

FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

CEO CORNER
Salman Haider Sheikh, CEO
Email: salmansheikh@faysalfunds.com

Fund Manager Report

KARACHI:

(021) 4230318
(021) 2017045
(021) 6706141
(021) 5857494
(021) 4315634-6
(021) 4555825
(021) 5838546
(021) 2585921

LAHORE:

(042) 5763409
(042) 5889810
(042) 5749171
(042) 5752108-9
(042) 5897712-7

ISLAMABAD:

(051) 4302265

FAISALABAD:

(041) 2644481-5

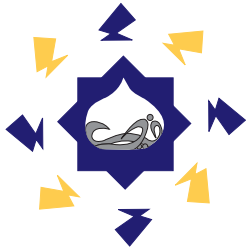
Faysal Funds: Another Successful Year

I would like to thank all our unit holders, business partners, sponsors and employees for contributing to another successful year in the history of Faysal Asset Management Ltd. (FAML). The year started with turbulent economic conditions and the financial industry faced a serious liquidity crunch. The asset management industry faced its true test of resilience in a long time. The leading investment managers emerging from challenging economic environment are usually trusted by the larger investor base. FAML managed to perform consistently during the tough economic environment and managed to achieve positive growth in its assets under management (AUMs) for FY09. The asset management industry witnessed a decline of 38% on average during the first eleven months of FY09. This growth in the underlying assets was a sign of confidence by the investors in the return/yield of the underlying funds under management particularly in the fixed income and money market asset classes. It was also a vote of confidence in the risk management and overall fund management abilities of the institution.

I would like to thank the investors for having the confidence in the performance of our family of funds and bestowing their trust on the abilities of the management to provide them with superior risk-adjusted returns. This confidence was reciprocated by the management as evident from the performance of the funds under management. Faysal Funds was awarded "Best Fund of the Year" for Faysal Savings Growth Fund (FSGF) and "Fund Manager of the Year" for being the best fund manager overall in the country for CY08 by an independent financial media organization, TFD. FAML was also able to achieve similar levels of profitability that it attained in its best year historically. This performance in a tough economic environment was only possible due to the continued trust of the investors.

'Faysal Funds' is part of a global family under the Ithmaar Bank Bahrain and Dar-Al-Maal-Al-Islami-Trust family of companies encompassing several areas of the financial industry including commercial banking, asset management, investment banking, real estate development, private banking, wealth management, leasing and capital markets. The 'collective wisdom' of these globally linked financial institutions brings together the expertise to provide its diverse customer base with 'out of the box' financial solutions. In Pakistan, we are leveraging this global expertise and utilizing the network of our local sponsor 'Faysal Bank' to provide investors with diverse financial solutions to address their needs. We remain committed to our investors to provide them with optimum risk-adjusted return/yield on their long-term investment and hope to provide better services and solutions within multiple asset classes in the future.

Salman Haider Sheikh
Chief Executive Officer



FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

**FAYSAL
BALANCED
GROWTH FUND**

JUNE 2009

INVESTMENT OBJECTIVE		FUND INFORMATION					
FBGF endeavors to provide investors with an opportunity to earn income and long-term capital appreciation by investing in a large pool of funds representing equity/non equity investments in a broad range of sectors and financial instruments.		FUND TYPE	OPEN ENDED-BALANCED FUND	REGISTRAR	GANGJEES REGISTRAR SERVICES (PVT) LTD.		
		FUND LAUNCH DATE	19 th APRIL 2004	TRUSTEES	CENTRAL DEPOSITORY COMPANY OF PAKISTAN		
		PERFORMANCE BENCHMARK	KSE-100 INDEX/ 6 M KIBOR	AUDITORS	FORD RHODES SIDAT HYDER & Co., CHARTERED ACCOUNTANTS		
		RATING	3 Star by JCR-VIS				
RETURNS		PORTFOLIO CHARACTERISTICS			RISK QUANTS*		
MONTH ON MONTH	-1.87%	P/E RATIO	6.76x	ALPHA	-0.0002	VAR	1.21%
YEAR TO DATE	-24.00%	DIVIDEND YIELD	10.91%	BETA	0.6259	R ²	0.8986
SINCE INCEPTION	27.98%			SHARPE	-0.1309	SORTINO	-0.0017
ANNUALIZED RETURN	4.86%			STD.DEV.	0.73%	KURTOSIS	2.1183

