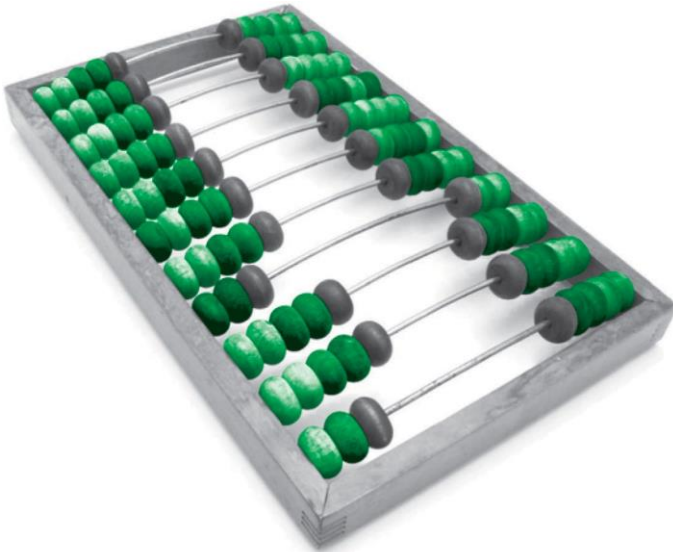


Faysal Asset Management

Halal Amdani Fund

Financial Statements

For The Period From October 10, 2019 To June 30, 2020



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	43
Jama Punji	44

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, Member
Mr. Salman Ahmed Usmani, Member
Mr. Nadir Rehman, Chairman

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

Faysal Bank Limited
Dubai Islamic 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 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

Pakistan faced unprecedented economic shocks from the rapid spread of the Covid-19 towards the last quarter of FY20. The headline inflation for June 2020 slightly increased to 8.6% vs. 8.2% in May 2020; however, the declining aggregate demand is softening outlook for inflation. Although, energy prices are volatile, economic deterioration will keep inflation range bound. Therefore, we expect inflation momentum to remain below 10% by FY21.

In response, during FY20 the State Bank of Pakistan has cut the policy rate 5 times by 625 bps to 7.0% with a priority of supporting growth and employment amidst these challenging times. During last rate cut, it was expecting 1) moderation in inflation expectations and 2) increasing downside risk to growth. Current very low real rate (monetary stimulus) can provide cushion against demand and supply shocks. We believe that Central Bank has undertaken the required monetary easing to balance declining economic growth. However, the policy rate can hover in range of 9% - 10% in medium term. Furthermore, the Current Account Deficit for June 2020 has reduced to USD 96mn compared to USD 981mn in June 2019. The external accounts continue to benefit from lower imports and resilient remittances. Overall, during FY20, CAD has clocked in at USD 2.97bn/1.1% of GDP vs. USD 13.43bn in FY19. We expect CAD to remain favorable over foreseeable future due muted growth environment. Towards the end of FY20 the PKR/USD was hovering at 168, with REER at 93 and FX reserves of USD 11.23bn.

Fiscal Deficit for FY20 has clocked in at 8.1% vs. 8.9% of GDP in FY19. Total Revenue increased by 27.98% YoY to PKR 6.27tn compared to PKR 4.90tn in FY20. The increase was led by Non-Tax Revenue recorded at PKR 1.52tn in FY20 vs. PKR 427bn in FY19. Going forward, we expect deficit to remain on higher side as Government shall face difficulty in revenue mobilization. The situation on ground is improving as Pakistan has found a bright spot on COVID-19 curve. The Government, in line with other economies, has further eased the smart lockdown. However the economic outlook remains challenging with expectation of meager real GDP growth in 2021.

MONEY MARKET REVIEW

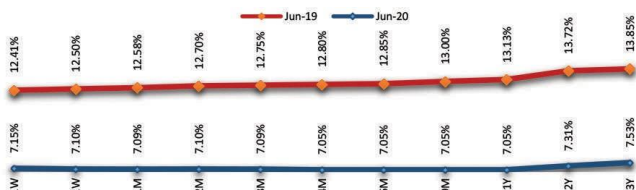
During FY20, Government borrowed 1) PKR 14.75tn in Treasury Bills and 2) PKR 2.07tn in Pakistan Investment Bonds. The weighted average yields declined as Central bank, in a series of meetings, reduced policy rate by 625bps to 7.0%. TTM fiscal deficit for March 2020 has clocked in at 7.2% vs. 5.0% of GDP in March 2019 as Ministry of Finance underperformed on revenue targets and privatization process. Going forward, we expect deficits to remain on higher side as Government shall face difficulties in revenue mobilization.

