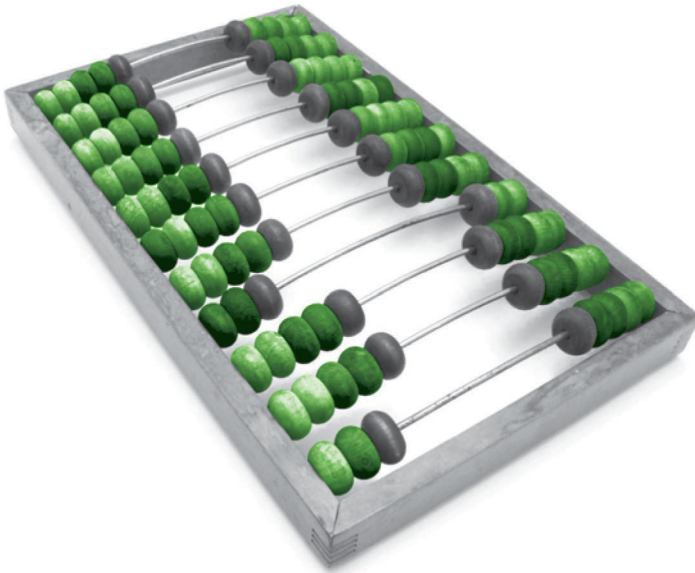


# Faysal Asset Management

## Faysal Islamic Dedicated Equity Fund

Financial Statements

For The Period From January 02, 2020 To June 30, 2020



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## FUND INFORMATION

### Management Company

Faysal Asset Management Limited

### Board of Directors of the Management Company

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

### Chief Executive Officer

Mr. Khaldoon Bin Latif

### Chief Financial Officer Company Secretary of the Management Company

Mr. Faisal Ali Khan

### Audit Committee

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

### HR Committee

Mr. Osman Asghar Khan, 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  
Meezan 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**

FIDEF is to provide other 'Fund of Funds' Schemes an avenue for investing in Shariah Compliant Equities.

## 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.

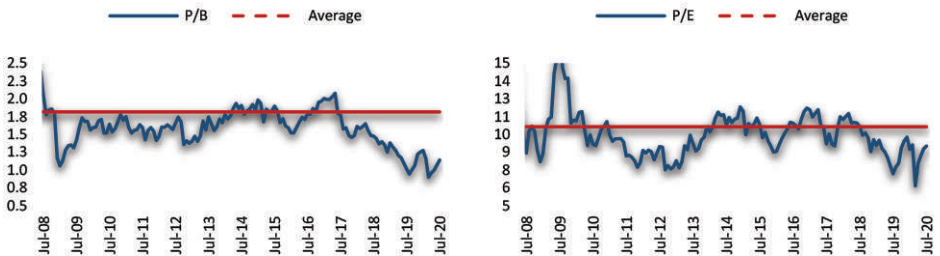
Fiscal Deficit for FY20 has clocked in at 8.1% vs. 8.9% of GDP in FY19. Total Revenue increased by 27.98% YoY to PKR 6.27tn compared to PKR 4.90tn in FY20. The increase was led by Non-Tax Revenue recorded at PKR 1.52tn in FY20 vs. PKR 427bn in FY19. Going forward, we expect deficit to remain on higher 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.

### EQUITY REVIEW

During FY20 the KSE 100 Index had gained meager return of 1.53% YoY, closing at 34,422 points. The index steadily displayed positive momentum during the 1HFY20 however plunged amidst the global COVID-19 pandemic, eventually recovering by June 2020.

During the start of FY20, we witnessed the signing of the IMF program as well as stabilization measures, with the index recording 20.16% return during 1HFY20. Subsequently the COVID-19 pandemic resulted in the market plummeting by 28.24% QoQ during 3QFY20 before posting a recovery of 17.76% QoQ by 4QFY20.

Given the global health epidemic is tackled with and defeated, over medium term, Pakistan equity market is geared to show upward momentum as 1) business cycle is expected to improve, 2) inflation will normalize, 3) domestic consumption will improve, 4) technology transfer will take place, 5) demographics will pay dividend, 6) public spending will improve and 7) credit cycle will recover. FAML believes that market is still trading at cheap valuations as 1) P/E can further rerate as bond market suggests another rate cut, 2) discount with frontier and emerging markets is above average and 3) liquidity push is expected in equities.

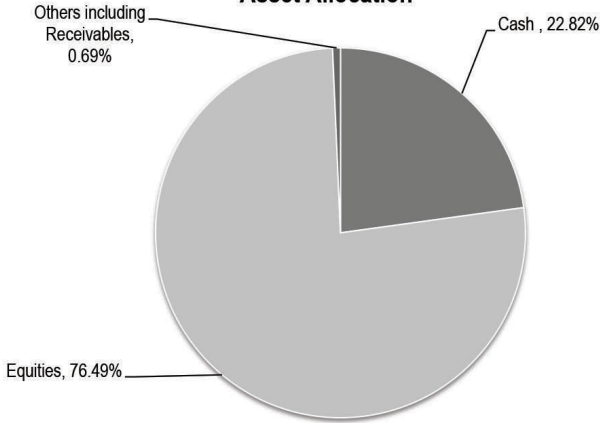


Therefore, valuations remain extremely attractive from medium term perspective even though near term corporate profitability will remain challenging due to COVID-19.

