

FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

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Fund Manager Report

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FAML WINS PRESTIGIOUS AWARDS

“FUND MANAGER OF THE YEAR”

“FUND OF THE YEAR” for Faysal Savings Growth Fund (FSGF)

Faysal Asset Management was honored recently by the Mutual Fund monthly magazine publication “Mutual Fund Investor’s Guide”. The publication is issued under the Financial Daily Newspaper which is an independent financial media organization. The research department of this publication company devised a criteria which was given to an independent jury. The jury awarded 6 total awards for various categories. FAML qualified for 3 categories and won the top awards in two of the three categories.

FAML is proud of its “collective wisdom” investment management approach which entails a thorough decision-making process at the investment committee level. The investment committee has seven members bringing their respective set of expertise making all investment decisions. The company puts emphasis on the investment and trading models on both the buy-side as well the risk-categorization side. These models are implemented and back-tested utilizing various stress-testing and analytical tools.

FAML has performed in accordance to its long-term vision keeping a close focus on achieving its short-term goals through constant realignment of its business strategy amid the volatile economic environment prevalent in the country. The focus on investment management along with client satisfaction through “Best Service Practices” has been the focal point in the last 15 months providing clients with solutions to their investment needs.

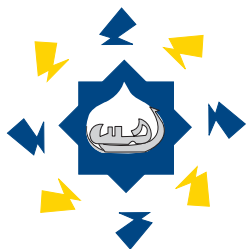
I would like to take this opportunity to thank all FAML shareholders namely Islamic Investment Company of the Gulf, Faysal Bank and AKD-Securities for their continued support. The FAML team members deserve this award more than anyone as they have put in relentless efforts over a long period to achieve this success. I would also like to thank all investors who have put their confidence in our abilities and maintained their trust and support during the volatile economic conditions. This confidence has made us work on optimization across our systems and investment management processes to provide the best possible yield to investors.

FAML is working on the launch of two Shariah-compliant products namely:

Faysal Islamic Balanced Growth Fund (FIBGF) &
Faysal Islamic Savings Growth Fund (FISGF)

I hope that you will participate in the IPO of these funds and continue your strong support in building one of the finest financial institutions in the country.

Salman Haider Sheikh
Chief Executive Officer



FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

FAYSAL
BALANCED
GROWTH FUND

MARCH 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	19th April 2004	TRUSTEES	CENTRAL DEPOSITORY COMPANY OF PAKISTAN
		PERFORMANCE BENCHMARK	KSE-100 INDEX/ 6 M KIBOR	AUDITORS	FORD RHODES SIDAT HYDER & Co., CHARTERED ACCOUNTANTS
		4 Star by JCR-VIS			
RETURNS		PORTFOLIO CHARACTERISTICS		RISK QUANTS*	
MONTH ON MONTH	13.25%	P/E RATIO	6.03x	Beta	0.76
YEAR TO DATE	-25.83%	DIVIDEND YIELD	9.30%	R ²	0.62
SINCE INCEPTION	24.90%			Downside Deviation	1.52
ANNUALIZED RETURN	4.59%			Kurtosis	0.68