Weighted average yields



Yield curve

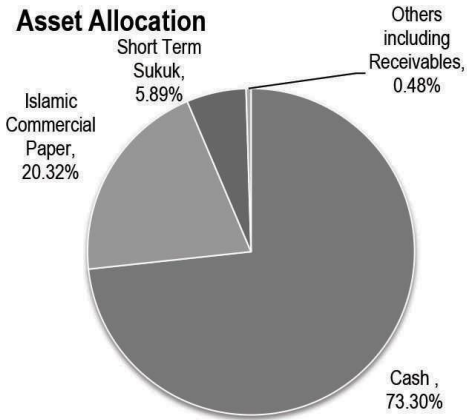
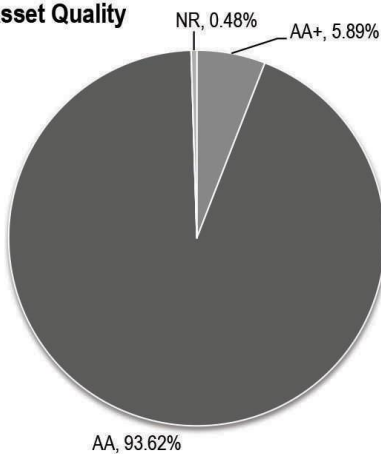
During the year, the entire yield curve shifted downward in 2HFY20 as Central bank undertook rounds of monetary easing. It remained inverted at shorter end because of expectations of subdued inflation due to COVID-19.



As of March 2020, Pakistan total debt stands at PKR 40.5trn or 93% of GDP. The domestic/external debt ratio is 38%/62% of GDP respectively. Central bank is making proactive approach to promote growth and employment by conducting monetary easing. The current macro-environment is expected to continue until the Country fully recovers from COVID-19.

Fund Information	
Fund Type	Open Ended
Category	Shariah Compliant Money Market Scheme
Risk Profile	Low
Launch Date	October 10, 2019
Trustee	CDC
Auditor	A F Ferguson & Co
Management Fee	Upto 1% of Average Annual N.A. (Actual Rate of Management Fee Charged is 0.30%)
Selling and Marketing Expense	0.20%
Front end Load	Nil
Min Investment	PKR 5,000
Pricing Mechanism	Forward
Benchmark	Three (3) months average deposit rates of three AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUJAP.
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2 (VIS)
NAV per Unit (PKR)	100.1508
Net Assets (PKR mn)	6,592.41
Net Assets (PKR mn) excluding FoF	6,592.41
Leverage	Nil

Fund Return (% p.a.)	FY20	FY19
YTD	11.75	
Benchmark (YTD)	5.36	

Asset Allocation**Asset Quality****FUND PERFORMANCE**

Faysal Halal Amdani Fund (FHAF) yielded an annualized return of 11.75% during FY20 relative to its benchmark of 5.36%. By the end of the period, cash allocations stood at 73.30% whereas exposures in short term sukuk and Islamic commercial paper stood at 5.89% and 20.32% respectively. Going forward, fund management is in negotiations with commercial banks for a better daily product rate.

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

REPORT OF THE SHARIAH ADVISOR
FAYSAL HALAL AMDANI FUND

Karachi
July 02, 2020

By the blessing of ALLAH, The Half Yearly ended 30 June, 2020 under analysis of Faysal Halal Amdani Fund (FHAF), I, as the Shariah Advisors of the fund am issuing the report in accordance with clause 7.2.4 of 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, we 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 F 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 FHAF for Half Yearly ended 30 June 2020 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


Mufti Abdul Zahid Farooq
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 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 period from October 10, 2019 to June 30, 2020 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: September 28, 2020



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, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the period from October 10, 2019 to June 30, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the period from October 10, 2019 to June 30, 2020 in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with 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	<p>Net Asset Value (Refer notes 4 and 5 to the financial statements)</p> <p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2020 amounted to Rs 1,734.736 million and balances with banks aggregated to Rs 4,859.451 million.</p> <p>The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Tested the design and operating effectiveness of the key controls for valuation of investments; Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2020 and traced balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;

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>



A·F·FERGUSON&Co.

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> ▪ 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.

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.



A·F·FERGUSON&CO.

- 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.
- 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 Requirement

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

Karachi

Date: September 28, 2020

Statement of Assets and Liabilities

As at June 30, 2020

	Note	June 30, 2020 (Rupees)
Assets		
Balances with banks	4	4,859,451,439
Investments	5	1,734,736,303
Deposits, advances and other receivables	6	29,207,291
Preliminary expenses and floatation costs	7	867,215
Total assets		<u>6,624,262,248</u>
Liabilities		
Payable to Faysal Asset Management Limited - the Management Company	8	8,368,605
Payable to Central Depository Company of Pakistan Limited - Trustee	9	314,623
Payable to the Securities and Exchange Commission of Pakistan	10	341,659
Accrued expenses and other liabilities	11	15,199,612
Total liabilities		<u>24,224,499</u>
NET ASSETS		<u>6,600,037,749</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>6,600,037,749</u>
CONTINGENCIES AND COMMITMENTS	12	
		(Number of units)
NUMBER OF UNITS IN ISSUE		<u>65,901,026</u>
		(Rupees)
NET ASSET VALUE PER UNIT		<u>100.1508</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 Period From October 10, 2019 To June 30, 2020

