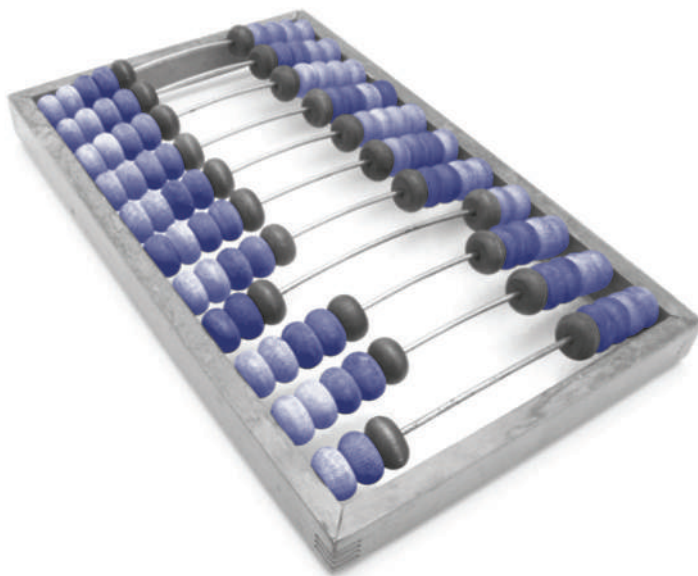


Faysal Funds

Income & Growth Fund

Condensed Interim Financial Statements for
For The Half Year Ended December 31, 2021 (Un-audited)



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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

Mr. Faisal Ali Khan

Company Secretary of the Management Company

Muhammad Umer Ilyas

Audit Committee

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

HR Committee

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

Trustee to the Fund

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

Bankers to the Fund

Soneri Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
United Bank Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
Habib Bank Limited
JS Bank Limited
Zarai Taraqiati Bank Limited

Auditors

A.F. Ferguson & Co. Chartered
Accountants

Legal Advisor

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

Registrar

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

MISSION AND VISION

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

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

MISSION STATEMENT

Faysal Income & Growth Fund seeks to provide its risk-averse investors an opportunity to earn a consistent market based income with a conservative risk profile while maintaining security of principal as its prime objective.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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

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

We Central Depository Company of Pakistan Limited, being the Trustee of Faysal Income & Growth Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2021 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 23, 2022



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Faysal Income & Growth Fund** (the Fund) as at December 31, 2021 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2021. The Management Company (Faysal Asset Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

Scope of Review

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

Conclusion

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

A.F. Ferguson & Co.

Chartered Accountants

Engagement Partner: **Shahbaz Akbar**

Dated: February 28, 2022

Karachi

Condensed Interim Statement of Assets and Liabilities

As at December 31, 2021 (Un-audited)

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	Note	----- (Rupees) -----	
Assets			
Balances with banks	4	4,466,687,818	678,505,956
Investments	5	298,207,424	345,829,322
Deposits and other receivables		46,790,918	110,705,931
Total assets		4,811,686,160	1,135,041,209
Liabilities			
Payable to Faysal Asset Management Limited - Management Company	6	1,872,136	3,195,592
Payable to Central Depository Company of Pakistan Limited - Trustee	7	347,525	105,430
Payable to the Securities and Exchange Commission of Pakistan	8	161,057	175,422
Dividend payable		-	16,920,317
Payable against redemption of units		780	3,561
Accrued and other liabilities	9	5,696,465	13,916,664
Total liabilities		8,077,963	34,316,986
Net assets		4,803,608,197	1,100,724,223
Unit holders' fund (as per statement attached)		4,803,608,197	1,100,724,223
Contingencies and commitments	10		
		----- (Number of units) -----	
Number of units in issue		42,916,811	10,304,962
		----- (Rupees) -----	
Net asset value per unit		111.93	106.81

