

Faysal Asset Management

Asset Allocation Fund

Condensed Interim Financial Statements for
The Half Year Ended December 31, 2019



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FUND INFORMATION

Management Company

Faysal Asset Management Limited

Board of Directors of the Management Company

Mr. Salman Ahmed Usmani, Chairman
Mr. Osman Asghar Khan, Director
Mr. Mian Salman Ali, Director
Syed Muhammad Fraz Zaidi, Director
Mr. Tahir Yaqoob Bhatti, Director
Mr. Nadir Rehman, Director
Mr. Khaldoon Bin Latif, Director/CEO

Chief Executive Officer

Mr. Khaldoon Bin Latif

Chief Financial Officer Company Secretary of the Management Company

Mr. Faisal Ali Khan

Audit Committee

Mr. Osman Asghar Khan, Chairman
Mr. Mian Salman Ali, Member
Syed Muhammad Fraz Zaidi, Member

HR Committee

Mr. Osman Asghar Khan, Chairman
Mr. Salman Ahmed Usmani, Member
Mr. Nadir Rehman, 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.

Bankers to the Fund

MCB Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
United Bank Limited
JS Bank Limited
Allied Bank Limited
Habib Bank Limited
Sindh Bank Limited

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 Shahra-e-Faisal, Karachi.

MISSION AND VISION

To provide world class investment management and advisory services for the benefit of clientele looking to maximize their financial returns while minimizing risk.

To amplify our client-centricity by inspiring innovation, championing customer service, generating competitive returns, and honoring the utmost ethical and professional standards.

MISSION STATEMENT

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

Report of the Directors of the Management Company

The Directors of Faysal Asset Management Limited, the Management Company of Faysal Asset Allocation Fund (FAAF), are pleased to present the un-audited condensed interim financial statements of FAAF for the half year and quarter ended December 31, 2019.

FINANCIAL HIGHLIGHTS

	Half Year Ended		Quarter Ended	
	December 31		December 31	
	2019	2018	2019	2018
	Rupees in million			
Total income / (loss)	13.326	(17.329)	11.867	(13.213)
Total expenses	(2.464)	(3.702)	(1.476)	(1.811)
Net income / (loss) for the period before taxation	10.862	(21.031)	10.391	(15.024)
Taxation	-	-	-	-
Net income / (loss) for the period after taxation	10.862	(21.031)	10.391	(15.024)
NAV per unit (Rs.)	47.98	47.08	47.98	47.08

ECONOMIC REVIEW

Country's political topography continues to be overshadowed with volatility abroad especially Middle East as Pakistan had to reassure Saudi Arabia's leadership that its ties with them remains firm despite Islamabad's engagement with other Muslim countries. The United States has showed concerns that CPEC may push Pakistan into an already stifling debt burden while Minister for Economic Affairs has stated that Pakistan would successfully achieve the Financial Action Task Force's International Co-operation Review Group action plan in 2020 as FATF related bills are presented in Senate.

As of FY 19, the real growth rate has declined to 2.9% below mean level of 4.4% vs. 5.8% as of FY 18. The IMF expects cycle to rebound in FY 21. The consumption and external accounts are emanating signs of recovery with expectations of improvement in government spending. Moody's has changed its outlook for Pakistan from negative to stable. PKR/USD is trading at 155 as it is up 13% YoY vs. 29% in SPLY with inflation differential of 11% with United States. The provisional REER for November 2019 is at 96 vs. 101 in SPLY. Central bank has maintained policy rate at 13.25% in latest meeting and we expect slight quantitative easing from July 2020. Currently, Pakistan holds FX reserves of USD 11.4bn with Central Bank.

The Phase-II of China-Pakistan Free Trade Agreement has come into force with effect from December 1, 2019. Meanwhile, December 2019 quarterly CAD, 1.0% of GDP or USD 661mn is under control with continuous improvement in run rate as December 2019 quarterly imports are down 17% YoY with an import cover of 2.6 months vs. 1.4 months in SPLY.

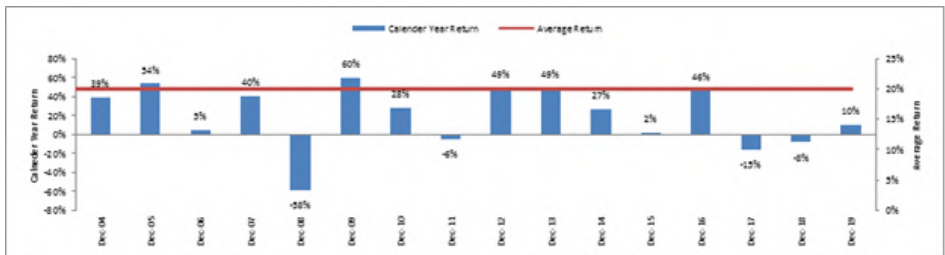
Current govt. has raised EOBI pension to PKR 8,500/month to provide a relief in lieu of declining purchasing power. However; consumption is slightly improving as December 2019 quarterly 1) inflation is slightly down to 11.9% vs. 6.5% in SPLY and 2) petrol volumes are up 4% YoY vs. -3% in SPLY. Gazprom, a Russian company, will initiate the feasibility study for laying down undersea pipeline from Gulf to Pakistan, India and Bangladesh and ultimately ending to China after touching Myanmar and Thailand as Pakistan is aggressively eying for FDI by improving business climate. As a result the December 2019 quarterly domestic cement dispatches are up 7% YoY vs. -2% in SPLY.

To improve tax collection, FBR has decided to extend the scope of Track & Trace System to other major sectors to gauge real time production for the purpose of materializing full tax collection. As of September 2019, Government TTM tax collection has declined 0.3% YoY vs. 4.0% in SPLY, hence; development spending is down 18% YoY vs. 8% in SPLY taking fiscal deficit to 8% of GDP vs. 7% in SPLY.