STOCK MARKET REVIEW

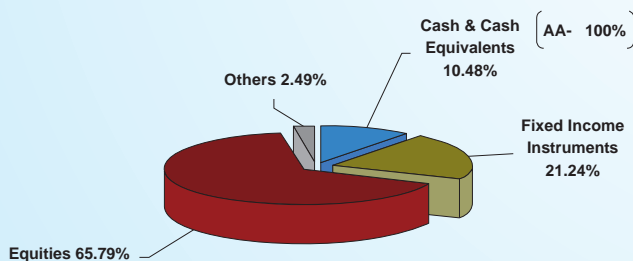
Amid global economic turmoil and financial crisis stock markets across the globe experienced declines and our market was no exception. The Pakistani capital market saw a very volatile year. The benchmark KSE-100 index closed down 41.72% for the year. On a month on month (MoM) basis the index closed down 1.57% as the index started the month at a level of 7,276.61 and closed at 7162.18. The fundamental reason for the weak performance for the year was poor economic conditions, global and domestic liquidity constraints, depreciating PKR and deteriorating political and security situation in the country. To make matters worse 'floor' was imposed on the prices of scrips on local stock exchanges for almost three and a half months which delivered the final blow to local and foreign investor sentiments. This also led to the exclusion of Pakistan from MSCI emerging market index. According to the NCCPL data foreign portfolio investors sold shares worth USD 1.1 Bn during the year and bought shares worth USD 658 Mn resulting in net foreign selling of USD 445 Mn for the year. Second half of 2009 saw some improvement in economic conditions as Pakistan once again went under the umbrella of IMF to revive investor sentiment and spur economic growth in the country. Following the policies of IMF the government has been able to control its borrowing to bridge budgetary deficits, improve tax base through broader implementation of fiscal policy and control inflation by following tight monetary policy. Interest rates were reduced in the last quarter of FY '09 which resulted in positive sentiments. Going forward it is likely that the government continues to reduce interest rates to start economic recovery as is evident by the declining yields on PIBs and T-bills. Going forward NSS rates can be expected to decrease which will improve liquidity for banking sector and the capital markets.

Expected decrease in discount rates and NSS rates bodes well for the stock market as greater liquidity will be channeled towards the stock market due to high dividend yields and higher expected returns. Improving macroeconomic conditions also present a strong case for improvement in country ratings and reduction in country risk premium. In light of these developments we continue to remain optimistic and foresee market fundamentals to continue improving.

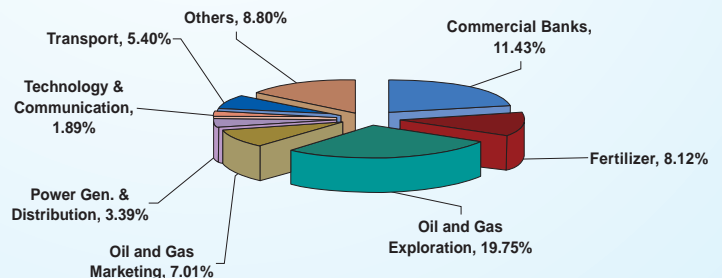
PERFORMANCE

FBGF started June at a NAV/unit of PKR 77.45 and closed the month at a NAV/unit of PKR 76.00, down 1.87% on a Month on Month (MoM) basis. In comparison FBGF's benchmark gave a return of negative 0.72% for the month of June. On a year to date (YTD) basis FBGF gave a negative return of 24%. For the year ending June '09 the KSE-100 index gave a negative return of 41.72% thus FBGF outperformed the KSE-100 index by a staggering 17.72% which shows the management's proactive and prudent approach towards safe guarding our investors interest by increasing portfolio returns and minimizing exposure to risk. On the asset allocation side exposure in equities was decreased to 65.79% from previous month's level of 69.82%. Allocation in other asset classes was more or less maintained at last month's level. FBGF ended the year with a since inception return of 27.98%.