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Income Statement

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

	Note	Half year ended December 31,		Quarter ended December 31,	
		2021	2020	2021	2020
Income					
Interest on balances with banks		63,618,014	17,535,093	52,560,037	9,663,385
Interest on market treasury bills		-	1,176,305	-	-
Interest on Pakistan Investment Bonds		3,333,113	5,549,899	-	2,403,016
Interest on Term Finance Certificates		7,488,930	10,419,489	3,332,782	5,023,224
Interest on commercial papers		5,243,890	1,649,862	2,621,369	470,587
Realised (loss) / gain on sales of investments - net		(1,388,053)	(783,884)	(178)	31,080
Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	5.5	6,834,703	4,303,228	5,544,448	(1,553,916)
Total income		85,130,597	39,849,992	64,058,458	16,037,376
Expenses					
Remuneration of Faysal Asset Management Limited - Management Company	6.1	6,962,130	4,194,703	3,180,333	2,178,675
Sindh sales tax on remuneration of the Management Company	6.2	905,077	545,311	413,444	277,285
Allocated expenses	6.3	-	252,947	-	99,030
Selling and marketing expenses	6.4	1,310,409	2,244,884	680,110	1,144,165
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	603,963	297,212	414,874	148,546
Sindh sales tax on remuneration of the Trustee	7.2	78,515	38,638	53,304	19,806
Annual fee of the Securities and Exchange Commission of Pakistan	8.1	161,057	79,257	110,634	39,612
Auditors' remuneration		372,232	409,920	166,152	203,840
Transaction charges		244,047	237,996	135,375	144,734
Bank charges		7,708	4,493	6,628	2,797
Legal and professional charges		105,436	37,700	(33,300)	-
Fees and subscription		180,688	160,038	100,670	80,018
Printing charges		19,125	7,888	12,869	1,632
Total expenses		10,950,387	8,510,987	5,241,093	4,340,140
Net income from operating activities		74,180,210	31,339,005	58,817,365	11,697,236
Reversal of provision / (provision) for Sindh Workers' Welfare Fund	9.1	6,757,093	(626,780)	-	(233,194)
Net income for the period before taxation		80,937,303	30,712,225	58,817,365	11,464,042
Taxation	12	-	-	-	-
Net income for the period after taxation		80,937,303	30,712,225	58,817,365	11,464,042
Earnings per unit	13				
Allocation of net income for the period					
Net income for the period after taxation		80,937,303	30,712,225		
Income already paid on units redeemed		(12,332,097)	(7,192,599)		
		68,605,206	23,519,626		
Accounting income available for distribution					
- Relating to capital gains		5,446,650	3,519,344		
- Excluding capital gains		63,158,556	20,000,282		
		68,605,206	23,519,626		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Statement of Comprehensive Income

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

	Half year ended December 31,		Quarter ended December 31,	
	2021	2020	2021	2020
Net income for the period after taxation	80,937,303	30,712,225	58,817,365	11,464,042
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>80,937,303</u>	<u>30,712,225</u>	<u>58,817,365</u>	<u>11,464,042</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Statement of Movement in Unit Holders' Fund

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

	Half year ended December 31, 2021			Half year ended December 31, 2020		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees)			(Rupees)		
Net assets at the beginning of the period (audited)	1,057,551,831	43,172,392	1,100,724,223	732,189,845	41,301,540	773,491,385
Issuance of 47,065,415 units (2020: 5,882,706 units)						
- Capital value (at ex-net asset value per unit at the beginning of the period)	5,027,056,976	-	5,027,056,976	626,919,978	-	626,919,978
- Element of income	165,224,557	-	165,224,557	7,373,317	-	7,373,317
Total proceeds on issuance of units	5,192,281,533	-	5,192,281,533	634,293,295	-	634,293,295
Redemption of 14,453,566 units (2020: 7,205,105 units)						
- Capital value (at ex-net asset value per unit at the beginning of the period)	(1,543,785,384)	-	(1,543,785,384)	(767,848,040)	-	(767,848,040)
- Element of loss	(14,217,381)	(12,332,097)	(26,549,478)	(6,736,837)	(7,192,599)	(13,929,436)
Total payments on redemption of units	(1,558,002,765)	(12,332,097)	(1,570,334,862)	(774,584,877)	(7,192,599)	(781,777,476)
Total comprehensive income for the period	-	80,937,303	80,937,303	-	30,712,225	30,712,225
Net assets at the end of the period (un-audited)	4,691,830,599	111,777,598	4,803,608,197	591,898,263	64,821,166	656,719,429
Undistributed income brought forward						
- Realised income		36,749,609			41,301,540	
- Unrealised income		6,422,783			-	
		<u>43,172,392</u>			<u>41,301,540</u>	
Accounting income available for distribution						
- Relating to capital gains		5,446,650			3,519,344	
- Excluding capital gains		63,158,556			20,000,282	
		<u>68,605,206</u>			<u>23,519,626</u>	
Undistributed income carried forward		<u>111,777,598</u>			<u>64,821,166</u>	
Undistributed income carried forward						
- Realised income		104,942,895			60,517,938	
- Unrealised income		6,834,703			4,303,228	
		<u>111,777,598</u>			<u>64,821,166</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the period			<u>106.81</u>			<u>106.57</u>
Net asset value per unit at the end of the period			<u>111.93</u>			<u>110.64</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Cash Flows Statement