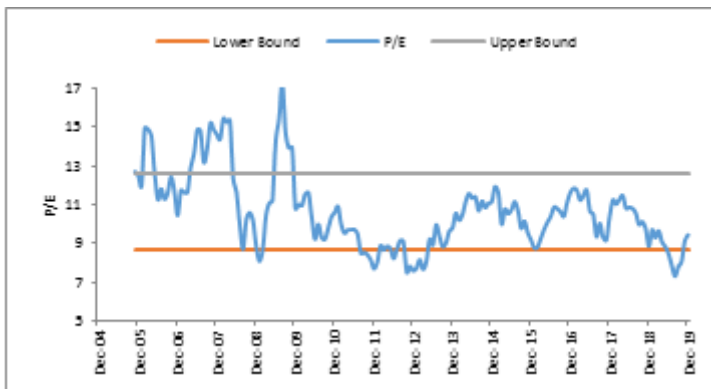
EQUITY REVIEW

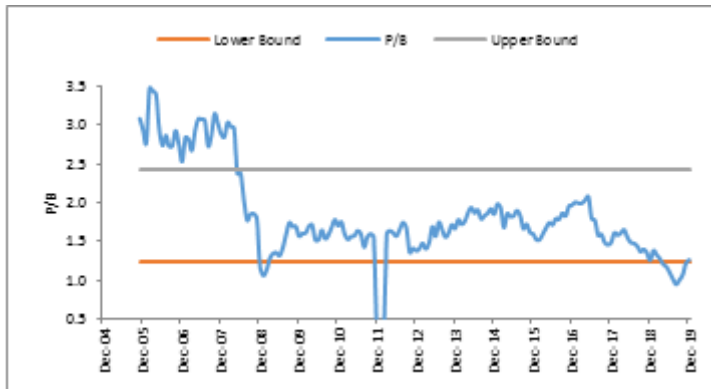
The KSE100 has gained 3.68% MoM to close at 40,735 taking FYTD/CYTD return to 20.16%/9.90% respectively. It is currently trading at trailing 1) P/E of 9.6x and 2) P/B of 1.0x with current market capitalization of USD 50.3bn or 20% of GDP.

Market remained volatile during the year after it breached its lower bound valuations during August 2019 due to worsening economic conditions and declining companies' profitability; however, during the second half of calendar year, local participants led the recovery as the 1) economic indicators (i.e. current account run rate) started to show improvements and 2) the Treasury bills/bonds yield declined in auctions and secondary markets. The market performed exceptionally well during Oct-Dec 2019 with commercial banks giving largest contribution to index gains followed by fertilizers and oil & gas exploration companies. During CY2019, foreign participation improved with net FIPI inflows of USD 56mn vs. net FIPI outflows of USD 537mn in SPLY. Improving macros along with credibility of IMF is providing validation to Pakistan economic story.



KSE100 continues to trade at reasonable valuations despite recent bout of performance as forward its (P/E & P/B) are hovering around its lowest levels with forward CY22 P/E of 7.0x based on average earnings growth of 10%-15%.





The 1) expected monetary easing due in later part of the year and 2) underlying earnings growth of at least 10%-15% will continue to further rerate the market as valuations will be following the improving underlying financials. Under the IMF program, the Country has already stabilized; hence, the way forward of economic managers will to preserve the stability while treading gradually towards a growth strategy driven by investments and export economy. We believe that market can give a double digit return in CY2020.

FUND PERFORMANCE

During the period 1HFY20, your fund posted a return of 12.71% against its benchmark of 13.85%. During this period your fund exposure increased from 38.05% to 77.57% and had market weight stance relative to KSE-100 on Oil & gas exploration sector whereas overweight stance was taken on Chemical sector contrarily underweight stance on commercial banks, Power Generation & Distribution sector, Oil & gas marketing companies and Fertilizer sector. Profitable fund performance was mainly due to government decision to release funds for development projects, shortening their procedure, and stringent efforts to fulfill FATF (Financial Action Task Force) with easing political noise, MSCI emerging market status quo, and IMF affirmations over achievement of First Quarter Performance Criteria by good margins with Foreign inflows, surging foreign exchange reserves, and rupee stability led to the bullish close.

FUND RANKING

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a "long term rating 2-Stars" to FAAF as of August 30, 2019.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company is thankful to the unit holders for their confidence on the Management, the Securities and Exchange Commission of Pakistan and the management of Pakistan Stock Exchange Limited for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work.

For and on behalf of the Board

Chief Executive Officer
Karachi: January 31, 2020

Director

**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) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL ASSET ALLOCATION FUND****Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Faysal Asset Allocation Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 28, 2020



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF FAYSAL ASSET ALLOCATION FUND

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Faysal Asset Allocation Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year then ended. The Management Company (Faysal Asset Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

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

Conclusion

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

Other matter

The condensed interim financial information of the Fund for the half year ended December 31, 2018 was reviewed and the financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 26, 2019 and September 26, 2019 respectively.

Chartered Accountants

Engagement Partner: **Shahbaz Akbar**

Dated: February 28, 2020

Karachi

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>

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2019

	Note	December 31, 2019 (Un-Audited) ----- (Rupees) -----	June 30, 2019 (Audited)
Assets			
Balances with banks	4	5,314,655	55,276,385
Investments	5	62,975,651	38,339,463
Deposits, prepayments and other receivables		11,366,101	7,155,134
Total assets		<u>79,656,407</u>	<u>100,770,982</u>
Liabilities			
Payable to Faysal Asset Management Limited - the Management Company	6	276,797	238,046
Payable to Central Depository Company of Pakistan Limited - the Trustee	7	17,278	61,816
Payable to the Securities and Exchange Commission of Pakistan	8	9,119	134,119
Accrued and other liabilities	9	6,130,785	5,283,456
Total liabilities		<u>6,433,979</u>	<u>5,717,437</u>
Net assets		<u>73,222,428</u>	<u>95,053,545</u>
Contingencies and commitments	10		
Unit holders' fund (as per statement attached)		<u>73,222,428</u>	<u>95,053,545</u>
--- (Number of units) ---			
Number of units in issue		<u>1,526,128</u>	<u>2,232,904</u>
---- (Rupees) ----			
Net asset value per unit		<u>47.98</u>	<u>42.57</u>