	Note	For the period from October 10, 2019 to June 30, 2020 (Rupees)
Income		
Profit on sukuk certificates		19,343,421
Profit on commercial papers		50,396,306
Profit on balances with banks		126,503,321
Total income		196,243,048
Expenses		
Remuneration of Faysal Asset Management Limited - Management Company	8.1	5,941,093
Sindh sales tax on remuneration of the Management Company	8.2	781,036
Selling and Marketing Charges	8.3	3,315,321
Allocated expenses	8.4	3,524,759
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,114,569
Sindh sales tax on remuneration of the Trustee	9.2	144,788
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	341,659
Auditors' remuneration	13	440,000
Amortisation of preliminary expenses and flotation costs	7	134,310
Transaction costs		15,820
Bank and settlement charges		27,255
Fees and subscription		281,120
Printing expenses		25,100
Total expenses		16,086,830
Net income from operating activities		180,156,218
Provision for Sindh Workers' Welfare Fund	11.1	(3,603,760)
Net income for the period before taxation		176,552,458
Taxation	14	-
Net income for the period after taxation		176,552,458
Earnings per unit	15	-
Allocation of net income for the period		
Net income for the period after taxation		176,552,458
Income already paid on units redeemed		(125,108,977)
		51,443,481
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		51,443,481
		51,443,481

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 Period From October 10, 2019 To June 30, 2020

	<u>For the period from October 10, 2019 to June 30, 2020</u> ---- (Rupees) ---
Net income for the period after taxation	176,552,458
Other comprehensive income for the period	-
Total comprehensive income for the period	<u><u>176,552,458</u></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

Cash Flows Statement

For The Period From October 10, 2019 To June 30, 2020

	Note	For the period from October 10, 2019 to June 30, 2020 ---- (Rupees) ---
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		176,552,458
Adjustments for:		
Amortisation of preliminary expenses and floatation costs		134,310
Increase in assets		
Investments		(1,734,736,303)
Deposits, advances and othe receivables		(29,207,291)
Preliminary expenses and floatation costs		(1,001,525)
		(1,764,945,119)
Increase in liabilities		
Payable to Faysal Asset Management Limited - the Management Company		8,368,605
Payable to Central Depository Company of Pakistan Limited - Trustee		314,623
Payable to the Securities and Exchange Commission of Pakistan		341,659
Accrued and other liabilities		15,199,612
		24,224,499
Net cash used in operating activities		(1,564,033,852)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt against issuance and conversion of units net of refund of element		38,262,924,793
Payment against redemption and conversion of units		(31,795,921,652)
Dividends paid		(43,517,850)
Net cash generated from financing activities		6,423,485,291
Net increase in cash and cash equivalents		4,859,451,439
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	4	<u>4,859,451,439</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 Period From October 10, 2019 To June 30, 2020

For the period from October 10, 2019 to June 30, 2020		
Capital value	Undistributed income	Total

Net assets at the beginning of the period

Issuance of 368,006,033 units

- Capital value (at net asset value per unit at the beginning of the period)

- Element of income

Total proceeds on issuance of units

36,800,603,300	-	36,800,603,300
1,693,201,209		1,693,201,209
38,493,804,509	-	38,493,804,509

Redemption of 302,105,007 units

- Capital value (at net asset value per unit at the beginning of the period)

- Element of loss

Total payments on redemption of units

(30,210,500,700)	-	(30,210,500,700)
(1,460,311,975)	(125,108,977)	(1,585,420,952)
(31,670,812,675)	(125,108,977)	(31,795,921,652)

Total comprehensive income for the period

Distribution for the period @ Re. 0.6402 per unit on November 1, 2019

Distribution for the period @ Rs.7.6461 per unit on June 23, 2020

Total distribution during the period

-	(813,694)	(813,694)
(230,879,716)	(42,704,156)	(273,583,872)
(230,879,716)	(43,517,850)	(274,397,566)

Net assets at the end of the period

6,592,112,118	7,925,631	6,600,037,749
---------------	-----------	---------------

Undistributed income brought forward

- Realised income

- Unrealised income

Accounting income available for distribution

- Relating to capital gains

- Excluding capital gains

-
-
-
51,443,481
51,443,481

Distribution for the period @ Re. 0.6402 per unit on

November 1, 2019 i.e. 0.64% of the par value of Rs 100/- each

Distribution for the period @ Rs.7.6461 per unit

on June 23, 2020 i.e. 7.65% of the par value of Rs 100/- each

Undistributed income carried forward

(813,694)
(42,704,156)
7,925,631

Undistributed income carried forward

- Realised income

- Unrealised income

-
7,925,631

(Rupees)