ASSET ALLOCATION (%)

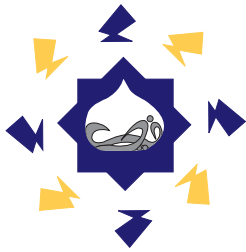


SECTOR ALLOCATION (%)



Risk Disclosure:

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FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

Faysal
Income & Growth Fund

JUNE 2009

INVESTMENT OBJECTIVE		FUND INFORMATION							
FIGF seeks to provide risk-averse investors an opportunity to earn a consistent market based income with conservative risk profile while maintaining security of principal as its prime objective.		FUND TYPE	OPEN ENDED-INCOME FUND		REGISTRAR	GANGJEES REGISTRAR SERVICES (Pvt) LTD.			
		FUND LAUNCH DATE	10 th OCTOBER 2005		TRUSTEES	CENTRAL DEPOSITORY COMPANY OF PAKISTAN			
		PERFORMANCE BENCHMARK	6 MONTH KIBOR		AUDITORS	FORD RHODES SIDAT HYDER & Co., CHARTERED ACCOUNTANTS			
		RATING	A+ by JCR-VIS						
RETURNS		MONEY MARKET RETURNS				RISK QUANTS*			
MONTH ON MONTH	6.98%	KIBOR		T-BILLS		ALPHA	0.0002	VAR	0.19%
YEAR TO DATE	8.90%	3M	13.15%	3M	12.68%	BETA	-0.0238	R ²	0.0244
SINCE INCEPTION	10.08%	6M	13.18%	6M	12.57%	SHARPE	-0.0569	SORTINO	-0.0007
YTD AVG. MARKET RETURN	4.14%*	12M	13.74%	12M	12.44%	STD.DEV.	0.12%	KURTOSIS	7.4814

* YTD Return is taken on 29th June, since the 30th June NAVs of many funds are not available due to book closures.

ECONOMIC OUTLOOK

Discussion of the economy of Pakistan for the month of June centered around the announcement of the federal budget, which came on June 13, 2009. Much to the chagrin of the equity markets, there was nothing particularly positive in the budget for any sector, though it must be pointed out that there were no significant increases in taxation either, much to the chagrin of the IMF, which saw the government seek to expand its budget deficit projections to 4.9% from the previously agreed 3.2%.

However, it is significant to note that the Public Sector Development Program was allocated Rs. 621 Bn, which exceeded even the highest expectations of most analysts. It remains to be seen as to whether the government is able to actually spend as much as it has announced. It has not been able to do so over the last several years. In either case, the PSDP is not likely to have as much of an impact on economic growth as had been hoped, since much of the spending will be on social programs that provide immediate relief to the vulnerable sections of the population, but do not create sustainable growth. GDP growth expectations for the next fiscal year hover around 3.3%, a sharp decline from the 6% average witnessed from 2003 through 2007.

The government of Pakistan sought, and was denied, preferential access to the markets of the European Union for Pakistani goods. It is, however, encouraging to note that the government has begun the mantra of "trade, not aid" at international conferences, which suggests that a more sustainable approach to economic growth may be on the cards.