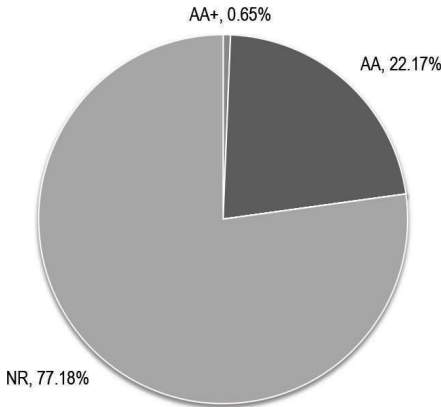
Fund Information	
Fund Type	Open Ended
Category	Islamic Dedicated Equity Scheme
Risk Profile	High
Launch Date	January 2, 2020
Custodian/Trustee	CDC
Auditor	A.F. Ferguson & Co.
Management Fee*	Upto 2% of Average Annual N.A. (Actual Rate of Management Fee Charged is 1%)
Selling and Marketing Expense	1%
Front/Back end Load	FEL up to 3% of NAV & BEL 0%
Min Subscription	PKR 5,000
Benchmark	KMI 30 Index
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2 (VIS)
NAV per Unit (PKR)	78.09
Net Assets (mn)	995.31
Net Assets(PKR mn) excluding FoF	-0.06
Leverage	Nil

Fund Returns (% p.a)		
	FY20	FY19
YTD	-20.97%	
Benchmark (YTD)	-20.38%	

### Asset Allocation



### Asset Quality



### FUND PERFORMANCE

During FY-20, your fund posted a return of -20.97% against its benchmark return of -20.38%. During this period your fund exposure was gradually build to 76.49% and had taken an overweight stance relative to KMI-30 on Chemical, Technology & Communication, Pharmaceuticals, and cement companies whereas an underweight stance were taken on Fertilizers and Oil & Gas Exploration Companies.

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

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**  
**FAYSAL ISLAMIC DEDICATED EQUITY FUND**

**Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of  
the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Faysal Islamic Dedicated Equity Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from January 2, 2020 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 Islamic Dedicated Equity Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Faysal Islamic Dedicated Equity Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the period from January 2, 2020 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 January 2, 2020 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.

#### Emphasis of Matter

We draw attention to note 1.7 to the financial statements which describes the matter relating to distribution made by the Fund. Our opinion is not modified in respect of this matter.

#### 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	<b>Net Asset Value</b> (Refer notes 4 and 5 to the financial statements)	
	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 791.690 million	Our audit procedures included the following: <ul style="list-style-type: none"> <li>▪ Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>▪ Obtained independent confirmations for verifying the existence of the investment portfolio and</li> </ul>

*A.F.F.*

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>



S. No.	Key Audit Matter	How the matter was addressed in our audit
	<p>and balances with banks aggregated to Rs 238.426 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>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;</p> <ul style="list-style-type: none"> <li>▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

#### 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



A.F.FERGUSON & Co.

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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)
<b>Assets</b>		
Balances with banks	4	238,425,819
Investments	5	791,690,028
Advances, deposits and other receivables	6	3,923,584
Preliminary expenses and floatation costs	7	933,329
<b>Total assets</b>		1,034,972,760
<b>Liabilities</b>		
Payable to Faysal Asset Management Limited - the Management Company	8	4,320,642
Payable to Central Depository Company of Pakistan Limited - the Trustee	9	174,002
Payable to the Securities and Exchange Commission of Pakistan	10	55,722
Payable against purchase of investments		33,502,027
Accrued expenses and other liabilities	11	1,605,739
<b>Total liabilities</b>		39,658,132
<b>Net assets</b>		<u>995,314,628</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>995,314,628</u>
<b>Contingencies and commitments</b>	12	<b>(Number of units)</b>
<b>Number of unit in issue</b>		<u>12,746,498</u>
		<b>(Rupees)</b>
<b>Net assets value per unit</b>		<u>78.09</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 January 02, 2020 To June 30, 2020

	Note	For the period from January 02, 2020 to June 30, 2020 (Rupees)
<b>Income</b>		
Profit on balances with banks		8,508,660
Dividend income		4,095,541
Net realised loss on sale of investments		(65,693,821)
		(53,089,620)
Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.3	2,975,371
<b>Total loss</b>		<b>(50,114,249)</b>
<b>Expenses</b>		
Remuneration of Faysal Asset Management Limited - the Management Company	8.1	2,828,787
Sindh sales tax on remuneration of the Management Company	8.2	367,742
Allocated expenses	8.3	427,143
Selling and marketing expenses	8.4	2,743,370
Remuneration to Central Depository Company of Pakistan Limited - the Trustee	9.1	557,216
Sindh sales tax on remuneration of the Trustee	9.2	72,438
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	55,722
Auditors' remuneration	13	275,000
Fees and subscriptions		242,670
Transaction charges		4,890,528
Amortisation of preliminary expenses and floatation cost	7	66,906
Bank charges		18,543
Printing charges		25,058
<b>Total expenses</b>		<b>12,571,123</b>
<b>Net loss for the period before taxation</b>		<b>(62,685,372)</b>
Taxation	14	-
<b>Net loss for the period after taxation</b>		<b>(62,685,372)</b>
<b>Loss per unit</b>	15	-
<b>Allocation of net income for the period</b>		
Net income for the period after taxation		-
Income already paid on units redeemed		-
		-
<b>Accounting income available for distribution</b>		
- Relating to capital gains		-
- Excluding capital gains		-
		-