Net asset value per unit at the beginning of the period

Net asset value per unit at the end of the period

100.0000
100.1508

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 the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Faysal Halal Amdani Fund (the Fund) is an open end fund established under a trust deed executed 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 on July 31, 2019 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The investment activities and administration of the Fund are managed by the Management Company. The Management Company of the Fund has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at West Wing, 7th Floor, Faysal House, ST-02, 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 ended '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 October 10, 2019 and are transferable and redeemable by surrendering them to the Fund.
- 1.3** 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.
- 1.4** The Management Company has been assigned a quality rating of 'AM2' by VIS Credit Rating Company Limited dated February 18, 2020. This represents that the management company exhibits very good management characteristics.
- 1.5** The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.6** These are the first financial statements of the Fund for the period from October 10, 2019 to June 30, 2020 therefore, comparative figures have not been presented.

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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

- 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

The following amendments would be effective from the dates mentioned below against the respective 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 full impact of these amendments on the financial statements of the Fund.

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

2.3 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 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 the financial statements of the Fund relate to classification, valuation and impairment of financial assets (note 3.2 and 5) and provision for taxation (note 3.13 and 14).

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

2.4 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.

2.5 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 Pakistan Rupee, which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 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.

3.2.2 Impairment

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 FVTOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

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

3.2.3 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, in accordance with the provisioning policy duly approved by the Board of Directors.

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 stock exchange regulations.

3.2.5 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.

3.2.6 Derecognition

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

3.3 Financial liabilities

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

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

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

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 period end.

3.7 Issue and redemption of units

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

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

3.8 Distributions to unit holders

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

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

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.

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 re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Profit on balances with banks is recognised on a time proportion basis using the effective yield method.
- Dividend income is recognised when the right to receive the dividend is established.
- Income on sukuk certificates, placements, commercial papers 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 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

3.11 Expenses

All expenses including management fee, trustee fee and annual fee 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.

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 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.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

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. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

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 substantively enacted tax rates.

3.15 Earnings / (loss) per unit

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

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.

	Note	June 30, 2020 (Rupees)
4 BALANCES WITH BANKS		
PLS saving accounts	4.1	<u>4,859,451,439</u>
4.1 The balances in saving accounts have expected profit rates ranging from 7.25% to 13.25% per annum and include balance of Rs. 3,458.15 million held with Faysal Bank Limited, a related party.		
	Note	June 30, 2020 (Rupees)
5 INVESTMENTS		
At fair value through profit or loss		
Sukuk certificates	5.1	390,000,000
Commercial papers	5.2	<u>1,344,736,303</u>
		<u>1,734,736,303</u>

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

5.1 Sukuk certificates

Name of the security	Rate of return per annum	Face value			Carrying value as at June 30, 2020	Market Value as at June 30, 2020	Unrealised appreciation / (diminution) June 30, 2020	Date of Maturity	Market value as percentage of	
		Purchased during the period	Matured / sold during the period	As at June 30, 2020					net assets	total investment
The Hub Power Company Limited (AA+, PACRA)	3 months Kibor plus base rate of 1.50%	200,000,000	200,000,000	-	-	-	May 21, 2020	-	-	
The Hub Power Company Limited (AA+, PACRA)	6 months Kibor plus base rate of 1.50%	390,000,000	-	390,000,000	390,000,000	390,000,000	-	November 19, 2020	5.91% 22.48%	
Total - June 30, 2020					390,000,000	390,000,000	-			

5.2 Commercial papers

Name of the security	Rate of return per annum	Face value			Carrying value as at June 30, 2020	Market Value as at June 30, 2020	Unrealised appreciation / (diminution) June 30, 2020	Date of Maturity	Market value as percentage of	
		Purchased during the period	Matured / sold during the period	As at June 30, 2020					net assets	total investment
K-Electric Limited ICP 2	6 months Kibor plus base rate of 1.30%	200,000,000	200,000,000	-	-	-	February 28, 2020	-	-	
K-Electric Limited ICP 5 (A-1+, VIS)	6 months Kibor plus base rate of 1.15%	404,000,000	-	404,000,000	397,355,194	397,355,194	-	August 14, 2020	6.02% 22.91%	
K-Electric Limited ICP 6 (AA, PACRA)	6 months Kibor plus base rate of 1.15%	271,000,000	-	271,000,000	265,327,094	265,327,094	-	August 26, 2020	4.02% 15.29%	
K-Electric Limited ICP 7 (AA, PACRA)	6 months Kibor plus base rate of 1.15%	600,000,000	-	600,000,000	585,104,585	585,104,585	-	September 10, 2020	8.87% 33.73%	
K-Electric Limited ICP 8 (A-1+, VIS)	6 months Kibor plus base rate of 1.15%	100,000,000	-	100,000,000	96,949,430	96,949,430	-	October 06, 2020	1.47% 5.59%	
Total - June 30, 2020					1,344,736,303	1,344,736,303	-			