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

Condensed Interim Income Statement

For The Half Year and Quarter Ended December 31, 2019

	Note	Half year ended December 31,		Quarter ended December 31,	
		2019	2018	2019	2018
		------(Rupees)-----		------(Rupees)-----	
Income					
Profit on balances with banks		2,635,855	2,716,364	707,698	1,520,697
Dividend income		1,911,470	2,727,236	903,765	1,407,996
Gain / (loss) on disposal of investments - net		7,261,055	(11,603,996)	7,175,281	(13,454,822)
		11,808,380	(6,160,396)	8,786,744	(10,526,129)
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'fair value through profit or loss'	5	1,517,585	(11,168,206)	3,080,330	(2,686,841)
Total income / (loss)		13,325,965	(17,328,602)	11,867,074	(13,212,970)
Expenses					
Remuneration of Faysal Asset Management Limited - the Management Company		911,877	1,667,721	459,237	767,123
Sindh sales tax on remuneration of the Management Company		118,544	216,804	59,699	99,724
Remuneration to Central Depository Company of Pakistan Limited - the Trustee		91,188	352,877	(5,008)	176,438
Sindh sales tax on remuneration of the Trustee		11,854	45,871	(652)	22,938
Bank charges		4,772	16,733	(7,970)	3,778
Transaction costs		1,018,285	895,730	720,437	494,913
Annual fee to the Securities and Exchange Commission of Pakistan		9,119	79,214	4,593	36,439
Auditors' remuneration		221,384	265,696	88,536	132,848
Fees and subscription		76,607	76,607	38,304	38,304
Printing charges and other expenses		23,197	1,228	23,197	-
Allocated expenses	11	45,594	83,883	-	38,360
Reimbursement of expenses from the Management Company	14	(290,000)	-	(117,038)	-
Total operating expenses		2,242,421	3,702,364	1,263,335	1,810,865
Net profit / (loss) from operating activities		11,083,544	(21,030,966)	10,603,739	(15,023,835)
Provision for Sindh Workers Welfare Fund		221,671	-	212,475	-
Net profit / (loss) for the period before taxation		10,861,873	(21,030,966)	10,391,264	(15,023,835)
Taxation	15	-	-	-	-
Net profit / (loss) for the period after taxation		10,861,873	(21,030,966)	10,391,264	(15,023,835)
Allocation of net profit for the period					
Net profit for the period		10,861,873		10,391,264	
Income already paid on units redeemed		(2,605,558)		(2,572,247)	
		<u>8,256,315</u>		<u>7,819,017</u>	
Accounting income available for distribution					
Relating to capital gains		8,778,640		10,255,611	
Excluding capital gains		(522,325)		(2,436,594)	
		<u>8,256,315</u>		<u>7,819,017</u>	

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

Condensed Interim Statement of Comprehensive Income

For The Half Year and Quarter Ended December 31, 2019

	<u>Half year ended December 31</u>		<u>Quarter ended December 31</u>	
	2019	2018	2019	2018
	------(Rupees)-----		------(Rupees)-----	
Net profit / (loss) for the period after taxation	10,861,873	(21,030,966)	10,391,264	(15,023,835)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>10,861,873</u>	<u>(21,030,966)</u>	<u>10,391,264</u>	<u>(15,023,835)</u>

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

Condensed Interim Statement of Movement in Unit Holders' Fund

For The Half Year Ended December 31, 2019

	December 31, 2019			December 31, 2018		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees)			(Rupees)		
Net assets at beginning of the period	393,930,044	(298,876,499)	95,053,545	455,137,075	(268,358,110)	186,778,965
Issuance of 483,398 (2018: 522,081) units						
- Capital value (at net asset value per unit at beginning of the period)	20,578,279	-	20,578,279	28,119,283	-	28,119,283
- Element of income / (loss)	358,639	-	358,639	(1,200,657)	-	(1,200,657)
Total proceeds on issuance of units	20,936,918	-	20,936,918	26,918,626	-	26,918,626
Redemption of 1,190,172 (2018: 1,034,067) units						
- Capital value (at net assets value per unit at beginning of the period)	(50,665,711)	-	(50,665,711)	(55,694,849)	-	(55,694,849)
- Element of (loss) / income	(358,639)	(2,605,558)	(2,964,197)	2,197,164	-	2,197,164
Total payments on redemption of units	(51,024,350)	(2,605,558)	(53,629,908)	(53,497,685)	-	(53,497,685)
Total comprehensive income / (loss) for the period	-	10,861,873	10,861,873	-	(21,030,966)	(21,030,966)
Net assets at end of the period	363,842,612	(290,620,184)	73,222,428	428,558,016	(289,389,076)	139,168,940
Accumulated loss brought forward						
- Realised		(293,891,326)			(255,319,120)	
- Unrealised		(4,985,173)			(13,038,990)	
		<u>(298,876,499)</u>			<u>(268,358,110)</u>	
Accounting income available for distribution						
- Relating to capital gains		8,778,640			-	
- Excluding capital gains		(522,325)			-	
		<u>8,256,315</u>			<u>-</u>	
Loss for the period		-			(21,030,966)	
Undistributed loss carried forward		<u>(290,620,184)</u>			<u>(268,358,110)</u>	
Accumulated loss carried forward						
- Realised		(292,137,769)			(257,189,904)	
- Unrealised		1,517,585			(11,168,206)	
		<u>(290,620,184)</u>			<u>(268,358,110)</u>	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			<u>42.57</u>			<u>53.86</u>
Net assets value per unit at end of the period			<u>47.98</u>			<u>47.08</u>

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

Condensed Interim Cash Flows Statement

For The Half Year Ended December 31, 2019

	Note	Half year ended December 31,	
		2019	2018
------(Rupees)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period before taxation		10,861,873	(21,030,966)
Adjustments for:			
(Gain) / loss on disposal of investments - net		(7,261,055)	11,603,996
Unrealised (gain) / loss on revaluation of investments classified at fair value through profit or loss - net		(1,517,585)	11,168,206
Provision for Sindh Workers Welfare Fund		221,671	-
		<u>(8,556,969)</u>	<u>22,772,202</u>
Increase in assets			
Investments		(15,857,548)	(26,608,428)
Deposits, prepayments and other receivables		(4,210,967)	(294,752)
		<u>(20,068,515)</u>	<u>(26,903,180)</u>
Increase / (decrease) in liabilities			
Payable to Faysal Asset Management Limited - the Management Company		38,751	(337,318)
Payable to Central Depository Company of Pakistan Limited - the Trustee		(44,538)	3,238
Payable to the Securities and Exchange Commission of Pakistan		(125,000)	(202,944)
Accrued and other liabilities		625,658	(352,676)
		<u>494,871</u>	<u>(889,700)</u>
Net cash used in operating activities		<u>(17,268,740)</u>	<u>(26,051,644)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issue of units		20,936,918	26,918,626
Payments made against redemption of units		(53,629,908)	(53,497,685)
Net cash used in financing activities		<u>(32,692,990)</u>	<u>(26,579,059)</u>
Net decrease in cash and cash equivalents during the period		<u>(49,961,730)</u>	<u>(52,630,703)</u>
Cash and cash equivalents at beginning of the period		55,276,385	113,215,434
Cash and cash equivalents at end of the period	4	<u><u>5,314,655</u></u>	<u><u>60,584,731</u></u>