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 January 02, 2020 To June 30, 2020

<b>For the period from January 02, 2020 to June 30, 2020 (Rupees)</b>
---

<b>Net loss for the period after taxation</b>	(62,685,372)
Other comprehensive income / (loss) for the period	-
<b>Total comprehensive loss for the period</b>	<u><u>(62,685,372)</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 January 02, 2020 To June 30, 2020

For the period  
from January  
02, 2020 to  
June 30, 2020  
(Rupees)

Note

### CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the period before taxation (62,685,372)

#### Adjustments for:

Unrealised appreciation on re-measurement of investments classified  
as ' financial assets at fair value through profit or loss' - net (2,975,371)  
Amortisation of preliminary expenses and floatation cost 66,906  
(65,593,837)

#### Increase in assets

Investments (788,714,657)  
Advances, deposits and other receivables (3,923,584)  
Preliminary expenses and floatation costs (1,000,235)  
(793,638,476)

#### Increase in liabilities

Payable to Faysal Asset Management Limited - the Management Company 4,320,642  
Payable to Central Depository Company of Pakistan - the Trustee 174,002  
Payable to the Securities and Exchange Commission of Pakistan 55,722  
Payable against purchase of investments 33,502,027  
Accrued and other liabilities 1,605,739  
39,658,132  
**Net cash used in operating activities (819,574,181)**

### CASH FLOWS FROM FINANCING ACTIVITIES

Receipts against issuance of units net of refund of element 1,545,520,660  
Payments made against redemption of units (485,000,000)  
Dividend paid (2,520,660)  
**Net cash generated from financing activities 1,058,000,000**

#### Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year 238,425,819  
-

#### Cash and cash equivalents at the end of the period

4

238,425,819

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 January 02, 2020 To June 30, 2020

For the period from January 02, 2020 to June 30, 2020		
Capital value	Accumulated losses	Total

**Net assets at the beginning of the period**

Issuance of 19,107,605 units

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

Total proceeds on issuance of units

1,910,760,500	-	1,910,760,500
(365,239,840)	-	(365,239,840)
1,545,520,660	-	1,545,520,660

Redemption of 6,361,107 units

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

Total payments on redemptions of units

(636,110,700)	-	(636,110,700)
151,110,700	-	151,110,700
(485,000,000)	-	(485,000,000)

Total comprehensive loss for the period

Distribution for the period @ Rs. 1.20 per unit on January 17, 2020

Net loss for the year less distributions

-	(62,685,372)	(62,685,372)
-	(2,520,660)	(2,520,660)
-	(65,206,032)	(65,206,032)

**Net assets at the end of the period**

1,060,520,660	(65,206,032)	995,314,628
---------------	--------------	-------------

**Undistributed income brought forward**

- Realised income
- Unrealised loss

Accounting income available for distribution

- Relating to capital gains
- Excluding capital gains

Net loss for the year before taxation

Distribution during the period

Accumulated losses carried forward

-
-
-
-
-
-
(62,685,372)
(2,520,660)
(65,206,032)

**Accumulated losses carried forward**

- Realised loss
- Unrealised income

(68,181,403)
2,975,371
(65,206,032)

**(Rupees)**

Net assets value per unit at the beginning of the period

100.00

Net assets value per unit at the end of the year

78.09

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 January 02, 2020 To June 30, 2020

### 1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Faysal Islamic Dedicated Equity Fund (the Fund) is an open end mutual fund constituted under a trust deed entered into on February 18, 2019 between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The investment activities and administration of the Fund are managed by the Management Company.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 7th Floor, West Wing, Faysal House, Shahrah-e-Faisal, Karachi. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

1.2 The Fund has been categorised as an open end Shariah Compliant Islamic Dedicated Equity scheme by the Board of Directors of the Management Company pursuant to the provisions contained in circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs.100 per unit. Thereafter, the units were being offered for public subscription on a continuous basis from January 02, 2020 and are transferable and redeemable by surrendering them to the Fund.

1.3 The investment objective of the Fund is to provide other 'Fund of Funds' Schemes an avenue for investing in Shariah Compliant Equities.

1.4 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.

1.5 The Management Company has been assigned a quality rating of AM2 by VIS dated February 18, 2020. The Fund has not yet been assigned any rating.

1.6 These are the first financial statements of the Fund for the period from January 02, 2020 to June 30, 2020, therefore, comparative figures, have not been presented.

