

FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

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Fund Manager Report

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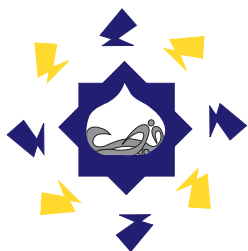
Interim Dividend Announcement

The first quarter of the year 2010 has been a successful one for Faysal Asset Management. Performance was steady; growth in the Net Asset Value of the firm was commendable; and year to date (YTD) returns for all three funds was far above the industry averages. The results of the Faysal Balanced Growth Fund was perhaps the most commendable, as it outshined all comparable funds in the industry, with YTD return of 27.13%.

FAML ended the quarter with the announcement of dividends for unit holders of the FIGF and the FSGF. On October 22, 2009, FAML announced an interim cash/bonus dividend of 2.75% (Rs.2.75) per unit, for the FSGF and the FIGF. A dividend of 2.75%, when compared to other fund in the industry is a solid sign. A look into past dividends allocated to unit holders of the FIGF and FSGF shows us that FAML has a strong dividend payout history. Over the last years, FIGF and FSGF have consistently announced dividends. For the year 08-09, FSGF announced total dividends of 12.75% while FIGF announced dividends of 8%.

Faysal Funds continued its steady progress into the month of October, starting the second quarter of this fiscal year on a positive note. The FBGF closed the month with YTD return of 24.45%. This can be compared to the industry average of balanced funds of 13.45%. The monthly returns of the FBGF like those in the industry suffered. However, this can be attributed to the weakening of the KSE100 index with wavering investor confidence in the equity market. Four factors played a major roll in the weakening of the stock market. These include (1) the slowdown in domestic economic activities on account of acute power shortages, (2) a sharp rise in raw material prices in the international and domestic markets, (3) rising interest cost and (4) contraction in trade volume partly due to the global recession. The FIGF closed the month of October with YTD performance of 13.59%, while the FSGF had a year to date return of 11.46%, compared to 4.10% of money market funds in the industry. Moreover, in the month of October the FSGF ended with a month on month return of 10.53%, a higher average than that of the industry.

Looking ahead, the International Monetary Fund raised its forecast for next year's global growth. This is because higher demand in Asia, and higher stimulus packages would likely pull the world out of recession. Keeping in mind the current performance of our funds, and this positive news, FAML's future performance outlook is positive.



FAYSAL ASSET MANAGEMENT LIMITED

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FAYSAL
BALANCED
GROWTH FUND

OCTOBER 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	-1.34%	P/E RATIO	11.03x	ALPHA	0.0006	VAR	1.12%
YEAR TO DATE	24.45%	DIVIDEND YIELD	6.19%	BETA	0.0944	R ²	0.0362
SINCE INCEPTION	59.27%			SHARPE	0.0081	SORTINO	0.0123
BENCHMARK RETURN (MoM)	-0.45%			STD.DEV.	0.68%	KURTOSIS	1.276

STOCK MARKET REVIEW

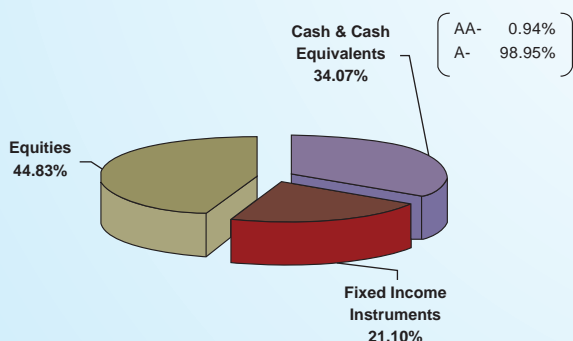
The KSE-100 index started this month at a level of 9,349.68 and closed at 9,159.18 level, down 2.04% for the month. Profit taking was witnessed during the last few trading sessions of the month as law and order situation deteriorated due to retaliation by the terrorists in response to the Waziristan operation launched by the Army. Further political fall out on the Kerry Luger Bill and NRO (National Reconciliation Ordinance) and mixed corporate results for the September quarter slowed down the momentum at KSE. Average daily trading volumes also decreased amid decreasing investor interest in the market. Foreign portfolio investment inflows continued to pour in the local markets even though local investors preferred profit taking. According to the data provided by NCCPL, in the month of October foreigners bought shares worth PKR 10.71 Bn and sold shares worth PKR 7.53 Bn thus resulting in net buying of PKR 3.18 Bn (USD 38.34 Mn). The State bank of Pakistan (SBP) in its annual review of the economy cited that the International Monetary Fund (IMF) led program has started to bear positive results in the form of reduced current account deficit, low inflation and improving fiscal balance. It further added that improvement in the external account and reversal in the global economic growth should augur well for the economy. The SBP expects the GDP growth to increase from 2% YoY to 2.5% - 3.5% YoY. The IMF has also raised its forecast for global growth next year as higher stimulus packages and demand in Asia (mainly China and India) pull the world economy out of its recession. The recent higher month on month (MoM) inflation is likely to reverse in the coming months and Policy rate can be expected to reduce in the coming MPS. The increase in international oil prices due to weakening of the USD remains a key risk to improvement in the economy due to the country's high dependence on oil imports to meet its demand.