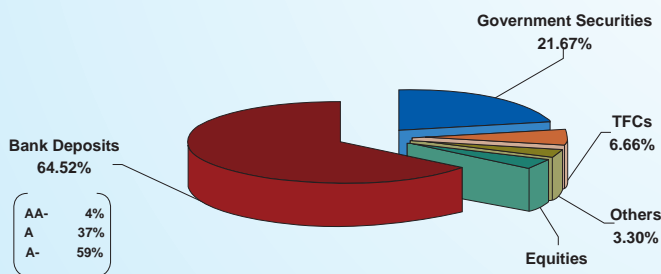
After months of stagnation and high levels, inflation finally took a decisive turn for the better, with the Consumer Price Index (CPI) declining to 14.39% in May, compared to 17.19% in April. In yet another confirmation of the trend, the Wholesale Price Index (WPI) dropped to 4.73% compared to 8.30% in April. The market continues to expect a 300 basis point decline in the discount rate within the next 6 months, with as much as a 100 basis point decline expected by the State Bank this month.

PERFORMANCE

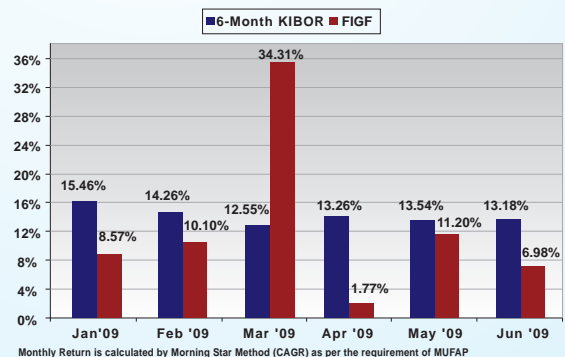
FIGF performed well during the month by giving a month on month (MoM) return of 6.98%. YTD (Year to date) return was at 8.90% as compared to average YTD return of its peer group of 4.14%, therefore FIGF outperformed the peer group by 4.76%.

FIGF started June at a NAV/unit of PKR 101.20 and closed the month at a NAV/unit of PKR 101.80. On the asset allocation side, we would like to inform our valued investors that our fund is quite liquid having portfolio of 64.52% in Bank Deposits, 21.67% in Government Securities, 6.66% in TFCs and 3.85% in Equities. The strategy remains to lookout for the opportunities with good return at an acceptable medium risk levels.

ASSET ALLOCATION (%)

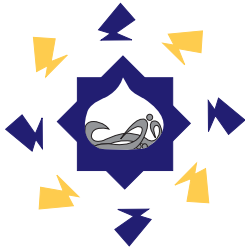


KIBOR (6 M) vs FIGF



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FAYSAL ASSET MANAGEMENT LIMITED

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FAYSAL SAVINGS GROWTH FUND

JUNE 2009

INVESTMENT OBJECTIVE		FUND INFORMATION							
FSGF seeks to provide maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market & debt securities having good credit rating and liquidity.		FUND TYPE	OPEN ENDED-MONEY MARKET FUND		REGISTRAR	GANGJEES REGISTRAR SERVICES (Pvt) LTD.			
		FUND LAUNCH DATE	12 th MAY 2007		TRUSTEES	CENTRAL DEPOSITORY COMPANY OF PAKISTAN			
		PERFORMANCE BENCHMARK	1 MONTH KIBOR		AUDITORS	FORD RHODES SIDAT HYDER & Co., CHARTERED ACCOUNTANTS			
		RATING	A by JCR-VIS						
RETURNS		MONEY MARKET RETURNS				RISK QUANTS*			
MONTH ON MONTH	12.90%	KIBOR		T-BILLS		ALPHA	0.0004	VAR	0.07%
YEAR TO DATE	12.74%	1M	13.35%	3M	12.68%	BETA	0.0035	R ²	0.0186
SINCE INCEPTION	11.62%	6M	13.18%	6M	12.57%	SHARPE	0.2485	SORTINO	0.0019
YTD AVG. MARKET RETURN	1.85%*	12M	13.74%	12M	12.44%	STD.DEV.	0.04%	KURTOSIS	6.8031

* YTD Return is taken on 29th June, since the 30th June NAVs of many funds are not available due to book closures.