1.7 During the period, the Fund has made a distribution of Rs 2.521 million. However, the fund has incurred net loss for the period and accordingly no amount was available for distribution for the period as per the criteria given in the constitutive documents of the Fund. The Fund intends to adjust the same in the future years through subsequent available profits.

### 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 January 02, 2020 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:

<b>Amendments</b>	<b>Effective date (accounting periods beginning on or after)</b>
- 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 new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these 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.

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

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 3.14 and 14).

### 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 Pakistani 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 Equity instruments

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

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

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

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

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

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

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

### 3.2.3 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.

### 3.2.4 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.

### 3.2.5 Derecognition

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

## 3.3 Financial liabilities

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

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

## Notes to the Financial Statements

For The Period From January 02, 2020 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 applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### 3.8 Distributions to unit holders

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

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

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

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

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

### 3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Profit on balances with banks is recognised on a time proportion basis using the effective yield method.

### 3.11 Expenses

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

### 3.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the trust deed of the Fund.

### 3.13 Foreign currency translation

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

### 3.14 Taxation

#### 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 January 02, 2020 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. Provided that, 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 utilized. 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 income / loss for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

	<b>Note</b>	<b>June 30, 2020</b>
		<b>(Rupees)</b>
<b>4</b>		
<b>BALANCES WITH BANKS</b>		
Balances with banks in:		
Savings accounts	4.1	<u>238,425,819</u>
<b>4.1</b>	The balances in saving accounts have expected profit rates ranging from	1% to 7.25% per annum.
	<b>Note</b>	<b>June 30, 2020</b>
		<b>(Rupees)</b>
<b>5</b>		
<b>INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
Listed equity securities	5.1	<u>791,690,028</u>

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

## 5.1 Listed Equity Securities

Name of investee company	Purchased during the period	Bonus / right shares received	Disposed off during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised appreciation/ (diminution) as at June 30, 2020	Investment as a percentage of		
								Net assets	Total investments	Investee company paid-up capital
				Number of shares		(Rupees)		%		
<b>Automobile Assembler</b>										
Honda Atlas Cars (Pakistan) Limited	10,000	-	10,000	-	-	-	-	-	-	-
<b>Commercial banks</b>										
Meezan Bank Limited	665,000	-	665,000	-	-	-	-	-	-	-
<b>Chemical</b>										
ICI Pakistan Limited (note 5.1.2)	38,500	-	-	38,500	25,383,567	26,746,335	1,362,768	2.69	3.38	0.04
Descon Oxychem Limited (note 5.1.2)	2,004,500	-	664,000	1,340,500	38,293,697	40,013,925	1,720,228	4.02	5.05	0.89
Ghani Global Holdings Limited	350,000	-	-	350,000	5,673,960	5,505,500	(168,460)	0.55	0.70	0.23
Itehad Chemicals	496,000	-	-	496,000	14,425,860	13,069,600	(1,356,260)	1.31	1.65	0.59
Engro Polymer & Chemicals Limited	1,285,500	-	1,285,500	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	50,000	-	50,000	-	-	-	-	-	-	-
								<b>8.57</b>	<b>10.78</b>	<b>1.74</b>
<b>Cement</b>										
D.G Khan Cement Company Limited	819,000	-	428,000	391,000	33,526,541	33,364,030	(162,511)	3.35	4.21	0.09
Cherat Cement Company Limited	576,500	-	260,500	316,000	29,010,473	27,545,720	(1,464,753)	2.77	3.48	0.16
Kohat Cement Company Limited	190,000	-	93,000	97,000	13,595,273	13,332,650	(262,623)	1.34	1.68	0.05
Lucky Cement Limited	393,876	-	231,710	162,166	75,470,202	74,852,582	(617,620)	7.52	9.45	0.05
Maple Leaf Cement Factory Limited	2,571,500	-	1,018,500	1,553,000	42,541,663	40,346,940	(2,194,723)	4.05	5.10	0.14
								<b>19.03</b>	<b>23.93</b>	<b>0.49</b>
<b>Fertilizer</b>										
Engro Corporation Limited	511,797	-	189,336	322,461	94,982,386	94,455,276	(527,110)	9.49	11.93	0.06
Engro Fertilizers Limited	398,000	-	398,000	-	-	-	-	-	-	-
								<b>9.49</b>	<b>11.93</b>	<b>0.06</b>
<b>Foods &amp; Personal Care Products</b>										
At -Tahur Limited (note 5.1.2)	276,000	-	-	276,000	5,947,245	4,755,480	(1,191,765)	0.48	0.60	0.17
								<b>0.48</b>	<b>0.60</b>	<b>0.17</b>
<b>Glass &amp; Ceramics</b>										
Tariq Glass Industries Limited	288,500	-	-	288,500	20,108,640	18,614,020	(1,494,620)	1.87	2.35	0.26
								<b>1.87</b>	<b>2.35</b>	<b>0.26</b>
<b>Engineering</b>										
International Steels Limited	50,000	-	50,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries	75,000	-	75,000	-	-	-	-	-	-	-
								-	-	-
<b>Inv. Bank/Inv. Companies/Securities Co.</b>										
Dawood Hercules and Corporation Limited	65,000	16,700	65,000	16,700	2,256,266	2,136,264	(120,002)	0.21	0.27	0.00
								<b>0.21</b>	<b>0.27</b>	<b>0.00</b>
<b>Oil &amp; Gas Marketing Companies</b>										
Hascol Petroleum Limited	80,000	-	80,000	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	288,000	-	288,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	302,018	-	252,500	49,518	8,019,037	7,831,767	(187,270)	0.79	0.99	0.01
								<b>0.79</b>	<b>0.99</b>	<b>0.01</b>
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited (note 5.1.2)	57,480	-	13,780	43,700	52,934,032	54,041,605	1,107,573	5.43	6.83	0.03
Pakistan Oilfields Limited	239,800	-	169,100	70,700	23,084,421	24,789,541	1,705,120	2.49	3.13	0.02
Oil & Gas Development Company Limited	1,540,179	-	1,104,400	435,779	46,812,242	47,499,911	687,669	4.77	6.00	0.01
Pakistan Petroleum Limited	1,547,460	-	875,240	672,220	62,485,567	58,335,252	(4,150,315)	5.86	7.37	0.02
								<b>18.55</b>	<b>23.33</b>	<b>0.09</b>
<b>Power generation and distribution</b>										
The Hub Power Company Limited (note 5.1.2)	797,779	-	397,812	399,967	32,501,967	28,997,608	(3,504,359)	2.91	3.66	0.03
K-Electric Limited (note 5.1.1)	1,600,000	-	530,000	1,070,000	3,550,950	3,220,711	(330,239)	0.32	0.41	0.00
								<b>3.24</b>	<b>4.07</b>	<b>0.03</b>
<b>Pharmaceuticals</b>										
AGP Limited	272,000	-	112,000	160,000	15,430,230	17,558,399	2,128,169	1.76	2.22	0.06
Ferozsons Laboratories Limited	108,900	-	25,500	83,400	26,960,927	25,055,862	(1,905,065)	2.52	3.16	0.28
GlaxoSmithKline Consumer Healthcare Pakistan Limited	18,000	-	-	18,000	5,139,000	4,890,240	(248,760)	0.49	0.62	0.01
The Searle Company Limited	217,000	-	172,500	44,500	8,485,413	8,865,735	380,322	0.89	1.12	0.02
								<b>5.66</b>	<b>7.12</b>	<b>0.36</b>