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Asset Allocation Fund (the Fund) was established under a trust deed executed between Faysal Aseet Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on January 31, 2006 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).
- 1.2** The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at 7th Floor, Faysal House, ST-02, Main Shahrah-e-Faisal, Karachi, Pakistan. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).
- 1.3** The Fund is an open-end asset allocation fund and offers units for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. . Title to the assets of the fund are held in the name of CDC as the Trustee of the Fund. The Fund was launched on July 24, 2006.
- 1.4** The principal activity of the Fund is to invest in a mix of equity securities, fixed income and money market instruments.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned a '1-star rating' to Faysal Asset Allocation Fund as of August 30, 2019. VIS Credit Rating Company limited has awarded an "AM3+" asset manager rating to the Management Company as of June 24, 2019.
- 1.6** "Under the NBFC Regulations, 2008, the minimum size of an open end scheme shall be Rs. 100 million at all times during the life of the scheme. However, size of the fund as at December 31, 2019 is Rs.73.222 million which is below the minimum size prescribed by the SECP. Subsequent to the half year ended December 31, 2019, this non-compliance has been regularised by the fund with in the prescribed regulatory deadline.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Notes to and forming part of the Condensed Interim Financial Statements For The Half Year and Quarter Ended December 31, 2019

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

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

The following standards, interpretations and amendments would be effective from the dates mentioned below against the respective standards, interpretations and amendments:

Effective date (accounting periods beginning on or after)

- | | |
|--|-----------------|
| - IAS 1 - 'Presentation of financial statements' (amendment) | January 1, 2020 |
| - IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment) | January 1, 2020 |

The Management is currently in the process of assessing the impact of these amendments on the financial statements of the Fund.

2.3.1 There are certain other new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

2.4 Critical accounting estimates and judgments

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the financial statements of the Fund for the year ended June 30, 2019.

2.5 Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

2.6 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Fund operates. These condensed interim

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

financial statements are presented in Pakistan Rupee, which is the Fund's functional and presentation currency.

2.7 Financial risk management

The financial risk management objectives and policies adopted by the Fund are consistent with those disclosed in the financial statements for the year ended June 30, 2019.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

	Note	December 31, 2019 (Un-audited) ----- (Rupees) -----	June 30, 2019 (Audited) -----
4 BALANCES WITH BANKS			
PLS savings accounts	4.1 & 4.2	<u>5,314,655</u>	<u>55,276,385</u>

4.1 These carry mark-up ranging between 11.25% and 14.25% (June 30, 2019: 10.25% and 13.6%) per annum.

4.2 The balance in PLS savings accounts also include Rs.0.102 million (June 30, 2019: Rs. 3.83 million) with a related party, Faysal Bank Limited.

4.3 As per the offering document, the total exposure of the Fund's net assets in cash and cash equivalents shall range between 10% to 100%, the current exposure of 7.26% is in the breach of the prescribed limit. The above exposure is in deficit of the limit prescribed by the offering document and disclosure for breach of exposure limit is made as required by the Circular No.16 of 2010 dated July 07, 2010 issued by the SECP.

	Note	December 31, 2019 (Un-audited) ----- (Rupees) -----	June 30, 2019 (Audited) -----
5 INVESTMENTS			
Investments at 'fair value through profit or loss'			
Ordinary shares of listed companies	5.1	<u>62,975,651</u>	<u>38,339,463</u>
		62,975,651	38,339,463
Listed debt securities	5.2	<u>13,137,043</u>	<u>13,137,043</u>
Less: provision against debt securities		<u>(13,137,043)</u>	<u>(13,137,043)</u>
		<u>-</u>	<u>-</u>
		<u>62,975,651</u>	<u>38,339,463</u>

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

5.1 Listed equity securities * at 'fair value through Profit or loss'

Name of investee company	Note	Number of shares -----				Cost as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) on revaluation	----- Investment as % of -----		
		As at July 01, 2019	Purchased during the period	Bonus / right shares received	Disposed off during the period				As at December 31, 2019	Net assets	Total investments
----- (Rupees) -----											
Oil and gas marketing companies											
Hascol Petroleum Limited		-	20,000	-	20,000	630,920	538,000	(92,920)	0.73%	0.85%	0.0110%
Sui Northern Gas Pipelines Limited		33,000	148,000	-	131,000	3,917,468	3,808,500	(108,968)	5.20%	6.05%	0.0079%
Pakistan State Oil Company Limited		-	90,000	5,000	90,000	-	-	-	0.00%	0.00%	0.0013%
						4,548,388	4,346,500	(201,888)	5.94%	6.90%	
Oil and gas exploration companies											
Mari Petroleum Company Limited	5.1.2	2,620	5,000	262	2,502	7,358,208	7,048,338	(309,870)	9.63%	11.19%	0.0044%
Pakistan Oil Fields Limited	5.1.2	8,900	32,000	-	39,600	511,589	580,736	69,147	0.79%	0.92%	0.0005%
Oil & Gas Development Company Limited		43,500	149,000	-	177,500	2,189,982	2,134,800	(55,182)	2.92%	3.39%	0.0035%
Pakistan Petroleum Limited		27,500	217,300	6,000	200,800	6,829,114	6,857,000	27,886	9.36%	10.89%	0.0022%
						16,888,893	16,620,874	(268,019)	22.70%	26.39%	
Chemical											
ICI Pakistan Limited	5.1.2	90	-	-	90	94,188	60,737	(33,451)	0.08%	0.10%	0.0010%
Engro Polymer & Chemicals Limited	5.1.2	195,500	526,000	-	598,500	3,806,991	4,084,830	277,839	5.58%	6.49%	0.0135%
Descon Oxychem Limited		30,000	191,500	-	85,000	3,009,172	3,210,480	201,308	4.38%	5.10%	0.1338%
Lotte Chemical Pakistan Limited		140,000	741,000	-	881,000	-	-	-	0.00%	0.00%	0.0000%
						6,910,351	7,356,047	445,696	10.05%	11.68%	
Cement											
Cherat Cement Company Limited		-	73,500	-	73,500	-	-	-	0.00%	0.00%	0.0000%
D.G Khan Cement Company Limited		-	30,000	-	30,000	-	-	-	0.00%	0.00%	0.0000%
Kohat Cement Company Limited		-	90,000	-	90,000	-	-	-	0.00%	0.00%	0.0000%
Lucky Cement Limited		-	43,000	-	33,000	4,220,000	4,284,000	64,000	5.85%	6.80%	0.1083%
Maple Leaf Cement Factory Limited		-	60,000	-	60,000	-	-	-	0.00%	0.00%	0.0000%
Maple Leaf Cement Factory Limited - LoR		-	131,000	-	131,000	-	-	-	0.00%	0.00%	0.0000%
						4,220,000	4,284,000	64,000	5.85%	6.80%	
Industrial Engineering											
Amreli Steel Limited		-	110,000	-	110,000	-	-	-	0.00%	0.00%	0.0000%
Internation Steel Limited		-	190,000	-	190,000	-	-	-	0.00%	0.00%	0.0000%
Mughal Iron & Steel Limited		-	125,000	-	125,000	-	-	-	0.00%	0.00%	0.0000%
						-	-	-	0.00%	0.00%	
Fertilizer											
Engro Corporation Limited		8,100	117,700	-	125,800	-	-	-	0.00%	0.00%	0.0000%
Fauji Fertilizer Bin Qasim Limited		-	85,000	-	35,000	1,172,058	976,000	(196,058)	1.33%	1.55%	0.0001%
Fauji Fertilizer Company Limited		-	70,000	-	70,000	-	-	-	0.00%	0.00%	0.0000%
						1,172,058	976,000	(196,058)	1.33%	1.55%	
Foods & Personal Care Products											
Macto Foods Limited		17,750	-	-	17,750	-	-	-	0.00%	0.00%	0.0000%
At-Tahir Limited		-	90,000	-	90,000	2,027,850	1,885,500	(142,350)	2.58%	2.99%	0.0172%
						2,027,850	1,885,500	(142,350)	2.58%	2.99%	
Textile composite											
Nishat Mills Limited		-	5,000	-	5,000	-	-	-	0.00%	0.00%	0.0000%
						-	-	-	0.00%	0.00%	
Power generation and distribution											
The Hub Power Company Limited	5.1.2	-	94,500	-	35,000	4,664,974	5,554,325	889,351	7.59%	8.82%	0.0051%
						4,664,974	5,554,325	889,351	7.59%	8.82%	
Insurance											
Adamjee Insurance Company Limited		-	41,500	-	41,500	1,839,615	1,746,735	(92,880)	2.39%	2.77%	0.0001%
						1,839,615	1,746,735	(92,880)	2.39%	2.77%	
Pharmaceuticals											
AGP Limited		-	40,000	-	40,000	3,290,000	3,974,000	684,000	5.43%	6.31%	0.01%
The Searle Company Limited		-	15,000	-	15,000	-	-	-	0.00%	0.00%	0.00%
						3,290,000	3,974,000	684,000	5.43%	6.31%	

