

FAYSAL ASSET MANAGEMENT LIMITED
COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

FUND MANAGER REPORT

Fund 
Manager
Report
Feb'10

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

Money Market Review

Money market during the month of February was quite volatile and rates witnessed major fluctuations. The SBP is continuously focusing on efficient and proactive liquidity management. To improve liquidity and reduce volatility in the inter-bank market, SBP effectively intervened and addressed the liquidity situation in the market through OMOs for different tenors. The delays in materialization of foreign commitments by Friends of Pakistan negatively impacted money supply growth. We believe that market liquidity will remain under pressure in the short to medium term. Reflecting the liquidity constraints that the market has been experiencing, KIBOR rates across 1month, 6 months and 1 year tenors closed at the levels of 12.41%, 12.43% and 12.74% respectively.

The significant rise in T-Bill rates during the month was not surprising as we were expecting the increase on the back of rising inflationary figures, liquidity constraints coupled with delays in materialization of foreign inflows. Due to our proactive fund management, foreseeing no rate cut in the monetary policy we had liquidated our government securities portfolio at attractive prices in January to save our investors from any adverse response in PKRV rates during the month. We are also expecting further increase in T-Bill yields in the next month.

Stock Market Review

The KSE-100 index started this month at a level of 9,614.19 and closed at 9,657.79 level, up 0.45% for the month. IMF officials met with the Pakistani authorities in February to discuss the fourth review and said that although signs of recovery in some sectors and external position are encouraging, there still are risks and challenges facing Pakistan's economy. They further added that Pakistan was able to achieve all the quantitative targets except for budget deficit which exceeded by a small margin. The review was quite positive, however IMF added that if inflationary pressures persist monetary policy will be tightened as needed. Volumes remained thin throughout the month with major buying interest in third tier stocks. Buying interest by foreigners continued in the month of February due to attractive valuations and low multiples. According to the data provided by NCCPL foreigners, during the month of February, bought shares worth PKR 4.86 Bn and sold shares worth PKR 3.45 Bn thus resulting in net buying of PKR 1.41 Bn (USD 16.65 Mn). Liquidity issues continue to plague local markets since no financing or leverage product has been Exchange. Hence we continue to target growth companies with high dividend yields and sufficient market liquidity.

Economic Outlook

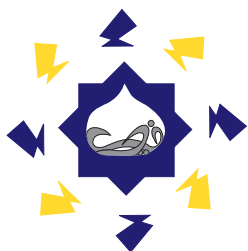
Economic activity remained slow during February with most economic indicators continuing to show mixed performance. Trade deficit for Jan '10 increased to \$1.6 billion, up 22% MoM mainly on the back of higher MoM import bill. Exports earned \$1.7 billion in Jan '10 as compared to \$1.581 billion in Dec '09, showing an increase of 7.52% whereas imports were \$3.32 billion in Jan '10 as compared to 2.91 billion in Dec '09 signaling a surge of 14.22%.

The CPI for Jan '10 recorded an extraordinary level of 13.7% YoY as against 10.5% YoY in Dec '09. Inflationary pressures in January could be attributed mainly to electricity and petroleum price hikes in the last month, which fuelled the inflation to post growth over the previous year. In addition to the regular inflation in the food and energy component, pressures were also attributable to the 0.5% decline in the base from the previous year which exaggerated Jan '10 numbers. However, non food & non energy inflation (NFNE) decreased to 10.3% YoY from 10.7% in the previous month, showing the concentration of the inflationary impact.

On the external side, foreign direct investment (FDI) posted a sharp decline of over 54.6 % during the first seven months of the current fiscal year, mainly due to the global economic recession and poor law and order situation in the country. FDI stood at \$1.17 billion in FY10, as compared to \$2.59 billion in the corresponding period last year, registering a decline of \$1.42 billion. FDI for the month of Jan '10 declined to \$163 million, down 32% MoM.

Pakistan's foreign exchange reserves declined to \$14.33 billion during Feb '10 as compared to \$14.51 in Jan '10, due to the increase in trade deficit. However, net position still remains comfortable.