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

	Half year ended December 31,	
	2021	2020
Note	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	80,937,303	30,712,225
Adjustments for:		
Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	(6,834,703)	(4,303,228)
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	(6,757,093)	626,780
	<u>67,345,507</u>	<u>27,035,777</u>
Decrease / (increase) in assets		
Investments	54,456,601	(62,009,717)
Deposits and other receivables	63,915,013	1,070,918
	<u>118,371,614</u>	<u>(60,938,799)</u>
(Decrease) / increase in liabilities		
Payable to Faysal Asset Management Limited - Management Company	(1,323,456)	(1,152,014)
Payable to Central Depository Company of Pakistan Limited - Trustee	242,095	(24,498)
Payable to the Securities and Exchange Commission of Pakistan	(14,365)	(51,389)
Accrued and other liabilities	(1,463,106)	(775,995)
	<u>(2,558,832)</u>	<u>(2,003,896)</u>
Net cash generated from / (used in) operating activities	<u>183,158,289</u>	<u>(35,906,918)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units	5,192,281,533	634,293,295
Payments made against redemption of units	(1,570,337,643)	(781,773,915)
Dividends paid	(16,920,317)	-
Net cash generated from / (used in) financing activities	<u>3,605,023,573</u>	<u>(147,480,620)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>3,788,181,862</u>	<u>(183,387,538)</u>
Cash and cash equivalents at beginning of the period	678,505,956	521,263,300
Cash and cash equivalents at end of the period	<u>4,466,687,818</u>	<u>337,875,762</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Faysal Income & Growth Fund (the Fund) is an open-end collective investment scheme established through a Trust Deed executed under the Trust Act, 1882, entered into on April 27, 2005 between Faysal Asset Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The investment activities and administration of the Fund are managed by the Management Company.

The Management Company of the Fund has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 through a certificate of registration issued by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Management Company is situated at 7th Floor, Faysal House, ST-02, Main Shahrah-e-Faisal, Karachi, Pakistan. The Management Company is a member of the Mutual Funds Association of Pakistan (MUFAP).

During the year ended June 30, 2021, the Trust Act, 1882 had been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Sindh Trusts Act, 2020 have been introduced. The Management Company has submitted Collective Investment Scheme Trust Deed to Registrar (acting under Sindh Trusts Act, 2020) for registration to fulfill the requirement for registration of Trust Deed under Sindh Trusts Act,

1.2 The Fund is categorised as an 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs.100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from October 10, 2005 and are transferable and redeemable by surrendering them to the Fund.

1.3 The objective of the Fund is to provide superior long-term risk adjusted returns by investing in a diverse pool of fixed income securities, including money market instruments. In particular, the aim is to minimize interest rate risk through duration management and default risk portfolio diversification. The investment objective and policies are more fully explained in Fund's Offering Document.

1.4 The Management Company has been assigned a quality rating of 'AM2+' by VIS Credit Rating Company Limited dated December 31, 2021 (2020: 'AM2' dated December 31, 2020). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. Moreover, PACRA has maintained the stability rating of the Fund at 'A(f)' dated October 18, 2021 (2020: 'A(f)' dated October 16,

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2021.

2.2 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2021.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies applied and the methods of computations of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2021.

3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2021. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Fund for the year ended June 30, 2021.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
4 BALANCES WITH BANKS			
Savings accounts	4.1	<u>4,466,687,818</u>	<u>678,505,956</u>

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

- 4.1 These savings accounts carry mark-up at rates ranging from 7% to 11% (June 30, 2021: 5.50% to 8.25%) per annum. Deposits in savings accounts also include Rs. 6.144 million (June 30, 2021: Rs. 1.078 million) maintained with Faysal Bank Limited, a related party, and carry mark-up at the rate of 7% (June 30, 2021: 5.50%) per annum.