MONEY MARKET REVIEW

Money market during the month of June 2009 remained quite volatile and rates witnessed major fluctuations. On average, REPO traded between the levels of 11.00%-12.00%; touching a low of 0.50%-1.00% during the month. SBP effectively intervene and address the liquidity situation in the market through OMOs for different tenors. During the month there was volatility in the money market, particularly due to the liquidity situation and June ending. 1-Month KIBOR was closed at the level of 13.26%, while 3-Month and 6-Month KIBOR were quite eased and closed at the levels of 12.77% and 12.76% respectively as on June 30, 2009.

SBP conducted two T-Bill auctions during June 2009. In the last T-Bill auction for Fiscal Year 2009, a very high interest from the banking sector was seen which assisted to reduce the cut off yields on the 6 month and 12 month bills by 70 bps and 100 bps respectively. The cut off yield on the 6 month T-Bill dropped from 13.14% to 12.44% while 12 month T bill cut off dropped from 13.24% to 12.24%. The auction had a target of PKR 25.00 Bn against which bids of PKR 118.40 Bn were received; this was an impressive display of demand for government securities. The high demand for government securities in general is being driven by the banking sector's reluctance to lend to the private sector.

The issue of 10-year PIB was also very active in the secondary market and went as low as a yield at 11.80% but closed around 12.00% on June 30, 2009. Market is expecting that reduction in cut off yields is an extension and confirmation of the reversal in the central bank's monetary stance in the next month. We are expecting more activities in T-bills and PIBs in the coming months with expected yields to come down.

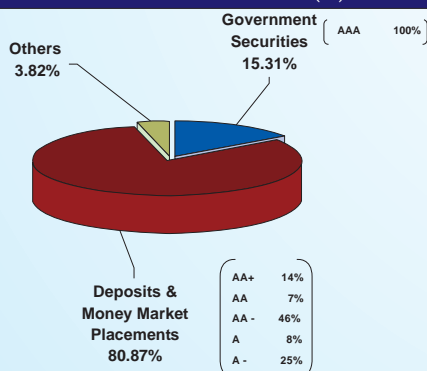
The State Bank of Pakistan recently announced its T-bill auction for the quarter ending September 30, 2009. According to the schedule, the SBP will be targeting PKR 325 Bn through six T-bill auctions against maturities of PKR180 Bn over the same period. In the declining interest rate scenario banks are looking for lower rates over the next year. Similarly, the market is expecting that the profit rates on National Saving Certificates will be revised downwards in the next month.

PERFORMANCE

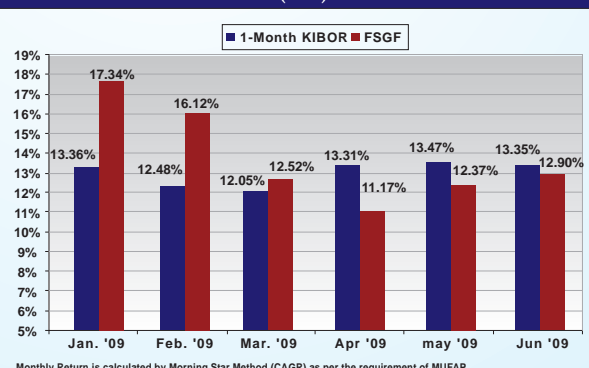
FSGF performed excellent and closed the year with flying colors. In June 2009, FSGF gave a month on month (MoM) return of 12.90% as compared to 12.37% last month. The YTD (Year to date) return was 12.74% as compared to average YTD return of its peer group of 1.85%, therefore FSGF outperformed the peer group again by 10.89%.

The asset allocation comprises of 80.87% in Bank Deposits & Money Market Placements and 15.31% in Government Securities. FSGF started June at a NAV/ unit of PKR 101.91 and closed the month at a NAV/unit of PKR 103.00. The strategy will remain to mitigate interest rate risk and giving due consideration to the credit quality of the portfolio.

ASSET ALLOCATION (%)



KIBOR (1 M) vs FSGF



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