Going forward, we expect foreign exchange reserves to strengthen further as Pakistan will receive IMF fifth tranche of \$1.2 billion under stand-by arrangement. In addition we also expect that the issue of payment of \$800 million between Etisalat and the government of Pakistan would be resolved in March 2010, which will bring liquidity in the system and keep the budget deficit within the limits of 4.9% of the GDP.



FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

FAYSAL
BALANCED
GROWTH FUND

FUND MANAGER REPORT

Fund Information	Fund Type	Open Ended
	Category	Balanced Scheme
	Risk Profile	Moderate
	Launch Date	19-Apr-04
	Custodian/Trustee	CDC
	Auditor	Ernst & Young Ford Rhodes Sidat Hyder
	Management Fee	2%
	Front/Back end Load	2.25% (Front end Load)
	Min Subscription	PKR. 5,000
	Benchmark*	KSE100 Index / 6M KIBOR
	Pricing Mechanism	Forward
	Dealing Days	Monday-Friday
	Cut-Off Timing	9am-5pm
	AMC Rating	AM3+ (JCRVIS)
NAV per Unit (PKR)	97.91	
Net Assets (mn)	628.02	

* Benchmark return based on average fund assets invested in Equity / 6M KIBOR

Investment Objective

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

Risk-Quants	Alpha	0.07%
	Beta	0.0220
	Sharpe	3.1362
	Standard Deviation	0.61%
	VaR	1.01%
	R-Squared	0.0011
	Treynor	9.4112
	Kurtosis	1.7561

Investment Committee	Salman Haider Sheikh	Chief Executive Officer
	Tahir Sohail	Chief Operating Officer
	Shahid Usman Ojha	Chief Financial Officer
	Ayaz Mustafa Zuberi	Fund Manager- Fixed Income
	Omar Ehtisham Anwar	Fund Manager- Equity
	Syed Qamar Abbas	Head of Research

Performance review

FBGF started February at a NAV/unit of PKR 99.19 and closed the month at a NAV/unit of PKR 97.91, down 1.29% on a Month on Month (MoM) basis. In comparison FBGF's benchmark gave a return of 0.77% for the month of February. On a year to date (YTD) basis FBGF gave a return of 28.83%. Comparing FBGF to its peer group, FBGF underperformed the average return of the peer group by 113 bps (basis points) as the average peer group return for the month was -0.16%. The average return of balanced funds on YTD basis was 18.28% where FBGF again outperformed the average return by 1055 bps (10.55%). On the asset allocation side exposure in equities was increased to 47.95% from previous month's level of 37.87% to take advantage of corporate result season due to expectations of better than expected results. Allocation in other asset classes was more or less maintained at last month's level.

Fund Returns (% p.a)		Feb' 10	Jan' 10
	Month-on Month	-1.29	-0.05
	FY10 to Date	28.83	30.51
	Since Inception	64.88	67.03
	Benchmark (YTD)	22.75	22.20

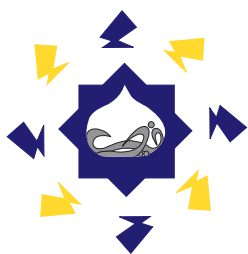
Sector Allocation (% of NAV)		Feb' 10	Jan' 10
	Oil & Gas	15.8	12.32
	Banks	9.2	9.08
	Chemicals	7.2	0.0
	Personal Goods	5.6	5.54
	Tobacco	3.5	3.37
	Others	6.4	6.74

Asset Allocation (% of NAV)		Feb' 10	Jan' 10
	Cash & Cash Equivalent	22.3	34.90
	TFC's	11.1	10.30
	Stocks/Equities	47.7	37.00
	Preference Shares	10.9	10.80
	Leverage	Nil	Nil

Top Ten Equity Holdings (% of NAV)	APL	8.44
	POL	7.39
	ENGRO	7.18
	BOK	4.47
	PAKT	3.55
	ANL	2.99
	BAFL	2.96
	NML	2.62
	HUBC	1.85
	PICT	1.81

Disclaimer

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FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