* Fund Risk metrics are based on performances of the last three months only

STOCK MARKET REVIEW

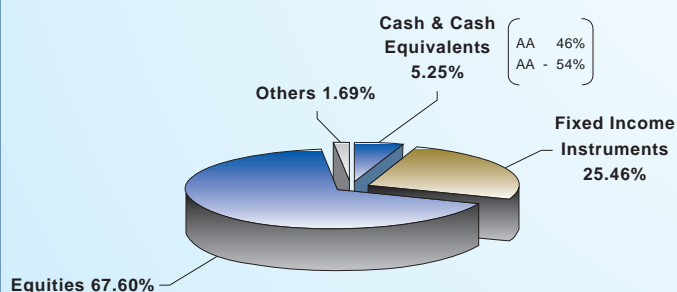
The Karachi Stock Exchange benchmark KSE-100 index started the month of March at a level of 5,727.46 and closed the month at 6,860.22 up 19.78% for the month. Restoration of the deposed Chief Justice was taken very positively by all the investors which created a euphoric bullish run in the market. During the first half of the month the KSE-100 index remained more or less flat amid political uncertainty. Volumes were dull as ruling and opposition parties failed to reach consensus on key issues. However sentiments reversed and volumes improved dramatically as the CJP was restored and a broad based rally was witnessed across the board. Decline in 6 month KIBOR which is the benchmark lending rate and fall in T-Bill yields further improved investor sentiments. Large amount of selling was witnessed by off-shore investors during the out going month. Foreigners bought shares worth USD 32.45 Mio and sold shares worth USD 84.82 Million resulting in net selling of USD 52.37 Million compared to last month's net selling of USD 36 Million. The selling was mostly absorbed by local institutions and high net worth individuals due to positive developments on the political front, strong fundamentals, attractive valuations and improved sentiments. Investor sentiments were further boosted when MSCI issued a press release regarding inclusion of Pakistan in MSCI Frontier Markets Index. Earlier Pakistan was excluded from MSCI Emerging Market Index. This is likely to increase foreign investor interest in the local market and help plug foreign outflow. IMF also expressed satisfaction over Pakistan's economic progress in its first economic review under the standby agreement. It released the second tranche of USD 847.1 Million strengthening the country's foreign exchange reserves. Further IMF has also raised the possibility of reduction in the discount rate if inflation continues to decline. We believe that gradual monetary easing will start from April onwards which will improve liquidity conditions and drive market sentiments. Pakistan's ratings can also be expected to improve amid political stability and improved economic conditions.

We are of the opinion that discount rate cut expectations in the upcoming Monetary Policy Statement in April, as reflected in the downward adjustment of yields in T-Bills and PIBs and the decrease in KIBOR rates, is likely to keep investor interest alive in the stock market and market can be expected to increase further in the coming months.

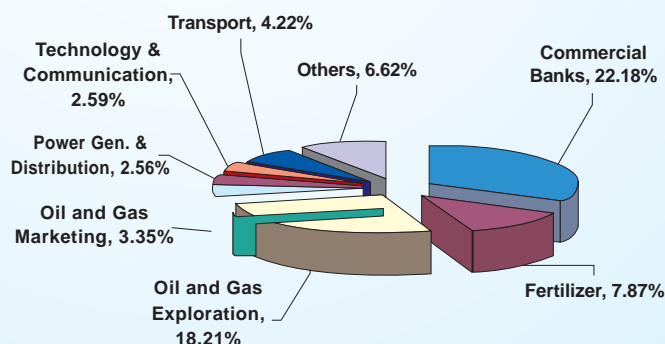
PERFORMANCE

FBGF started March at a NAV/unit of PKR 65.49 and closed the month at a NAV/unit of PKR 74.17. Thus FBGF gave a return of 13.25% for the month. In comparison FBGF's benchmark gave a return of 10.50% for the month of March. Hence FBGF outperformed its benchmark by 2.75%. The average return of open-ended Balanced and Asset allocation funds for the month of March was 12.65% where FBGF again outperformed the peer group by 0.60%. On the asset allocation side exposure in equities was increased by 27.45% to 67.60% from previous month's level of 53.03% highlighting the management's proactive approach towards active management of the portfolio. Allocation in other asset classes was more or less maintained at last month's level.

ASSET ALLOCATION (%)

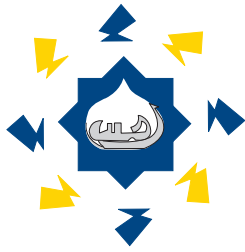


SECTOR ALLOCATION (%)



Risk Disclosure:

All investments in mutual funds and securities are subject to market risks. Therefore, the NAV based prices of units cannot be guaranteed. Prices of units and any dividends and returns thereon may go up or down based on market conditions & past performance of the fund is not necessarily indicative of future results. Please consult your legal/financial advisor & read clause 2.6 and 2.7 of the offering document available at our web site for understanding the investment policies & risks.



FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

Faysal
Income & Growth Fund

MARCH 2009

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.

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	10th 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 RATES		RISK QUANTS*	
MONTH ON MONTH	34.31%	KIBOR		Beta	0.01
YEAR TO DATE	9.85%	3M	12.16	R^2	0.02
SINCE INCEPTION	10.34%	6M	12.55	Downside Deviation	2.70
YTD Avg. MARKET RETURN	4.94%	12M	14.01	Kurtosis	25.30
		3M	11.40%		
		6M	11.55%		
		12M	11.73%		

* Fund Risk figures are based on performances of the last three months only

ECONOMIC OUTLOOK

The economic outlook of the country looked considerably brighter in March as the trade deficit continued its sharp decline and fell by 60% year-on-year for the month of February. Much of the change can be attributed to falling international commodity prices. Remittances saw an increase of 28% during the same period, despite a downturn in economies with large Pakistani expatriate populations. As a result of the above factors, the current account went into a surplus in March 2009, the first time it has done so since 2007.