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
----- (Rupees) -----			
5 INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Term finance certificates	5.1	198,492,444	200,624,336
Commercial papers	5.2	99,714,980	-
Pakistan Investment Bonds	5.3	-	145,204,986
		298,207,424	345,829,322

5.1 Term finance certificates

Term finance certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	redemptions				Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation / (diminution) as at December 31, 2021	Percentage in relation to	
				As at July 1, 2021	Purchases during the period	Sold during the period	As at December 31, 2021				Net assets of the Fund	Total market value of investment
				----- Number of certificates -----							----- (Rupees) -----	

COMMERCIAL BANKS

JS Bank Limited (A+, PACRA, non-traded) (Face value of 4,990 per certificate)	Semi-annually	December 14, 2023	6 months KIBOR plus base rate of 1.40%	12,000	-	12,000	-	-	-	-	-	-
JS Bank Limited (A+, PACRA, non-traded) (Face value of 99,840 per certificate)	Semi-annually	December 29, 2024	6 months KIBOR plus base rate of 1.40%	250	-	-	250	25,186,049	25,247,022	60,973	0.53%	8.47%
The Bank of Punjab (AA-, PACRA, non-traded) (Face value of 99,800 per certificate)	Semi-annually	December 23, 2026	6 months KIBOR plus base rate of 1.00%	660	-	-	660	66,526,692	68,601,522	2,074,830	1.43%	23.00%
								91,712,741	93,848,544	2,135,803	1.96%	31.47%

MICROFINANCE BANKS

Khushali Microfinance Bank Limited (A, VIS, non-traded) (Face value of 100,000 per certificate)	Semi-annually	March 19, 2026	6 months KIBOR plus base rate of 2.05%	500	-	-	500	49,945,000	54,643,900	4,698,900	1.14%	18.32%
								49,945,000	54,643,900	4,698,900	1.14%	18.32%

TECHNOLOGY & COMMUNICATION

TPL Corporation Limited (A, PACRA, non-traded) (Face value of 100,000 per certificate)	Quarterly	December 31, 2026	3 months KIBOR plus base rate of 2.50%	-	500	-	500	50,000,000	50,000,000	-	1.04%	16.77%
								50,000,000	50,000,000	-	1.04%	16.77%

Total as at December 31, 2021

Total as at June 30, 2021

191,657,741	198,492,444	6,834,703	4.14%	66.56%
195,070,535	200,624,336	5,553,801	58.01%	18.23%

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

5.2 Commercial papers

Commercial Paper

Name of the security	Maturity date	Yield per annum	As at July 01, 2021	Purchased during the period	Matured / redeemed during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation/ (diminution) as at December 31, 2021	Percentage in relation to	
										Net assets of the Fund	Total market value of investment
Face value (Rupees)							(Rupees)		%		
TPL Corporation Limited - CP (A, PACRA)	January 12, 2022	10.40%	-	100,000,000	-	100,000,000	99,714,980	99,714,980	-	2.08%	33.44%
Total as at December 31, 2021							99,714,980	99,714,980	-	2.08%	33.44%
Total as at June 30, 2021							-	-	-	-	-

5.3 Pakistan Investment Bonds

Pakistan Investment Bonds

Name of security	Issue Date	Coupon rate	As at July 1, 2021	Purchased during the period	Sold during the period	As at December 31, 2021	Carrying value as at December 31, 2021	Market value as at December 31, 2021	Unrealised appreciation / (diminution) at December 31, 2021	Percentage in relation to		
										Net assets of the Fund	Total market value of investment	
Face value (Rupees)							(Rupees)		%			
Pakistan Investment Bonds - 03 years	August 20, 2020	7.00%	150,000,000	450,000,000	600,000,000	-	-	-	-	-	-	
Total as at December 31, 2021							-	-	-	-	-	-
Total as at June 30, 2021							144,336,004	145,204,986	868,982	13.19%	41.99%	

5.4 Investments - non-compliance

- 5.4.1 As per regulation 55(5) of the NBFC Regulations, the exposure of collective investment scheme to any single entity shall not exceed an amount equal to 10% of the total net assets of the collective investment scheme, subject to condition that exposure to any debt issue of a company shall not exceed ten percent of that issue. The Fund held the following investment which was non-compliant as at December 31, 2021 with the afore-mentioned limits:

Name of non-compliant security	Exposure limit	Exposure as % of total issue
TPL Corporation Limited - CP	10%	11.11%

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

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
----- (Rupees) -----			
Market value of investments	5.1, 5.2 & 5.3	298,207,424	345,829,322
Less: carrying value of investments	5.1, 5.2 & 5.3	291,372,721	339,406,539
		<u>6,834,703</u>	<u>6,422,783</u>

6 PAYABLE TO FAYSAL ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	6.1	1,049,126	1,361,189
Sindh sales tax on remuneration of the Management Company	6.2	136,386	176,955
Allocated expenses payable	6.3	-	1,429,838
Selling and marketing expenses payable	6.4	685,533	227,610
Sales lead payable		<u>1,091</u>	<u>-</u>

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

1,872,136 3,195,592

- 6.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit.