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For The Half Year and Quarter Ended December 31, 2019

Name of investee company	Note	Number of shares -----					Cost as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) on revaluation	----- Investment as % of -----		
		As at October 01, 2019	Purchased during the period	Bonus / right shares received	Disposed off during the period	As at December 31, 2019				Net assets	Total invest- ments	Investee company paid-up capital
----- (Rupees) -----												
Commercial banks												
Habib Bank Limited	5.1.2	-	59,500	-	46,500	13,000	1,818,757	2,046,460	227,703	2.79%	3.25%	0.0009%
Allied Bank Limited		20,000	-	-	20,000	-	-	-	-	0.00%	0.00%	0.0000%
MCB Bank Limited		-	55,000	-	50,000	5,000	1,050,012	1,024,700	(25,312)	1.40%	1.63%	0.0004%
Meezan Bank Limited		-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.0000%
United Bank Limited		10,500	132,000	-	126,500	16,000	2,591,695	2,632,000	40,305	3.59%	4.18%	0.0013%
Bank Alfalah Limited	5.1.2	117,000	80,000	-	70,000	127,000	5,850,001	5,803,900	(46,101)	7.93%	9.22%	0.0114%
The Bank of Punjab		-	667,000	-	250,000	417,000	4,585,472	4,724,610	139,138	6.45%	7.50%	0.0158%
Bank Alhabib Limited		10,000	-	-	10,000	-	-	-	-	-	-	0.0000%
							15,895,937	16,231,670	335,733	22.17%	25.77%	
December 31, 2019							61,458,066	62,975,651	1,517,585	86.01%	100.00%	
June 30, 2019							<u>43,324,636</u>	<u>38,339,463</u>	<u>(4,985,173)</u>			

5.1.1 All shares have a nominal value of Rs.10 each.

5.1.2 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	December 31, 2019 (Un-audited) ----- (Number of shares) -----	June 30, 2019 (Audited)	December 31, 2019 (Un-audited) ----- (Rupees) -----	June 30, 2019 (Audited)
Bank Alfalah Limited	97,000	111,000	4,432,900	4,838,490
Sui Northern Gas Pipelines Limited	-	30,000	-	2,084,700
The Hub Power Company Limited	15,000	-	1,400,250	-
Engro Corporation Limited	-	4,000	-	1,062,400
Engro Polymer and chemicals Limited	74,000	100,000	2,457,540	2,696,000
Lotte Chemicals Pakistan Limited	-	130,000	-	1,982,500
Habib Bank Limited	10,000	-	1,574,200	-
Mari Petroleum Company Limited	300	2,500	393,030	2,523,225
ICI Pakistan Limited	90	-	60,737	-
Pakistan Oilfield Limited	1,000	-	446,720	-
Oil and Gas Development Company Limited	-	37,000	-	4,865,130
	197,390	414,500	10,765,377	20,052,445

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

5.1.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance, 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance, 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. The CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring so withholding of the bonus shares. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

5.2 Listed debt securities - designated 'at fair value through profit or loss'

Name of the Investee Company	Number of certificates				Rupees			Investment as % of		
	As at July 01, 2019	Purchased during the period	Redeemed during the period	Disposed off during the period	As at December 31, 2019	Carrying Value as at December 31, 2019	Market Value as at December 31, 2019	Net assets	Total investments	Size of issue
Term Finance Certificates (TFCs)										
Financial Services										
Trust Investment Bank Limited	7,000	-	-	-	7,000	13,137,043	-	-	-	-
Less: provision						(13,137,043)				
As at December 31, 2019	7,000	-	-	-	7,000	-	-	0.00%	0.00%	0.00%

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- (Rupees) -----	
6 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - THE MANAGEMENT COMPANY			
Remuneration of the Management Company	6.1	152,902	158,935
Sindh sales tax on remuneration of the Management Company	6.2	19,877	20,659
Allocated expenses		104,018	58,452
		<u>276,797</u>	<u>238,046</u>

6.1 The Management Company has charged remuneration at the rate of 2% of average annual net assets of the Fund, calculated on a daily basis. The fee is payable to the Management Company monthly in arrears.

6.2 The Provincial Government of Sindh has levied Sindh sales tax at the rate of 13% on the remuneration of the Management Company through the Sindh sales tax on Services Act, 2011.

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- (Rupees) -----	
7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF - THE TRUSTEE			
Remuneration payable to the Trustee		15,290	53,795
Sindh sales tax on remuneration of the Trustee	7.1	1,988	8,021
		<u>17,278</u>	<u>61,816</u>

7.1 Sindh sales tax at the rate of 13% is charged on the Trustee fee.

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- (Rupees) -----	
8 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	8.1	9,119	134,119

8.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP). Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Accordingly, the Fund has charged the SECP fee at the rate of 0.02% of net assets during the period.