Faysal
Income &
Growth Fund

FUND MANAGER REPORT

Fund Information	Fund Type	Open Ended
	Category	Income Scheme (Hybrid)
	Stability Rating	A+(f) (JCRVIS)
	Risk Profile	Low to Medium
	Launch Date	10-Oct-05
	Custodian/Trustee	CDC
	Auditor	Ernst & Young Ford Rhodes Sidat Hyder
	Management Fee	1.50%
	Front/Back end Load	1% (Front-end)
		(Slabs for back-end load)
		2% (For redemption in 1st Year)
		1% (For redemption in 2nd Year)
		1% (For redemption in 3rd Year)
		Nil (After 3 years of investment)
	Min Subscription	PKR. 5,000
	Benchmark	6 Month KIBOR
	Pricing Mechanism	Forward
Dealing Days	Monday-Friday	
Cut-Off Timing	9am-5pm	
AMC Rating	AM3+ (JCRVIS)	
NAV per Unit (PKR)	103.69	
Net Assets (PKR mn)	744.88	

Investment Objective

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

Risk-Quants	Alpha	0.05%
	Beta	-0.0044
	Sharpe	0.1796
	Standard Deviation	0.18%
	VaR	0.30%
	R-Squared	0.0002
	Sortino	0.2413
	Kurtosis	1.7074
	Weighted Average Time to Maturity (Days)	39

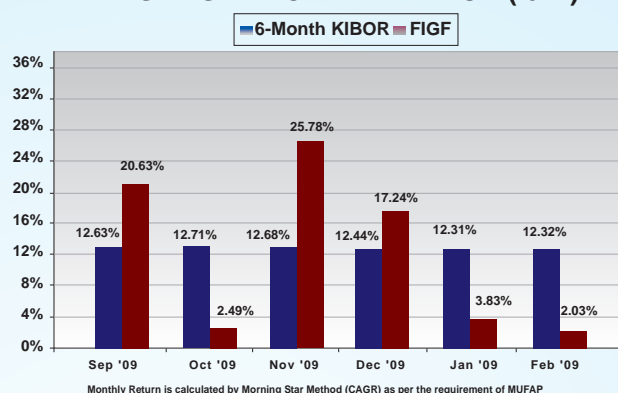
Investment Committee	Salman Haider Sheikh	Chief Executive Officer
	Tahir Sohail	Chief Operating Officer
	Shahid Usman Ojha	Chief Financial Officer
	Ayaz Mustafa Zuberi	Fund Manager- Fixed Income
	Omar Ehtisham Anwar	Fund Manager- Equity
	Syed Qamar Abbas	Head of Research

Performance Review

FIGF performed excellent by giving YTD (Year to date) return at 12.81% as compared to average YTD return of its peer group of 6.01%. Thus FIGF outperformed the peer group by 6.8%. MOM (month on month) return was at 2.03%. FIGF started February at a NAV/unit of PKR 106.52 and closed the month at a NAV/unit of PKR 103.69, after giving a payout of PKR 3.00 per unit to its valued investors. On the asset allocation side, we would like to inform our valued investors that our fund is quite liquid having a portfolio of 87.64% in bank deposits and money market placements, 6.42% in TFCs and 5.94% in Preference Shares & Equities. The strategy remains to lookout for opportunities with good return at acceptable risk levels.

Fund Returns (% p.a.)		Feb' 10	Jan' 10
	Month-on Month (CAGR)	2.03	3.83
	FY10 to Date (CAGR)	12.81	14.29
	Since Inception (CAGR)	10.52	10.67
	Benchmark (YTD)	12.42	12.43

FIGF VS BENCHMARK KIBOR (6M)



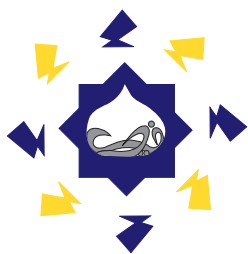
Asset Allocation (% of Total Assets)		Feb' 10	Jan' 10
	Cash	77.01	73.13
	Placement with Banks and DFIs	9.30	9.44
	TFCs	6.35	6.45
	Preference Shares	3.09	3.41
	Stocks /Equities	2.79	5.88
	Leverage	Nil	Nil