Keeping in view the maximum allowable threshold, the Management Company has charged remuneration at the following rates:

From July 1, 2021 to December 2, 2021	From December 3, 2021 to December 31, 2021
1.50% of average annual net assets	0.10% of average annual net assets

From July 1, 2020 to July 21, 2020	From July 22, 2020 to December 31, 2020
0.80% of average annual net assets	1.10% of average annual net assets

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

- 6.2 During the period, Sindh sales tax on management remuneration has been charged at the rate of 13% (2020: 13%) on management fee levied through the Sindh Sales Tax on Services Act, 2011.
- 6.3 In accordance with Regulation 60 of the NBFC Regulations, 2008, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

During the year ended June 30, 2020, the Board of Directors of the Management Company, in its 106th meeting held on April 17, 2020, had given Management Company the discretion for charging allocated expenses on the Fund as it may decide. Accordingly, the Management Company, has not charged any amount to the Fund during the period ended December 31, 2021. (2020 was as follows:

From July 1, 2020 to July 21, 2020	From July 22, 2020 to December 31, 2020
0.15% of average annual net assets	0.05% of average annual net assets

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

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion (duly authorised by the Board of Directors) while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the following rates:

From July 1, 2021 to December 2, 2021	From December 3, 2021 to December 31, 2021
0.25% of average annual net assets	0.05% of average annual net assets

From July 1, 2020 to July 21, 2020	From July 22, 2020 to October 21, 2020	From October 22, 2020 to December 31, 2020
0.70% of average annual net assets	0.50% of average annual net assets	0.60% of average annual net assets

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
7	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Remuneration payable to the Trustee	7.1 308,132	93,301
	Sindh sales tax on remuneration of the Trustee	7.2 39,393	12,129
		<u>347,525</u>	<u>105,430</u>

7.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2020: 0.075%) of average annual net assets of the Fund.

7.2 During the period, Sindh sales tax on trustee remuneration has been charged at the rate of 13% (2020: 13%) on trustee fee levied through the Sindh Sales Tax on Services Act, 2011.

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
8	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	8.1 161,057	175,422

8.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2020: 0.02%) per annum of the average annual net assets of the Fund.

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		----- (Rupees) -----	
9	ACCRUED AND OTHER LIABILITIES		
	Provision for Sindh Workers' Welfare Fund	9.1 -	6,757,093
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	9.2 4,050,717	4,050,717
	Auditors' remuneration payable	452,909	572,302
	Legal and professional charges payable	383,864	398,428
	Transaction charges payable	42,553	-
	Fees and subscription payable	101,027	-
	Printing charges payable	210,821	133,387
	Zakat payable	35,211	35,211
	Withholding tax payable	13,907	-
	Capital gain tax payable	393,031	1,969,526
	Other payables	12,425	-
		<u>5,696,465</u>	<u>13,916,664</u>

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

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

During the current period, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the condensed interim financial statements of the Fund.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 4.051 million is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED and related Sindh sales tax not been made, the net asset value of the Fund as at December 31, 2021 would have been higher by Re 0.094 (June 30, 2021: Re 0.39) per unit.

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

10 CONTINGENCIES AND COMMITMENTS

- 10.1** During the year ended June 30, 2021, Faysal Income & Growth Fund (FIGF) had received a show cause notice for the tax year 2018 from the Additional Commissioner (Inland) Revenue (ACIR), whereby the ACIR had raised objection on claiming of "income already paid on units redeemed" as part of distribution and has thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR was of the view that the amount of "Cash Dividend" paid can only be treated as part of distribution and according to his view the amount of "income already paid on units redeemed" is not a "Cash Dividend". The Management Company through its tax advisor has submitted the response in respect of objections raised by the ACIR. No further communication has been received from the ACIR after the submission of the tax advisor's response.
- 10.2** During the year ended June 30, 2021, Faysal Income & Growth Fund (FIGF) had received a show cause notice from the Additional Commissioner (Inland) Revenue (ACIR) in respect of tax year 2017 whereby the ACIR has raised objections on claiming of "Element of income / loss of capital gains (losses) including in prices of units issued less those in units redeemed - net" while arriving at the declared accounting income and has challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. During the current period, the ACIR has raised a tax demand of Rs 18.612 million from FIGF in respect of the tax year 2017. The Management Company has filed an appeal with the Commissioner (Inland) Revenue Appeals (CIRA) against the demand raised by ACIR and has also obtained stay against recovery of impugned tax demand.