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- (Rupees) -----	
9 ACCRUED AND OTHER LIABILITIES			
Transaction charges payable		802,059	199,141
Accrued liabilities		801,598	940,217
Withholding tax and Zakat payable		171,113	9,753
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	858,556	636,886
Provision for indirect taxes and duties	9.2	3,497,459	3,497,459
		<u>6,130,785</u>	<u>5,283,456</u>

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

9.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have mutual funds / CISs excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on mutual funds / CISs, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund for the period from May 21, 2015 to December 31, 2019, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.5626 per unit (June 30, 2019: Re 0.2852 per unit).

9.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till December 31, 2016 amounting to Rs 3.497 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been retained, the NAV per unit of the Fund would have been higher by Re 2.2917 (June 30, 2019: Re 1.5663) per unit.

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

Notes to and forming part of the Condensed Interim Financial Statements

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11 ALLOCATED EXPENSES

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).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1 percent of the average annual net assets of the scheme for allocation of such expenses to the Fund.

12 EARNINGS PER UNIT

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

13 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 2.72% which include 0.43% representing government levy, Sindh Workers' Welfare Fund and the SECP fee, etc. The size is within the prescribed regulatory limit of 4.5%.

14 REIMBURSEMENT OF EXPENSES FROM THE MANAGEMENT COMPANY

As per the SECP's direction No. SCD/PRDD/Direction/18/2016 all AMCs are required to calculate the TER in respect of each CIS to ensure that the TER is not in breach of the required maximum percentage. The AMCs are required to adjust the NAV of the CIS on the basis of TER at the end of each quarter during the financial year for the amount of expenses in excess of the TER limit prescribed in regulation 60(5) of the NBFC Regulations.

During the period ended December 31, 2019, the Fund was in breach of the prescribed TER ratio in the first quarter of the financial year ending June 30, 2020 and therefore, the Management Company reimbursed the amount of Rs. 290,000 to the Fund being excess of maximum TER.

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 unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute at least 90 percent of the net accounting income other than capital gains to the unitholders. Since the Management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

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16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

16.1 Connected persons / 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 and officers of the Management Company and connected persons. Connected persons also includes any person beneficially owning directly or indirectly 10% or more of the units in issue / net assets of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Rules, the NBFC Regulations and the trust deed respectively

	December 31, 2019	December 31, 2018
	(Un-audited)	(un-audited)
	----- (Rupees) -----	
16.2 Details of transactions with related parties / connected persons during the period are as follows:		
Faysal Asset Management Limited (the Management Company)		
Remuneration of Faysal Asset Management Limited		
- the Management company	911,877	1,667,721
Sindh sales tax on remuneration to the Management Company	118,544	216,804
Allocated expenses	45,594	83,883
Reimbursement of expenses from the Management Company	(290,000)	-
Units issued: 357,770 (2018: Nil) units	14,936,903	-
Units redeemed: 357,770 (2018: Nil) units	14,969,102	-
Central Depository Company of Pakistan Limited		
- the Trustee		
Remuneration to the Trustee	91,188	352,877
Sales tax on remuneration of the Trustee	11,854	45,871
Settlement charges	3,181	460,631
Faysal Bank Limited (group company)		
Return on PLS saving account	181,444	2,716,364

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
16.3 Amounts / balances outstanding as at period / year end :	----- (Rupees) -----	
Faysal Asset Management Limited (the Management Company)		
Remuneration of Faysal Asset Management Limited		
Limited - the Management Company	152,902	158,935
Sindh sales tax on remuneration of the Management Company	19,877	20,659
Allocated expenses	104,018	58,452
Central Depository Company of Pakistan Limited - (the Trustee)		
Remuneration payable to the Trustee	15,290	53,795
Sales tax payable on remuneration of the Trustee	1,988	8,021
Directors and key management personnel		
Units in issue 11,894 units (June 30, 2019: 11,894 units)	570,671	506,327
Unit holder holding 10% or more units		
Units in issue: 665,419 (June 30, 2019: 12,466) units	31,926,283	28,326,573
Faysal Bank Limited (group company)		
Return receivable on PLS saving account	94,943	-
Bank balance	102,462	3,798,118

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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 tradeable in an open market are revalued at 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: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

	December 31, 2019 (un-audited)			
	Level 1	Level 2	Level 3	Total
ASSETS	----- (Rupees) -----			

Financial assets 'at fair value through profit or loss'

Ordinary shares of listed companies	62,975,651	-	-	62,975,651
-------------------------------------	------------	---	---	------------

	June 30, 2019 (audited)			
	Level 1	Level 2	Level 3	Total
ASSETS	----- (Rupees) -----			

Financial assets 'at fair value through profit or loss'

Ordinary shares of listed companies	38,339,463	-	-	38,339,463
-------------------------------------	------------	---	---	------------

18 GENERAL

Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements, except for the following:

Reclassification from the condensed interim income statement	Reclassified to the condensed interim income statement	Half year ended December 31, 2018	Quarter ended December 31, 2018
		----- (Rupees) -----	

Brokerage Charges	Transaction costs	435,099	200,849
Settlement charges, federal excise duty and capital value tax	Transaction costs	460,631	294,064

Reclassification from the condensed interim statement of assets and liabilities	Reclassified to the condensed interim statement of assets and liabilities	June 30, 2019
		---- (Rupees) ----

Accrued and other liabilities	Payable to the Securities and Exchange Commission of Pakistan	134,119
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Notes to and forming part of the Condensed Interim Financial Statements

For The Half Year and Quarter Ended December 31, 2019

19 DATE OF AUTHORISATION FOR ISSUE

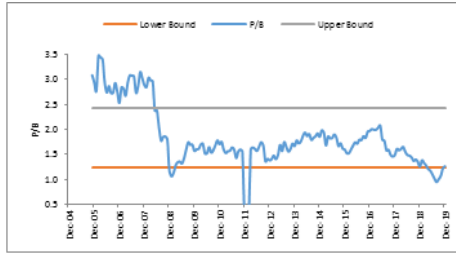
These condensed interim financial statements were authorised for issue on January 31, 2020 by the Board of Directors of the Management Company.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director