5.3 In accordance with NBFC regulations 2008, exposure of a shariah compliant fund to any single entity shall be lower of 15% of net assets of scheme or 15% of issue size of securities. The fund held the following non-compliant investments as at June 30, 2020:

Name of non-compliant investment	Exposure Limit Range	Exposure as % of Net Assets
Islamic Commercial Paper - K Electric	15.00%	20.40%

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

	Note	June 30, 2020 (Rupees)
6 DEPOSITS, ADVANCES AND OTHER RECEIVABLES		
Profit receivable on balances with banks	6.1	23,883,024
Accrued income on sukuk certificates		4,394,490
Advance tax	6.2	829,777
Security Deposit with Central Depository Company of Pakistan Limited		100,000
		<u>29,207,291</u>

6.1 This includes return receivable amounting to Rs. 11,885,955 on balance held with Faysal Bank Limited, a related party.

6.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However withholding tax on profit 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 withholdee. The tax withheld on profit paid to the fund amounted to Rs 0.829 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. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund has been shown as other receivable as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

Name of non-compliant investment	Exposure Limit Range	Exposure as % of Net Assets
Islamic Commercial Paper - K Electric	15.00%	20.40%

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

	Note	June 30, 2020 (Rupees)
7 PRELIMINARY EXPENSES AND FLOATATION COSTS		
At the beginning of the period		-
Preliminary and flotation cost incurred	7.1	1,001,525
Less: amortisation during the period		134,310
At the end of the period		<u>867,215</u>

7.1 Preliminary expenses and flotation 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 Regulation, 2008.

	Note	June 30, 2020 (Rupees)
8 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - THE MANAGEMENT COMPANY		
Remuneration of the Management Company	8.1	1,258,528
Sindh sales tax payable on remuneration of the Management Company	8.2	171,002
Selling and marketing expenses payable	8.3	2,402,791
Allocated expenses payable	8.4	3,524,759
Preliminary expenses and flotation costs payable	7	1,001,525
Other payable to the Management Company		10,000
		<u>8,368,605</u>

8.1 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 was charging its remuneration at the rate of 5% of revenue subject to minimum and maximum limits of 0.3% and 0.8% of net assets respectively of the Fund till January 28, 2020.

During the period ended June 30, 2020, through a circular resolution of the Board of Directors dated December 16, 2019, the Management Company has changed its remuneration structure from the one mentioned above to a variable fee structure where the Management Company has defined a maximum fee level in the Fund's offering document. The Trustee has consented and the SECP has approved this revision via their letters CDC/T&C-S II/DH/0007/2020 and SCD/AMCW/FHAF/2/3/2020 dated January 02, 2020 and February 06, 2020 respectively. The Board of the Management Company has also defined a minimum threshold of 0.20% through the aforementioned circular resolution. As a consequence thereof, the Management Company is now charging its remuneration variably keeping in view the overall return of the Fund and subject to the maximum percentage approved by the Board, the Trustee and the SECP and the minimum percentage approved by the Board and subject to the total expense ratio of the Fund as defined under the NBFC Regulations.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

Accordingly, the Management Company has charged remuneration at the rate of 0.30% of average annual net assets from January 29, 2020 to June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

- 8.2** During the period, an amount of Rs. 781,036 was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011.
- 8.3** 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) initially for a period of three years. The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

The SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

As a consequence thereof, the Board of Directors of the Management Company has approved the annual plan for charging of selling and marketing expenses to the funds under the management of the Management Company through a circular resolution dated December 16, 2019. Furthermore, the Board, through the same circular resolution, has given discretion to the Management Company for charging selling and marketing expenses directly on the Fund as it may decide. Therefore, the Management Company is now charging the selling and marketing expenses variably keeping in view the overall return of the Fund and subject always to the total expense ratio of the Fund as defined under the NBFC Regulations.

The summary of rates of selling and marketing expenses charged by the Management Company during the period is as follows:

Date		% of net assets
From	To	
January 29, 2020	May 17, 2020	0.30%
May 18, 2020	June 30, 2020	0.20%

- 8.4** 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).

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%.