Inflation, however, has remained stubbornly high, with the Consumer Price Index (CPI) at 21.1% for February 2009, the most recently available figures from the State Bank. The most likely explanation for this is that price mechanisms in Pakistan remain inefficient and have not yet fully absorbed the full decline in the international prices of essential commodities such as oil. While it remains a concern, leading indicators such as the Wholesale Price Index (WPI) and the Sensitive Price Index (SPI) have seen sharp declines, which suggest that inflation will decline in the coming months and may even hit single digits by the end of the calendar year. As a result of this, it is anticipated that the State Bank will cut the discount rate within the next few months as inflation begins to decline.

Interest rates have already begun to decline, with the 6-month KIBOR currently hovering at approximately 200 bps or more below the discount rate. KIBOR is also facing downward pressures owing to an increase in liquidity in the market. The gap between KIBOR and the discount rate seems unsustainable at these levels and it is likely that the discount rate will decline soon and narrow the gap.

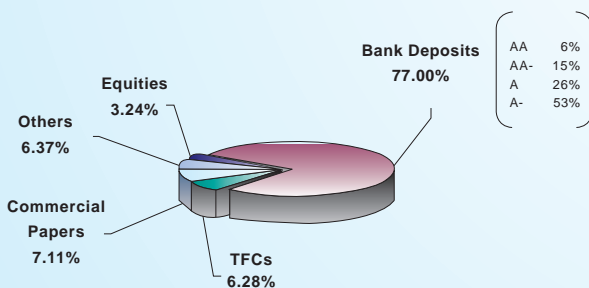
Elsewhere in the economy, large scale manufacturing (LSM) continues to take a hit, declining by 5.4% in the first seven months of FY2009. The leading factor seems to be the decline in automobile production, which had seen a boom in recent years and seems to be undergoing a painful correction, declining by 36% over the same period.

PERFORMANCE

FIGF outperformed during the month by giving a MoM (month on month) return of 34.31% as compared to 10.10% last month, a net increase of 24.21% on MoM basis. The fund also outperformed its benchmark by 21.76% on MoM basis. YTD (Year to date) return was at 9.85% as compared to 7.09% during last month.

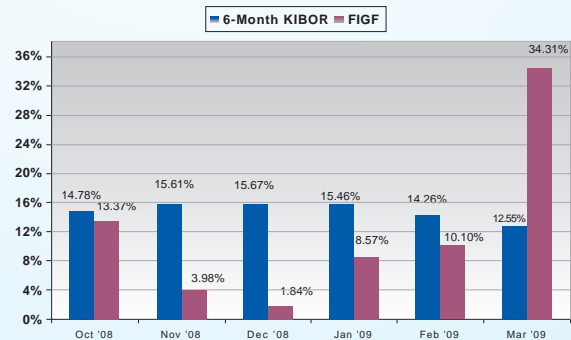
On the asset portfolio side, we would like to inform our valued investors that our fund is quite liquid having a portfolio of 77.00% in Bank Deposits, 13.39% in TFCs and CPs and 3.24% in Equities. We have taken full advantage of bullish trend in the equity market as evident from our MOM return. This month FIGF started at NAV of PKR 101.54, while closing at NAV of PKR 104.20. The strategy remains to lookout for the opportunities with maximum return at an acceptable medium risk levels.