فنڈ کی کارکردگی

دوران مدت 1HFY20، آپ کے فنڈ نے اپنے 13.85% کے بیچ مارک کے مقابلے میں 12.71% کا ریٹرن ظاہر کیا۔ اس مدت کے دوران آپ کے فنڈ کی قوم 38.05% سے 77.57% بڑھی اور تیل و گیس تلاش کے شعبوں پر KSE-100 کی نسبت مارکیٹ حجم رہا جبکہ تجارتی بینکوں، پاور جنریشن اور ڈسٹری بیوٹن سیکٹر، تیل و گیس مارکیٹنگ کمپنیوں اور فرملائز سیکٹر کے ناکافی حجم کے برعکس کیمیکل شعبے میں زائد حجم لیا گیا۔ منافع بخش فنڈ کی کارکردگی خاص طور سے حکومت کے ترقیاتی پروجیکٹ، طریقہ کار میں تخفیف، سیاسی شور کو کم کرنے کے ساتھ ایف اے ٹی ایف (فنانشل ایکشن ٹاسک فور) پر پورا اترنے کیلئے سخت کوششیں، MSCI کی اہمترتی مارکیٹ کی سادہ، اور بیرونی ان فلو، متحرک بیرونی زرمبادلہ ذخائر، اور روپے کے استحکام کے ساتھ فرسٹ پرفارمنس کرائیو یا کی کامیابی پر آئی ایم ایف کی یقین دہانی امید افزاء ہونے کا باعث بنا ہے۔

فنڈ کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پی اے سی آر اے) نے ایف اے ای ایف کیلئے 30 اگست 2019ء سے ایک ”طویل المدت ریٹنگ 2-Stars“ وضع کیا ہے۔

توثیق

مئنجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز، یونٹ کے حاملین کی جانب سے انتظامیہ پر ان کے اعتماد، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کی گرانقدر حمایت، تعاون اور رہنمائی کیلئے ان کے مشکور ہیں۔ یہ بورڈ اس مئنجمنٹ کمپنی کے ملازمین اور ٹرسٹیوں کی لگن اور محنت کا بھی شکریہ ادا کرتا ہے۔

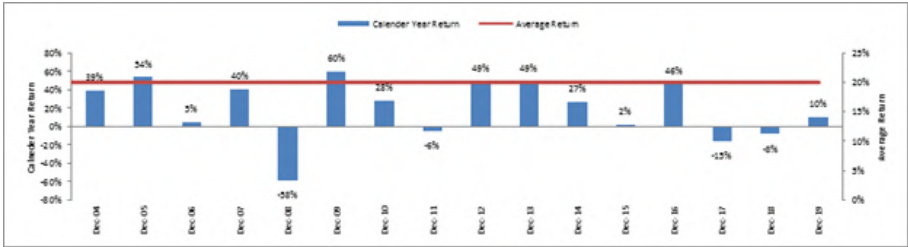
از اور منجانب بورڈ

نگران اعلیٰ
کراچی: جنوری 31، 2020

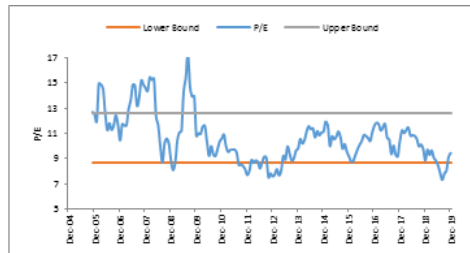
ڈائریکٹر

رواں سال مارکیٹ غیر مستحکم رہی اپنے کم ترین مقررہ تخمینہ کی خلاف ورزی کے بعد اگست 2019 کے دوران خراب معاشی صورتحال اور کمپنیوں کے زوال پذیر منافع کے باعث غیر مستحکم رہی، تاہم سال کی دوسری نصف مدت میں، مقامی شراکت دار وصولی کا باعث ہوئے جیسا کہ (I) معاشی تجربے (مثلاً موجودہ رواں شرح کھاتہ) نے بہتری ظاہر کرنا شروع کی اور (۲) ٹریڈری بل/ہانڈز کی پیداوار نیلامی اور ثانوی مارکیٹوں میں کم ہوئی۔ مارکیٹ نے اکتوبر-دسمبر 2019 کے دوران تجارتی بینکوں کے ساتھ فرٹلائزر اور آئل اور گیس تلاش کمپنیوں کے ذریعے انڈیکس کے حصول میں زیادہ معاونت دیتے ہوئے نمایاں کارکردگی انجام دی۔ دوران سال مجموعی FIPI ان فلو کے ساتھ بیرونی شراکت داری میں بہتری ہوئی۔ بہتر ہوتی میکروز اور آئی ایم ایف کا اعتماد پاکستان کو معاشی اعتبار سے جواز فراہم کر رہا ہے۔

KSE100 رعایتی تخمینوں پر تجارت جاری رکھے ہوئے ہے حالیہ کارکردگی میں کشمکش کے باوجود جیسا کہ اس کے P/E اور 7.0x(P/B) کے CY22 کے ساتھ اپنی کم ترین سطح کے گرد منڈلا رہے ہیں 15%-10% کی اوسط آمدنی پیداوار کی بنیاد پر۔



(۱) سال کے اگلے حصوں میں متوقع مالی سہولت اور (۲) کم از کم 15%-10% کی اندازاً آمدنی پیداوار مارکیٹ کا ازسرنو جائزہ لینے پر جاری رہے گی جیسا کہ تخمینہ جات بہتر ہوتی مالیات کے مطابق ہوں گے۔ آئی ایم ایف کے پروگرام کے تحت، ملک پہلے ہی مستحکم ہو چکا ہے، لہذا، سرمایہ کاری اور برآمدی معاشیات کے ذریعے پیداواری لائحہ عمل کی جانب بتدریج قدم بڑھاتے ہوئے معاشی منتظمین استحکام کو برقرار رکھنے کے خواہاں ہیں۔ ہم یقین کرتے ہیں کہ CY2020 میں مارکیٹ دوہرا ریٹرن دے سکتی ہے۔



اوپر ہے امریکہ کے 11% کے افراط زر کے فرق کے ساتھ۔ عارضی Reer برائے نومبر 2019 گزشتہ سالہ مدت کے 101 کے مقابلہ میں 96 پر ہے۔ مرکزی بینک نے حالیہ اجلاس میں 13.25% کی شرح کا لائحہ عمل طے کیا ہے اور ہمیں جولائی 2020ء سے نسبتاً معمولی سہولت کی توقع ہے۔ فی الحال، پاکستان مرکزی بینک میں 11.4 بلین امریکی ڈالر بیرونی زر مبادلہ کے ذخائر رکھتا ہے۔