During the period ended June 30, 2020, the Board of Directors of the Management Company, in its 106th meeting held on April 17, 2020, has given Management Company, the discretion for charging allocated expenses directly on the Fund as it may decide. Therefore, the Management Company is now charging the allocated expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the Fund as defined under the NBFC Regulations.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

- = The summary of rates of allocated expenses charged by the Management Company from April 29, 2020 to June 30, 2020 is as follows:

Date		% of net assets
From	To	
October 10, 2019	December 31, 2019	-
January 01, 2020	April 28, 2020	0.10%
April 29, 2020	May 17, 2020	0.20%
May 18, 2020	June 30, 2020	0.40%

	Note	June 30, 2020 (Rupees)
9		
PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
Remuneration payable to the Trustee	9.1	278,521
Sindh sales tax on Trustee fee	9.2	36,102
		<u>314,623</u>
9.1	The Trustee is entitled to remuneration for services rendered to the Fund under the provisions of the trust deed at the rate of 0.065% per annum of net assets.	
9.2	During the period, an amount of Rs. 144,788 was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.	
10		
PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
Annual fee	10.1	<u>341,659</u>
10.1	This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay the SECP an amount at the rate of 0.02% per annum of daily net assets of the Fund in accordance with SRO 685(I)/2019 of the SECP.	
11		
ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors remuneration payable		440,000
Printing expense payable		21,560
Listing fee payable		281,120
Withholding tax payable		1,039
Capital gain tax payable		10,852,133
Provision for Sindh Worker's Welfare Fund	11.1	<u>3,603,760</u>
		<u>15,199,612</u>

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

11.1 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, is 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 has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the 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. Since the Fund has started operations with effect from October 10, 2019 therefore, the provision has been recognised from October 10, 2019 to June 30, 2020.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from October 10, 2019 to June 30, 2020, the net asset value per unit of the Fund as at June 30, 2020 would have been higher by Re. 0.0547.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020.

13 AUDITORS' REMUNERATION

	June 30, 2020 (Rupees)
Annual audit fee	250,000
Half yearly review	100,000
Other certification fee	50,000
Out of pocket expenses	40,000
	<u>440,000</u>

14 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realized 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 period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

Since the management has distributed the required minimum percentage of income earned by the Fund for the period ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the period.

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. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on Funds as per Section 4B of the Income Tax Ordinance, 2001.

15 EARNINGS / (LOSS) PER UNIT

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

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.15% which includes 0.28% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual 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.

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 and officers of the Management Company and the Trustee, key management personnel, other associated undertakings and unit holders holding 10 percent or more of the Fund's net assets.
- 17.2** Transactions with connected persons are 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** Details of transactions with related parties / connected persons during the period are as follows:

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

	For the period from October 10, 2019 to June 30, 2020 (Rupees)
Transactions during the period	
Faysal Asset Management Limited (the Management Company)	
Remuneration of Faysal Asset Management Limited - the Management Company	5,941,093
Sindh sales tax on remuneration of the Management Company	781,036
Selling and marketing expenses	3,315,321
Allocated expenses	3,524,759
Issuance of 4,575,298 units	474,265,101
Redemption of 4,575,298 units	476,465,692
Faysal Bank Limited (Group company / Associated Company)	
Return on PLS savings accounts	73,542,101
Bank charges	18,249
Purchase of Commercial Paper	192,380,063
Issuance of 14,933,875 units	1,550,021,741
Redemption of 7,440,525 units	800,000,000
Dividend Paid	491
Central Depository Company of Pakistan Limited (the Trustee)	
Remuneration of the Trustee	1,114,569
Sindh sales tax on remuneration of the Trustee	144,788
FBL Staff Provident Fund	
Issuance of 4,100,000 units	432,060,931
Dividend Paid	7,601,278
CDC Trustee Faysal Shariah Planning Fund-Faysal Shariah Capital Preservation Plan II	
Issuance of 82,169,403 units	8,581,133,345
Redemption of 82,169,403 units	8,559,000,000
CDC Trustee Faysal Shariah Planning Fund-Faysal Shariah Capital Preservation Plan	
Issuance of 67,554,098 units	7,031,000,000
Redemption of 67,554,098 units	7,049,396,138
CDC - Trustee FFPF-Faysal Active Principal Preservation Plan	
Issuance of 14,446,885 units	1,504,477,047
Redemption of 14,446,885 units	1,508,105,480
CDC-Trustee Faysal Islamic Financial Planning Fund-Faysal Shariah Capital Preservation Plan III	
Issuance of 57,075,802 units	6,060,000,000
Redemption of 57,075,802 units	6,067,175,805
CDC Trustee Faysal Islamic Savings Growth Fund	
Purchase of commercial paper	242,671,657
CDC - Trustee Faysal Saving Growth Fund	
Purchase of commercial paper	117,879,076

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

CDC - Trustee Faysal MTS Fund	
Purchase of commercial paper	97,062,889
CDC-Trustee Faysal Islamic Financial Planning Fund-Faysal Shariah Capital Preservation Plan IV	
Issuance of 3,311,199 units	338,000,000
Redemption of 934,301 units	100,086,983
Directors and Key Management Personnel of the Management Company	
Issuance of 109,400 units	9,134,452
Redemption of 83,739 units	11,234,068
Dividend Paid	60,022
	June 30, 2020
	(Rupees)
Unit holders holding 10% or more units	
Issuance of 28,918,374 units	3,065,287,864
Redemption of 13,973,846 units	1,503,908,548
Dividend Paid	319,320
	June 30, 2020
	(Rupees)

