
Fortune Securities Limited	-	3.71%
BMA Capital Management Limited.	-	3.02%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2024

19

25 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

26 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Shoaib Danish	Fund Manager	MBA, CFA	Faysal Islamic Stock Fund, Faysal Islamic Pension Fund, Faysal Islamic KPK Government Pension Fund, Faysal Asset Allocation Fund, Faysal Stock Fund, Faysal Pension Fund

27 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 has been appointed as director on the Board with effect from October 20, 2023.

28 GENERAL

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

29 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	35,763,639	1,584,235,972	2,685,981,220	4,181,837,379	995,314,628
Net assets value per unit	155.73	98.7	90.78	114.97	78.09
Offer price per unit	161.01	102.05	93.86	118.87	80.44
Repurchase price per unit	155.73	98.7	90.78	114.97	78.09
Highest offer price per unit	161.17	108.43	121.4	124.18	105.58
Highest repurchase price per unit	155.89	104.87	117.41	120.1	102.5
Lowest offer price per unit	102.06	90.43	92.45	82.57	73.08
Lowest repurchase price per unit	98.71	87.46	89.41	79.86	70.95
Total return:	57.79%	8.72%	-21.04%	47.23%	-20.97%
- capital growth	57.79%	8.72%	-21.04%	47.23%	-22.17%
- income distribution	0.00%	0.00%	0.00%	0.00%	1.20%
Average annual return:					
(Launch date: January 02, 2020)					
- one year	57.79%	8.72%	-21.04%	47.23%	-20.97%
- two years	33.26%	-6.16%	13.10%	13.13%	N/A
- three years	15.16%	11.64%	1.74%	N/A	N/A
four years	23.18%	3.49%	N/A	N/A	N/A
Five Years	14.35%				
Distribution per unit:					
- Interim distribution (% per unit)		-	-	-	1.20%
- Final distribution (% per unit)		-	-	-	-
	0.00%	0.00%	0.00%	0.00%	1.20%

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) Responsibilities towards Proxy Voting as per Regulation 38A

The proxy voting policy of the Faysal Asset Management Limited is available on the website of the FAML and detailed information regarding actual proxies voted by the FAML in respect of the CIS is also available without charge, upon request, to all unit holders.

SUMMARY OF ACTUAL PROXY VOTED BY THE FUND

	Resolutions	For	Against	Abstain
Number	0	0	0	0
Percentage		0%	0%	0%

(iii) 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

(iv) MEETINGS OF THE HUMAN REOURSCE 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

(v) 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

(vi) 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