ASSET ALLOCATION (%)



Note: FIGF has 0% exposure in CFS

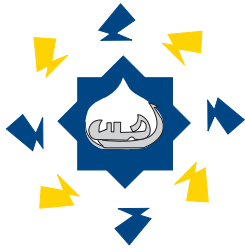
KIBOR (6 M) vs FIGF



Monthly Return is calculated by Morning Star Method (CAGR) as per the requirement of MUFAP

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FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

FAYSAL SAVINGS GROWTH FUND

MARCH 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	12th 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	12.52%	KIBOR		T-BILLS	Beta	-0.13	
YEAR TO DATE	13.28%	1M	12.05	3M	11.40%	R^2	-0.02
SINCE INCEPTION	11.53%	6M	12.55	6M	11.55%	Downside Deviation	0.77
YTD AVG. MARKET RETURN	3.21%	12M	14.01	12M	11.73%	Kurtosis	46.94

* Fund Risk figures are based on performances of the last three months only

MONEY MARKET REVIEW

Money market during the month of March 2009 remained volatile and rates witnessed major fluctuations in a single day. It was witnessed that market remained in the range of 9% up to 13% but due to heavy out flows from the system market experienced liquidity crunch. SBP effectively intervene and address the liquidity situation in the market through OMOs for different tenors. SBP conducted eight OMOs during March 2009. Six were used to mop up liquidity while remaining OMOs injects liquidity into the system. The trend of commercial banks to park excess liquidity with Central Bank in form of Market Treasury Bills continued that witnessed over subscriptions again. However, Central Bank refrained from raising rates and decrease offered yield on Treasury bills. During the month, rumors remained in market about declining interest rates in the coming auctions. PIB yields were observed to be falling below 13%. 1- year Treasury Bills which was also traded at a rate of as low as 11.60%. However, steep decline in and Treasury bill yield could not sustain its momentum and in last auction cut-off yield rose by 10 basis points upto 11.95%. Moreover, series of cash inflows are observed to continue pouring in. Dollar reserves have been increased. Recently sanctioned USD 500 million from World Bank under Poverty Reduction and Economic Support and IMF's release of second tranche would help GoP to bridge the gap. Nevertheless, efforts should be accelerated to secure supplementary external funding to avoid any probable external shock expected due to lower exports and remittances in the coming months.

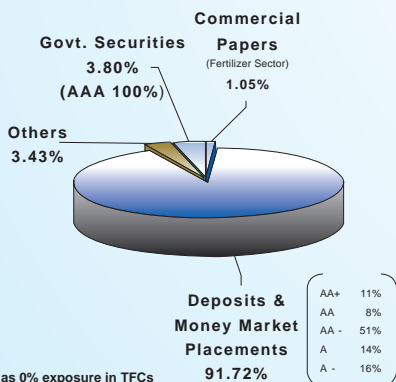
In March 3-Month and 6-Month KIBOR closed at the levels of 12.77% and 12.85% respectively, this was the result of the volatility in the money market particularly due to quarter ending period, 1-Month KIBOR significantly increased and closed at 13.12% as at March 31, 2009. Improving macroeconomic numbers are helping economy where as GoP is busy in devising new business strategies. We expect that the joint efforts by GoP and SBP in overcoming liquidity crunch will help in building investors confidence in the near future.

PERFORMANCE

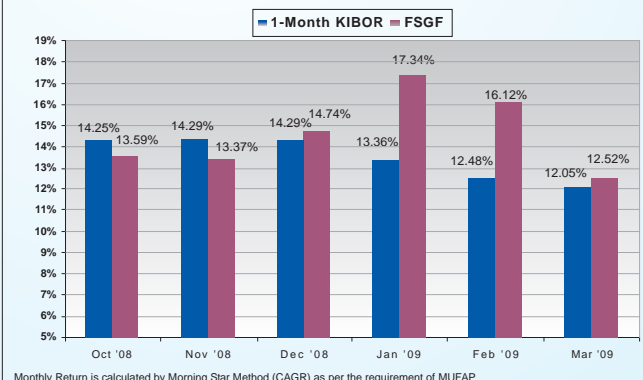
FSGF performed well during March 2009 by giving a MOM (month on month) return of 12.52% as compared to its benchmark's return of 12.05%, therefore beating its benchmark by 0.47%. The YTD (Year to date) return as at March 31, 2009 was 13.28% as compared to 13.47% last month.

FSGF started March at a NAV of PKR 102.96 and closed the month at a NAV of PKR 104.03. We are diversifying our portfolio in quality assets with good returns to mitigate interest rate risk giving due consideration to the credit quality of the portfolio. The asset allocation of FSGF comprises of 77.67% Bank Deposits, 14.05% Money Market Placements, 3.80% Government Securities and only 1.05% Commercial Papers.

ASSET ALLOCATION (%)



KIBOR (1 M) vs FSGF



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