17.6 Amounts / balances outstanding as at period end

Faysal Asset Management Limited (the Management Company)	
Management fee payable	1,258,528
Sindh sales tax payable on management fee	171,002
Selling and marketing expenses payable	3,315,321
Allocated expenses payable	3,524,759
Preliminary expenses and floatation costs payable	1,001,525
Other payables to the Management Company	10,000
Central Depository Company of Pakistan Limited (the Trustee)	
Remuneration payable to the Trustee	278,521
Sindh sales tax on remuneration payable to the Trustee	36,102
Security Deposit with Central Depository Company of Pakistan Limited	100,000
Faysal Bank Limited (FBL)*	
Outstanding: 7,493,350 units	750,464,997
Balance with bank	3,458,145,586
Profit receivable on balances with bank	11,885,955
FBL-Staff Provident Fund	
Outstanding: 4,100,000 units	410,618,280
Directors and Key Management Personnel of the Management Company	
Outstanding: 25,661 units	2,569,970
CDC-Trustee Faysal Islamic Financial Planning Fund-Faysal Shariah Capital Preservation Plan IV	
Outstanding: 2,376,898 units	238,048,236
Unit holders holding 10% or more units	
Outstanding: 14,944,528 units	1,496,706,435

* This unit holder also holds more than 10% units as on June 30, 2020.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

18 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2020	
	At fair value through profit or loss	Total
	Rupees	
Financial assets		
Balances with banks	4,859,451,439	4,859,451,439
Investments	- 1,734,736,303	1,734,736,303
Deposits, advances and other receivables	28,377,514	28,377,514
	<u>4,887,828,953</u>	<u>6,622,565,256</u>

Financial liabilities

	June 30, 2020	
	At fair value through profit or loss	Total
	Rupees	
Payable to Faysal Asset Management Limited - Management Company	- 8,368,605	8,368,605
Payable to Central Depository Company of Pakistan Limited - Trustee	- 314,623	314,623
Accrued expenses and other liabilities	- 742,680	742,680
	<u>- 9,425,908</u>	<u>9,425,908</u>

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, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

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 because of changes in market interest rates. As of June 30, 2020, the Fund's exposure to the risk of changes in market profit rates relates primarily to bank balances and debt securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

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. At June 30, 2020, 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 52.494 million.

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers. At June 30, 2020, 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. 13.447 million.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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, 2020 can be determined as follows:

June 30, 2020						
Effective interest 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	7.25% to 13.25%	4,859,451,439	-	-	4,859,451,439	
Investments	9.59% - 14.64%	1,247,786,873	486,949,430	-	1,734,736,303	
Deposits, advances and other receivables		-	-	28,377,514	28,377,514	
		6,107,238,312	486,949,430	28,377,514	6,622,565,256	
Financial liabilities						
Payable to Faysal Asset Management Limited - Management Company		-	-	8,368,605	8,368,605	
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	314,623	314,623	
Accrued expenses and other liabilities		-	-	742,680	742,680	
		-	-	9,425,908	9,425,908	
On-balance sheet gap (a)		6,107,238,312	486,949,430	-	6,613,139,348	
Off-balance sheet financial instruments		-	-	-	-	
Off-balance sheet gap (b)		-	-	-	-	
Total profit rate sensitivity gap (a+b)		6,107,238,312	486,949,430	-		
Cumulative profit rate sensitivity gap		6,107,238,312	6,594,187,742	6,594,187,742		

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

(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.

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 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 upto 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 the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

	More than					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	4,859,451,439	-	-	-	-	-	4,859,451,439
Investments	-	1,247,786,873	486,949,430	-	-	-	1,734,736,303
Deposits, advances and other receivables	23,983,024	-	4,394,490	-	-	-	28,377,514
	4,883,434,463	1,247,786,873	491,343,920	-	-	-	6,622,565,256
Financial liabilities							
Payable to Faysal Asset Management Limited - Management Company	1,429,530	6,939,075	-	-	-	-	8,368,605
Payable to Central Depository Company of Pakistan Limited - Trustee	314,623	-	-	-	-	-	314,623
Accrued expenses and other liabilities	-	742,680	-	-	-	-	742,680
	1,744,153	7,681,755	-	-	-	-	9,425,908
Net financial assets / (liabilities)	4,881,690,310	1,240,105,118	491,343,920	-	-	-	6,613,139,348

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 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.