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

- 10.3** There were no other contingencies or commitments outstanding as at December 31, 2021 and June 30, 2021.

11 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 1.34% (2020: 2.31%) which includes 0.14% (2020: 0.33%) representing Government Levys such as sales taxes and SECP Fee. This ratio is within the maximum limit of 2.5% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as an aggressive fixed income scheme.

12 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, 2008, the Fund is required to distribute not less than 90 percent of its accounting income for the period derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management intends to distribute the required minimum percentage of income earned by the Fund for the year ending June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements.

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

13 EARNINGS PER UNIT

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

14 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 14.1** Connected persons and related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, Faysal Asset Management Limited - Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund, Faysal Bank Limited, Faysal Bank Limited - Staff Provident Fund, Faysal Bank Limited - Staff Gratuity Fund and other entities under common management and / or directorship and the directors, their close family members and officers of the Management Company and the Trustee, key management personnel, other associated undertakings and unit holders holding 10 percent or more
- 14.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 14.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 14.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 14.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 14.6** The details of transactions carried out by the Fund with connected persons during the period and balances with them as at year end are as follows:

	Half year ended December 31,	
	2021	2020
	(Un-audited)	
	----- (Rupees) -----	
Transactions during the period		
Faysal Asset Management Limited - Management Company		
Remuneration of Faysal Asset Management Limited - Management Company	6,962,130	4,194,703
Sindh Sales Tax on remuneration of the Management Company	905,077	545,311
Allocated expenses	-	252,947
Selling and marketing expenses	1,310,409	2,244,884
Units issued: 10,595,051 units (2020: 102,564 units)	1,149,104,252	11,000,000
Units redeemed: 14,121,843 units (2020: 1,317,189 units)	1,534,000,000	142,519,837
Faysal Bank Limited (Group company / Associated company)		
Profit on balance with bank	267,795	175,255
Bank charges	2,599	2,233
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	603,963	297,212
Sindh Sales Tax on remuneration of the Trustee	78,515	38,638
Settlement charges	10,057	10,361
Unit holders holding 10% or more units		
Issuance of 36,078,290 units (2020: Nil units)	4,000,000,000	-

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

Amounts / balances outstanding as at period / year end	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	----- (Rupees) -----	
Faysal Asset Management Limited - Management Company		
Remuneration of Management Company	1,049,126	1,361,189
Sindh Sales Tax on remuneration of the Management Company	136,386	176,955
Allocated expenses payable	-	1,429,838
Selling and marketing expenses payable	685,533	227,610
Sales load payable	1,091	-
Units in issue: 1,478,002 units (June 30, 2021: 5,004,794 units)	165,432,764	534,562,047
Faysal Bank Limited (Group company / Associated company)		
Balance with bank	6,144,415	1,078,001
Profit receivable on balance with bank	43,315	9,969
Dividend payable	-	16,920,317
Units in issue: 2,413,740 units (June 30, 2021: 2,413,740 units)	270,169,918	257,811,569
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	308,132	93,301
Sindh Sales Tax on remuneration of the Trustee	39,393	12,129
Security deposit	100,000	100,000
Unit holders with 10% or more unit holding		
Units in issue: 36,078,290 units (June 30, 2021: Nil units)	4,038,242,987	-

15 FAIR VALUE MEASUREMENT

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

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

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

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

Notes to and forming part of the Condensed Interim Financial Statements

For The Six Months Period and Quarter Ended December 31, 2021 (Un-audited)

(Un-audited)			
As at December 31, 2021			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'			
Term finance certificates	-	198,492,444	-
Commercial papers*	-	99,714,980	-
Pakistan Investment Bonds	-	-	-
	<u>-</u>	<u>298,207,424</u>	<u>-</u>
			<u>298,207,424</u>

(Audited)			
As at June 30, 2021			
Level 1	Level 2	Level 3	Total
----- (Rupees) -----			
Financial assets 'at fair value through profit or loss'			
Term finance certificates	-	200,624,336	-
Commercial papers	-	-	-
Pakistan Investment Bonds	-	145,204,986	-
	<u>-</u>	<u>345,829,322</u>	<u>-</u>
			<u>345,829,322</u>

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

16 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the period.

17 GENERAL

17.1 Figures have been rounded off to the nearest rupee.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 18, 2022 by the Board of Directors of the Management Company.

For Faysal Asset Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Head Office

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

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