Asset Quality (as % of Total Assets)	AA+	0.01
	AA	77.0
	AA-	10.3
	BBB	0.6
	NR	4.81

TFCs/SUKUK Holdings (% of Total Assets)	Kohat Cement	4.80
	Azgard-9	0.99
	Telecard	0.55

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FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

FAYSAL SAVINGS GROWTH FUND

FUND MANAGER REPORT

Fund Information	Fund Type	Open Ended
	Category	Income scheme
	Stability Rating	A(f) (JCRVIS)
	Risk Profile	Low
	Launch Date	12-May-07
	Custodian/Trustee	CDC
	Auditor	Ernst & Young Ford Rhodes Sidat Hyder
	Management Fee	1.50%
	Front/Back end Load	-
	Min Subscription	PKR. 5,000
	Benchmark	1 Month KIBOR
	Pricing Mechanism	Backward
	Dealing Days	Monday-Friday
	Cut-Off Timing	9am-5pm
AMC Rating	AM3+ (JCRVIS)	
NAV per Unit (PKR)	102.28	
Net Assets(PKR mn)	6,604	

Investment Objective

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.

Risk-Quants	Alpha	0.05%
	Beta	-0.0047
	Sharpe	0.0000
	Standard Deviation	0.04%
	VaR	0.07%
	R-Squared	0.0246
	Sortino	0.0000
	Kurtosis	8.0813
	Weighted Average Time to Maturity (Days)	36

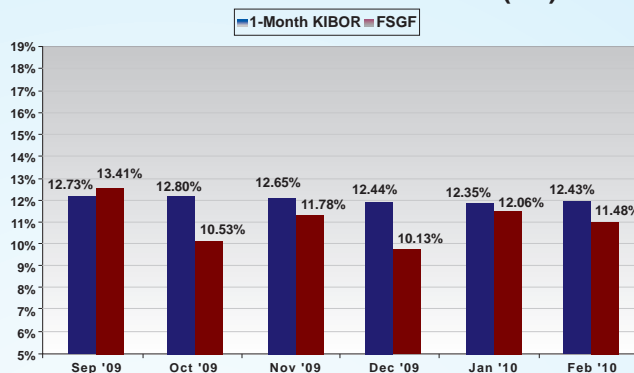
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	Syed Qamar Abbas	Head of Research

Performance review

FSGF performance was commendable during the month by giving a MoM (month on month) return of 11.48% as compared to average MTD return of its peer group of 9.47%. Thus FSGF outperformed the peer group by 2.01%. YTD (year to date) return was at 11.24%. FSGF started February at a NAV/ unit of PKR 103.91 and closed the month at a NAV/unit of PKR 102.28, after giving a payout of PKR 2.50 per unit to its valued investors. On the asset allocation side, our fund is extremely liquid with bank deposits and money market placements at 95.1%, 4.54% in TFC's and exposure of only 0.36% in government securities. The strategy will remain to mitigate interest rate risk and give due consideration to the credit quality of the portfolio.

Fund Returns (% p.a)		Feb' 10	Jan' 10
	Month-on Month (CAGR)	11.48	12.06
	FY10 to Date (CAGR)	11.24	11.24
	Since Inception (CAGR)	11.63	11.57
	Benchmark (YTD)	12.50	12.51

FSGF VS BENCHMARK KIBOR (1M)



Asset Allocation (% Total Assets)		Feb' 10	Jan' 10
	Cash	69.83	68.90
	Placement with Banks and DFIs	24.47	24.50
	TFC's	4.50	4.50
	PIBs	0.36	0.40
	Leverage	Nil	Nil

Asset Quality (as % of Total Assets)	AAA	0.36
	AA+	6.80
	AA	69.00
	AA-	18.50
	A	4.50

TFCs/SUKUK Holdings (% of Total Assets)	Bank Alfalah Limited	3.40
	Pakistan Mobile Communication	0.73
	Bank Al-Habib Limited	0.38

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