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

Name of investee company	Purchased during the period	Bonus / right shares received	Disposed off during the period	As at June 30, 2020	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain / (loss) on revaluation	Investment as percentage of			
								Net assets	Total investments	Investee company paid-up capital	
							Number of shares	(Rupees)	%		
<b>Textile composite</b>											
Feroze 1888 Mills Limited	5,300	-		5,300	394,623	433,540	38,917	0.04	0.05	0.00	
Nishat Mills Limited	611,200	-	319,600	291,600	25,036,981	22,747,716	(2,289,265)	2.29	2.87	0.08	
								2.33	2.93	0.08	
<b>Technology &amp; Communication</b>											
Systems Limited	588,800	-	88,000	500,800	75,679,226	91,986,944	16,307,718	9.24	11.62	0.41	
								9.24	11.62	0.41	
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited (note 5.1.2)	435,000	-	372,500	62,500	984,268	696,875	(287,393)	0.07	0.09	0.01	
								0.07	0.09	0.01	
<b>Total as at June 30, 2020</b>						<b>788,714,657</b>	<b>791,690,028</b>	<b>2,975,371</b>			

5.1.1 All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which have a nominal value of Rs 3.5 each.

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

Name of investee company	June 30, 2020	
	Number of shares	Market value in Rupees
Descon Oxychem Limited	500,000	14,925,000
The Hub Power Company Limited	234,500	17,001,250
ICI Pakistan Limited	7,500	5,210,325
Mari Petroleum Company Limited	17,220	21,295,113
At-Tahur Limited	251,000	4,324,730
Unity Foods Limited	62,500	696,875
		<b>1,072,720</b>
		<b>63,453,293</b>

5.2 As per SECP's 'Circular no. 7 of 2009', a collective investment scheme classified as an Equity Scheme shall invest at least 70% of its net assets in listed equity securities during the year based on quarterly average investment calculated on daily basis. We noted that the investment held in shariah compliant listed equity securities based on quarterly average investments as on June 30, 2020 stood at 65% which is below the specified limit.

5.3	Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	Note	June 30, 2020 (Rupees)
	Market value of investments	5.1	791,690,028
	Less: Carrying value of investments	5.1	<u>788,714,657</u>
			<u>2,975,371</u>

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

### 6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Profit receivable on balances with banks		1,126,662
Security deposit with Central Depository Company of Pakistan Limited		100,000
Security deposit with National Clearing Company of Pakistan Limited		2,500,000
Dividend receivable		33,400
Advance tax	6.1	163,522
		<u>3,923,584</u>

- 6.1 As per clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profits on balances with banks and dividend amounts to Rs 163,522.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of the FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profits and dividend received by the Fund has been shown as other receivables as at June 30, 2020, as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2020 (Rupees)
<b>7 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>		
At the beginning of the period		-
Preliminary expenses and floatation costs incurred		1,000,235
Less: amortisation during the period		<u>(66,906)</u>
At the end of the period	7.1	<u>933,329</u>

- 7.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over five years commencing from January 02, 2020 in accordance with the trust deed of the Fund and the NBFC Regulations.