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

	June 30, 2020	
	Balance as per the statement of liabilities	Maximum exposure to credit risk
-----Rupees-----		
Bank balances	4,859,451,439	4,859,451,439
Investments	1,734,736,303	1,734,736,303
Deposits, advances and other receivables	28,377,514	28,377,514
	6,622,565,256	6,622,565,256

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 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 banks, investments and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating category	% of financial assets exposed to credit risk 2020
AA	<u>100%</u>

Ratings of commercial papers and sukus have been disclosed in related notes to the financial statements.

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 thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2020 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 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.

20.1 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;

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

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:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial assets 'at fair value through profit or loss'				
Commercial paper*	-	1,344,736,303	-	1,344,736,303
Sukuk certificates**	-	390,000,000	-	390,000,000
	-	1,734,736,303	-	1,734,736,303

* The valuation of commercial papers has been done based on amortisation of commercial paper to its face value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

** 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.

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 complied with the requirements 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.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

22 UNIT HOLDING PATTERN OF THE FUND

Category	2020		
	Number of unit holders		Percentage of total
Associated company	3	9,870,248	14.98
Insurance company	-	-	-
Retirement funds	11	5,206,536	7.90
Individuals	96	26,958,557	40.91
Banks and DFIs	-	-	-
NBFCs	-	-	-
Other	15	23,865,685	36.21
	125	65,901,026	100.00%

23 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

The Fund has not incurred any brokerage expense during the period and consequently no amount has been paid to any broker during the period.

24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Name	Designation	Qualification	Overall experience
Mr. Khaldoon Bin Latif	Chief Executive Officer	B.Sc. Economics	Over 16 years
Mr. Ayub Khuuro	Chief Investment Officer	B.Sc. Economics	Over 11 years
Mr. Faisal Ali Khan	CFO and Company Secretary	B.com, CA	Over 16 years
Syed Shahid Iqbal	Sr. Fund Specialist - Fixed Income	B.com	Over 28 years
Mr. Mustajab Alam	Fund Manager	MBA Finance	Over 7 years
Mr. Muhammad Akbar Latif Khan	Head of Research	B.com	Over 5 years
Mr. Khurram Salman	Head of Compliance and Internal Audit	B.com, CA	Over 15 years
Mr. Mohammad Qasim	Head of Risk	B. S. (Actuarial Science & Risk Management) & MBA (Fin.)	Over 10 years

25 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Mustajab Alam	Fund manager	MBA Finance	FISGF, FIAAF

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

		Attended meeting held on					
		August 19, 2019	September 12, 2019	October 21, 2019	January 01, 2020	January 31, 2020	April 17, 2020
Mr. Salman Ahmed Usmani	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Osman Asghar Khan	Director	No	Yes	No	No	Yes	Yes
Mr. Farooq Hassan*	Director	Yes	Yes	No	No	No	No
Mr. Tahir Yaqoob Bhatti	Director	Yes	Yes	No	Yes	Yes	Yes
Mr. Syed Muhammad Fraz Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mian Salman Ali	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Nadir Rahman**	Director	No	No	Yes	Yes	Yes	Yes
Mr. Khaldoon Bin Latif	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes

*retired

**elected in September 2019

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

27 GENERAL

27.1 Figures have been rounded off to the nearest rupee.

27.2 Impacts of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularise the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) Time period to ensure compliance with minimum fund size for open end schemes under Regulation 54(3)(b) of the NBFC regulations has been increased to 180 days for open end schemes; and
- e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

27.2.1 Operational risk management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (VPN) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

Notes to the Financial Statements

For The Period From October 10, 2019 To June 30, 2020

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 13, 2020 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, 2020
(Rupees)**

(i) PERFORMANCE TABLE

Net assets	6,600,037,749
Net assets value per unit	100.1508
Offer price per unit	100.1508
Repurchase price per unit	100.1508
Highest offer price per unit	107.6231
Highest repurchase price per unit	107.6231
Lowest offer price per unit	100
Lowest repurchase price per unit	100
Total return:	11.75%
- capital growth	3.46%
- income distribution	8.29%
Average annual return:	
(Launch date: October 10, 2019)	
- one year	11.75%
- two years	N/A
- three years	N/A
Distribution per unit:	
- Interim distribution (% per unit) *	8.29%
- Final distribution (% per unit)	<u>8.29%</u>

* Announced on 01 November 2019 and 23 June 2020

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 Member	Meetings attended	Meeting held on				
		Aug 19, 2019	Sep 12, 2019	Oct 21, 2019	Jan 31, 2020	Apr 17, 2020
Mr. Osman Asghar Khan	4	-	1	1	1	1
Mr. Mian Salman Ali	5	1	1	1	1	1
Syed Muhammad Fraz Zaidi	5	1	1	1	1	1

(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 Member	Meetings attended	Meeting held on	
		Nov 29, 2019	Apr 17, 2020
Mr. Osman Asghar Khan	2	1	1
Mr. Salman Ahmed Usmani	2	1	1
Mr. Nadir Rehman	2	1	1









**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

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

➤ twitter.com/faysalasset