چائنا۔ پاکستان کے فری ٹریڈ ایگریمنٹ کا فیئر 1، 1 دسمبر 2019 سے نافذ العمل ہو چکا ہے۔ تاہم، دسمبر 2019 سے ماہی سی اے ڈی، 1.0% جی ڈی پی یا 661 بلین امریکی ڈالر رواں شرح میں مسلسل بہتری کے ساتھ قابو میں ہے جیسا کہ دسمبر 2019 کی سہ ماہی درآمدات 17% سالانہ نیچے ہے گزشتہ سال کی اسی مدت کے 1.4 ماہ کے مقابلہ میں 2.6 ماہ کی درآمدات کے ساتھ۔

موجودہ حکومت نے قوت خرید میں کمی کے باعث مراعت فراہم کرتے ہوئے ای او بی آئی کی پیشکش 8,500/ ماہانہ تک بڑھا دی ہے۔ تاہم دسمبر 2019 سے کھپت میں معمولی بہتری ہو رہی ہے (1) افراط زر گزشتہ سال کی اسی مدت کے 6.5% کے مقابلہ میں 11.9% تک معمولی کم ہے (2) پیٹرول کا حجم گزشتہ سال کی اسی مدت میں 3% کے مقابلہ میں سالانہ 4% تک اوپر ہے۔ گیز پروم، جو ایک روسی کمپنی ہے، خلیج سے پاکستان، بھارت اور بنگلہ دیش اور میانمار اور تھائی لینڈ سے ہوتے ہوئے بالآخر چائنا پر ختم ہونے والی زیر آب پائپ لائن بچھانے کا امکانی جائزہ لے گی جیسا کہ پاکستان کاروباری ماحول کو بہتر بناتے ہوئے ایف ڈی آئی پر کڑی نظر رکھے ہوئے ہے۔ نتیجتاً دسمبر 2019 کی سہ ماہی میں ملکی سینٹ کی ترسیل گزشتہ سال کی اسی مدت کے 2% کے مقابلہ میں 7% سالانہ اوپر ہے۔

ٹیکس وصولی کو بہتر بنانے کے لئے، ایف بی آر نے ٹریک اینڈ ٹریس نظام کے دائرے کو دیگر بڑے شعبوں تک وسیع کرنے کا فیصلہ کیا ہے جس کا مقصد حقیقی پیداواری حجم ناپنے کیلئے مکمل ٹیکس وصولی کو ٹھوس شکل دینا ہے۔ ستمبر 2019 تک، سرکاری ٹی ٹی ایم ٹیکس وصولی 0.3% سالانہ کم ہوئی ہے گزشتہ سال اسی مدت کی 4.0% فیصد کے مقابلے میں، لہذا، ترقیاتی اخراجات گزشتہ سال کی اسی مدت کے 8% کے مقابلہ میں سالانہ 18% کم ہیں گزشتہ سال کی اسی مدت کے 7% کے مقابلے میں جی ڈی پی کا 8% مالی خسارہ اٹھاتے ہوئے۔

ایکویٹی جائزہ

کے ایس ای 100 نے 40,735 پر بند کرنے کیلئے MoM 3.68% حاصل کیا ہے FYTD/CYTD ریٹرن 9.90%/20.16% بالترتیب تک لیتے ہوئے۔ فی الحال اس کی ٹریڈنگ (1) 9.6x کے P/E اور (2) 1.0x کے P/B پر اس کی تجارت ہو رہی ہے موجودہ مارکیٹ سرمایہ امریکی ڈالر 50.3 بلین یا 20% جی ڈی پی کے ساتھ۔

مینجمنٹ کمپنی کی ڈائریکٹر رپورٹ

فیصل اے ایف ایف (ایف اے ایف) کی ایک انتظامی کمپنی فیصل ایسٹ مینجمنٹ لمیٹڈ کے ڈائریکٹرز، FAAF کی غیر آڈٹ شدہ مختصر عبوری مالیاتی تفصیلات ششماہی اور سہ ماہی برائے اختتام دسمبر 31، 2019 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی خاکہ

اختتام سہ ماہی		اختتام نصف سال		
دسمبر 31		دسمبر 31		
2018	2019	2018	2019	
روپے بلین میں				
(13.213)	11.867	(17.329)	13.326	کل آمدن / (خسارہ)
(1.811)	(1.476)	(3.702)	(2.464)	کل اخراجات
(15.024)	10.391	(21.031)	10.862	خالص منافع / (خسارہ) برائے مدت قبل از ادائیگی ٹیکس
-	-	-	-	ادائیگی ٹیکس
(15.024)	10.391	(21.031)	10.862	خالص منافع / (خسارہ) برائے مدت بعد از ادائیگی ٹیکس
47.08	47.98	47.08	47.98	این اے وی فی پونٹ (روپے)

معاشی جائزہ

ملکی سیاسی جغرافیہ غیر مستحکم طور پر بیرون ملک میں نمایاں رہا خاص طور سے مشرق وسطیٰ میں جیسا کہ پاکستان کی جانب سے سعودی عرب کی قیادت کو ان کے ساتھ مضبوط تعلقات کی پھر سے یقین دہانی کرانا پڑی۔ اسلام آباد کے ساتھ دیگر مسلم ممالک کی وابستگی ہونے کے باوجود۔ امریکہ نے تشویش کا اظہار کیا ہے کہ سی پیک پاکستان کو پہلے سے ہماری قرضوں کے بوجھ کی جانب دھکیل سکتا ہے جبکہ وزیر برائے معاشی امور نے کہا کہ فنانشل ایکشن ٹاسک فورس انٹرنیشنل کو آپریشن ریویلو گروپ کا ایکشن پلان کو پاکستان 2020 میں کامیابی سے حاصل کر لے گا۔ جیسا کہ ایف اے ٹی ایف سے متعلق بل سینٹ میں پیش کئے جا رہے ہیں۔

مالیاتی سال 19 کے مطابق، مالیاتی سال 18 کے 5.8% کے مقابلے میں 4.4% کی انتہائی کم سطح سے نیچے اصل پیداواری شرح 2.9% تک کم ہوئی ہے۔ آئی ایم ایف کو مالیاتی سال 21 میں وصولیابی میں روانی کی توقع ہے۔ کھپت اور بیرونی کھاتے سرکاری اخراجات کی وصولی میں بہتری کی علامات کو ظاہر کر رہے ہیں۔ موڈیز نے پاکستان کے لئے اپنا نظریہ منفی سے مستحکم کی جانب تبدیل کر لیا ہے۔ پاکستانی / امریکی روپے 155 پر تجارت کر رہے ہیں جو گزشتہ سال اسی مدت میں 29% کے مقابلے میں سالانہ 13%

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





سرمایہ کاری سمجھداری کے ساتھ








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