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

8	<b>PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - THE MANAGEMENT COMPANY</b>	<b>Note</b>	<b>June 30, 2020 (Rupees)</b>
	Remuneration of the Management Company	8.1	770,596
	Sindh sales tax on remuneration of the Management Company	8.2	100,178
	Selling and marketing expenses payable	8.4	1,902,490
	Allocated expenses payable	8.3	427,143
	Other payable		120,000
	Preliminary expenses and floatation costs payable	7	1,000,235
			<u>4,320,642</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.

During the period ended June 30, 2020, through a circular resolution of the Board of Directors dated December 16, 2019, the Management Company has defined a maximum fee level in the Fund's offering document at the rate of 2% of net assets. The Trustee has consented this revision via its letter CDC/T&C-S II/DH/0559/2019 dated December 27, 2019. The Board of the Management Company has also defined a minimum threshold of 1% of net assets through the aforementioned circular resolution. As a consequence thereof, the Management Company is 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 minimum percentage approved by the Board and subject to the total expense ratio of the Fund as defined under the NBFC Regulations.

The summary of rates of remuneration charged by the Management Company from January 02, 2020 to June 30, 2020 is as follows:

Date		% of net assets
From	To	
2-Jan-2020	12-Jan-2020	2.00
13-Jan-2020	30-Jun-2020	1.00

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

- 8.2** During the period, an amount of Rs. 367,742 was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011.
- 8.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a collective investment scheme (CIS).

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

## Notes to the Financial Statements

### For The Period From January 02, 2020 To June 30, 2020

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.

The Management Company has charged allocated expenses at the rate of 0.4% per annum from May 18, 2020 to June 30, 2020.

- 8.4** The SECP has allowed asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 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 to the total expense ratio of the Fund as defined under the NBFC Regulations.

The Management Company has charged selling and marketing expenses at the rate of 1% per annum from January 13, 2020 to June 30, 2020.

	Note	June 30, 2020 (Rupees)
<b>9</b>		
<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - THE TRUSTEE</b>		
Remuneration payable to the Trustee	9.1	154,119
Sindh sales tax on remuneration of the Trustee	9.2	19,883
		<u>174,002</u>

- 9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed at the following rates:

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

Net Assets (Rs.)	Fee
up to Rs 1,000 million	0.2% per annum of net assets
from Rs 1,000 million and above	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

9.2 During the period, an amount of Rs 72,438 was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011,

	Note	June 30, 2020 (Rupees)
<b>10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>		
Annual fee	10.1	<u>55,722</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 the average daily net assets of the Fund in accordance with SRO 685(1)/2019 of the SECP.

	June 30, 2020 (Rupees)
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	
Transaction charges payable	685,041
Auditors' remuneration	275,000
Rating fee payable	192,246
Annual listing fee payable	50,424
Withholding tax payable	377,817
Printing charges payable	<u>25,211</u>
	<u>1,605,739</u>

## 12 CONTINGENCIES AND COMMITMENTS

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

## 13 AUDITORS' REMUNERATION

Annual audit fee	250,000
Half yearly review of condensed interim financial statements	-
Fee for other certifications	20,000
Out of pocket expenses	<u>5,000</u>
	<u>275,000</u>

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

### 12 CONTINGENCIES AND COMMITMENTS

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

### 13 AUDITORS' REMUNERATION

Annual audit fee	250,000
Half yearly review of condensed interim financial statements	-
Fee for other certifications	20,000
Out of pocket expenses	5,000
	<u>275,000</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 realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred net loss 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 the Finance Act, 2015 is also not applicable on funds as per section 4B of the Income Tax Ordinance, 2001.

### 15 LOSS PER UNIT

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

### 16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 4.49% which includes 0.21% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

### 17 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

**17.1** Connected persons 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, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

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

**17.3** Remuneration to the Management Company 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** The details of transactions carried out by the Fund with connected persons and related parties and balances with them at period end are as follows:

	<b>For the period from January 02, 2020 to June 30, 2020 (Rupees)</b>
<b>17.6 Transactions during the period</b>	
<b>Faysal Asset Management Limited (the Management Company)</b>	
Remuneration of the Management Company	<u>2,828,787</u>
Sales tax on remuneration of the Management Company	<u>367,742</u>
Selling and marketing expenses	<u>2,743,370</u>
Allocated expenses	<u>427,143</u>
<b>Faysal Bank Limited</b>	
Profit on balances with banks	<u>7,057,955</u>
<b>CDC - Trustee Faysal Sharia Capital Preservation Plan-I* (fund managed by the management company)</b>	
Issuance of 6,508,644 units	<u>539,200,000</u>
Redemption of 3,046,552 units	<u>232,000,000</u>
Dividend declared	<u>1,200,000</u>
<b>CDC - Trustee Faysal Sharia Capital Preservation Plan-II* (fund managed by the management company)</b>	
Issuance of 5,040,840 units	<u>431,320,660</u>
Redemption of 2,266,475 units	<u>173,000,000</u>
Dividend declared	<u>1,320,660</u>
<b>CDC - Trustee Faysal Active Principal Preservation Plan * (fund managed by the management company)</b>	
Issuance of 4,313,342 units	<u>325,000,000</u>
Redemption of 1,048,081 units	<u>80,000,000</u>
<b>CDC - Trustee Faysal Islamic Financial Planning Fund* (fund managed by the management company)</b>	
Issuance of 3,244,780 units	<u>250,000,000</u>
<b>Central Depository Company of Pakistan Limited (the Trustee)</b>	
Remuneration of the Trustee	<u>557,216</u>
Sindh sales tax on remuneration of the Trustee	<u>72,438</u>

\*Unitholders having holding of 10% or more.

**Notes to the Financial Statements**

For The Period From January 02, 2020 To June 30, 2020

**17.7 Balances****Faysal Asset Management Limited (the Management Company)**

Remuneration of the Management Company	770,596
Sindh sales tax on remuneration of the Management Company	<u>100,178</u>
Selling and marketing expenses payable	<u>1,902,490</u>
Allocated expenses payable	<u>427,143</u>
Other payable	<u>120,000</u>
Preliminary expenses and floatation costs payable	<u>1,000,235</u>

**Faysal Bank Limited**

Balance with bank	<u>229,494,547</u>
Profit receivable on savings account	<u>1,082,570</u>

**June 30, 2020**  
**(Rupees)**

**CDC - Trustee Faysal Sharia Capital Preservation Plan-I\*  
(fund managed by the management company)**

Outstanding 3,462,092 units	<u>270,354,754</u>
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**CDC - Trustee Faysal Sharia Capital Preservation Plan-II\*  
(fund managed by the management company)**

Outstanding 2,774,365 units	<u>216,650,199</u>
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**CDC - Trustee Faysal Active Principal Preservation Plan \*  
(fund managed by the management company)**

Outstanding 3,265,261 units	<u>254,984,219</u>
-----------------------------	--------------------

**CDC - Trustee Faysal Islamic Financial Planning Fund\*  
(fund managed by the management company)**

Outstanding 3,244,780 units	<u>253,384,843</u>
-----------------------------	--------------------

**Central Depository Company of Pakistan Limited (the Trustee)**

Remuneration to the Trustee	<u>154,119</u>
Sindh sales tax on remuneration of the Trustee	<u>19,883</u>

\*Unitholders having holding of 10% or more.

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

### 18 FINANCIAL INSTRUMENTS BY CATEGORY

----- June 30, 2020 -----		
At amortised cost	At fair value through profit or loss	Total

----- Rupees -----

#### Financial assets

Balances with banks	238,425,819	-	238,425,819
Investments	-	791,690,028	791,690,028
Advances, deposits & other receivables	3,760,062	-	3,760,062
	<u>242,185,881</u>	<u>791,690,028</u>	<u>1,033,875,909</u>

----- 2020 -----		
At fair value through profit or loss	At amortised cost	Total

----- Rupees -----

#### Financial liabilities

Payable to Faysal Asset Management Limited - the Management Company	-	4,320,642	4,320,642
Payable to Central Depository Company of Pakistan - the Trustee	-	174,002	174,002
Payable against purchase of investments	-	33,502,027	33,502,027
Accrued expenses and other liabilities	-	1,227,922	1,227,922
	<u>-</u>	<u>39,224,593</u>	<u>39,224,593</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, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

#### 19.1 Market risk

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

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

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

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

### (i) Yield / profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2020, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the period and net assets of the Fund would have been higher/lower by Rs. 2.384 million.

#### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

----- June 30, 2020 -----					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					

#### Financial assets

Balances with banks	1% - 7.25%	238,425,819	-	-	-	238,425,819
Investments		-	-	-	791,690,028	791,690,028
Advances, deposits & other receivables		-	-	-	3,760,062	3,760,062
		238,425,819	-	-	795,450,090	1,033,875,909

#### Financial liabilities

Payable to Faysal Asset Management Limited - the Management Company		-	-	-	4,320,642	4,320,642
Payable to Central Depository Company of Pakistan - the Trustee		-	-	-	174,002	174,002
Payable against purchase of investments		-	-	-	33,502,027	33,502,027
Accrued expenses and other liabilities		-	-	-	1,227,922	1,227,922
		-	-	-	39,224,593	39,224,593

#### On-balance sheet gap (a)

238,425,819	-	-	756,225,497	994,651,316
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#### Off-balance sheet financial instruments

-	-	-	-	-
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#### Off-balance sheet gap (b)

-	-	-	-	-
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#### Total interest rate sensitivity gap (a+b)

238,425,819	-	-		
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#### Cumulative interest rate sensitivity gap

238,425,819	238,425,819	238,425,819		
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## Notes to the Financial Statements

For The Period From January 02, 2020 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 profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KMI 30 index on June 30, 2020, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 7.916 million and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

## 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, 2008, 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.

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

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:

	June 30, 2020						Total
	Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	
-----Rupees in '000-----							
<b>Financial assets</b>							
Balances with banks	238,425,819	-	-	-	-	-	238,425,819
Investments	-	-	-	-	-	791,690,028	791,690,028
Advances, deposits & other receivables	3,760,062	-	-	-	-	-	3,760,062
	<b>242,185,881</b>	-	-	-	-	<b>791,690,028</b>	<b>1,033,875,909</b>
<b>Financial liabilities</b>							
Payable to Faysal Asset Management Limited - Management Company	4,320,642	-	-	-	-	-	4,320,642
Payable to Central Depository Company of Pakistan Limited - Trustee	174,002	-	-	-	-	-	174,002
Payable against purchase of investments	33,502,027	-	-	-	-	-	33,502,027
Accrued expenses and other liabilities	1,227,922	-	-	-	-	-	1,227,922
	<b>39,224,593</b>	-	-	-	-	-	<b>39,224,593</b>
<b>Net financial assets / (liabilities)</b>	<b>202,961,288</b>	-	-	-	-	<b>791,690,028</b>	<b>994,651,316</b>

### 19.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due.

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

	2020	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	-----Rupees-----	
Balances with banks	238,425,819	238,425,819
Investments	791,690,028	-
Advances, deposits and other receivables	3,760,062	3,760,062
	<b>1,033,875,909</b>	<b>242,185,881</b>

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 791.690 million is not exposed to credit risk.

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

### 19.3.1 Credit quality of financial assets

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

Rating category	<b>% of financial assets exposed to credit risk</b>
	<b>2020</b>
	--- (%) ---
AA+	3.75
AA	96.25
	<u>100.00</u>

### 19.3.2 Concentration of credit risk

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

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 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 was compliant with the minimum fund size limit at all times except on January 6, 2020.

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.

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short term borrowings, where necessary.

### 21 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

#### 21.1 Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

As at June 30, 2020, the Fund held the following financial instruments measured at fair values:

As at June 30, 2020			
Level 1	Level 2	Level 3	Total

----- (Rupees in '000) -----

#### Financial assets 'at fair value through profit or loss'

Listed equity securities	791,690,028	-	-	791,690,028
	<u>791,690,028</u>	<u>-</u>	<u>-</u>	<u>791,690,028</u>

**Notes to the Financial Statements**

For The Period From January 02, 2020 To June 30, 2020

**22 UNIT HOLDING PATTERN OF THE FUND**

Category	June 30, 2020		
	Number of unit holders	Number of units held	Percentage of total
Associated company	-	-	-
Insurance company	-	-	-
Retirement funds	-	-	-
Individuals	-	-	-
Banks and DFIs	-	-	-
NBFCs	-	-	-
Other	4	12,746,498	100.00
	<u>4</u>	<u>12,746,498</u>	<u>100.00%</u>

**23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**

Name of broker	June 30, 2020 Percentage of commission paid
Khadim Ali Shah Bukhari Securities (Private) Limited	10.29%
Adam Securities Limited	9.86%
Darson Securities (Pvt) Limited	9.44%
Topline Securities Limited	9.12%
AKD Securities Limited	9.01%
Intermarket Securities Limited	8.99%
Alfa Adhi Securities (Pvt) Ltd.	8.36%
EFG Hermes Pakistan Limited	8.23%
Next Capital Limited	7.48%
Ismail Iqbal Securities (Pvt) Ltd	5.70%
	<u>86.48%</u>

**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 Khuhro	Chief Investment Officer	B.Sc. Economics	Over 11 years
Mr. Faisal Ali Khan	CFO and Company Secretary	B.com, CA	Over 16 years
Mr. Khurram M. Arif	Fund Specialist - Equities	B.com, CFA	Over 10 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

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

### 25 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund manager
Mr. Khurram M. Arif	Fund Specialist - Equities	B.com , CFA	FSF, FAAF, FSPF, FPPF, FIFPF

### 26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Name of directors	Designation	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 Saliman 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

### 27 GENERAL

#### 27.1 Figures have been rounded off to the nearest rupees unless otherwise stated.

#### 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

## Notes to the Financial Statements

For The Period From January 02, 2020 To June 30, 2020

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.

## 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)

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Chief Financial Officer

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Chief Executive Officer

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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	995,314,628
Net assets value per unit	78.09
Offer price per unit	80.44
Repurchase price per unit	78.09
Highest offer price per unit	105.58
Highest repurchase price per unit	102.5
Lowest offer price per unit	73.08
Lowest repurchase price per unit	70.95
Total return:	-20.97%
- capital growth	-22.17%
- income distribution	1.20%
Average annual return:	
(Launch date: January 02, 2020)	
- one year	-20.97%
- two years	N/A
- three years	N/A
Distribution per unit:	
- Interim distribution (% per unit) *	1.20%
- Final distribution (% per unit)	-
	1.20%

\* Announced on 17 January 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) Responsibilities towards Proxy Voting as per Regulation 38A**

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

**(iii) MEETINGS OF THE AUDIT COMMITTEE**

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

Name of 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

**(iv) 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

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






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