We believe that corrections in international equity markets due to a strong dollar can reduce the risk appetite of foreign investors in the short term and hence selling by foreign portfolio investors in the local markets cannot be ruled out. We have a cautious stance on the market at current levels with focus on high dividend yielding and growth stocks.

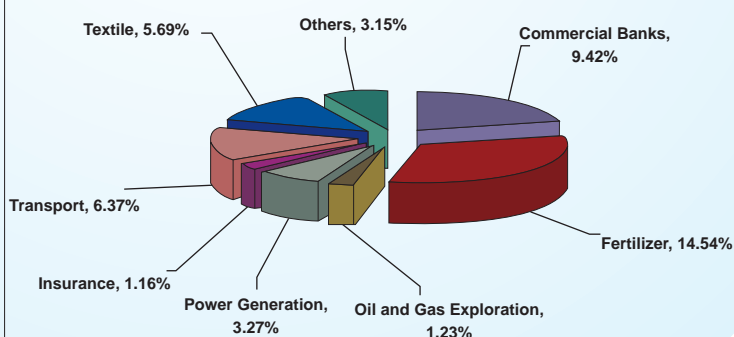
PERFORMANCE

FBGF started October at a NAV/unit of PKR 95.86 and closed the month at a NAV/unit of PKR 94.58, down 1.34% on a Month on Month (MoM) basis. In comparison FBGF's benchmark gave a return of -0.45% for the month of October. On a year to date (YTD) basis FBGF gave a return of 24.45%. Comparing FBGF to its peer group, FBGF outperformed the average return of the peer group by 116 bps (basis points) as the average peer group return for the month was -2.50%. The average return of balanced funds on YTD basis was 13.45% where FBGF again outperformed the average return by 1100 bps (11.00%). On the asset allocation side exposure in equities was further reduced to 44.83% from previous month's level of 56.38% due to the deteriorating law and order situation in the country. Allocation in other asset classes was more or less maintained at last month's level.

ASSET ALLOCATION (%)

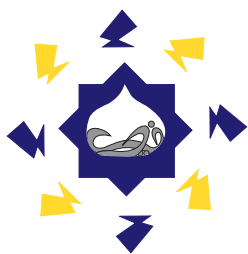


SECTOR ALLOCATION (%)



Risk Disclosure:

All investments in mutual funds are subject to market risks. The NAV of units may go up or down based on the market conditions. Past performance is not necessarily indicative of the future results. Please read the Offering Document for understanding the investment policies and the risks involved.



FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

Faysal
Income &
Growth Fund

OCTOBER 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+(f) by JCR-VIS					
RETURNS		MONEY MARKET RETURNS				RISK QUANTS			
MONTH ON MONTH	2.49%	KIBOR		T-BILLS		ALPHA	0.0003	VAR	0.22%
YEAR TO DATE	13.59%	3M	12.67%	3M	12.36%	BETA	0.0077	R ²	0.0002
SINCE INCEPTION	10.37%	6M	12.71%	6M	12.50%	SHARPE	-0.0060	SORTINO	-0.0074
YTD AVG. MARKET RETURN	11.13%	12M	12.98%	12M	12.55%	STD.DEV.	0.13%	KURTOSIS	5.874

ECONOMIC OUTLOOK

Economic news over the last month points towards a slow but steady recovery. The IMF led, aggressive macroeconomic stabilization program has started to bear fruits, which is reflected in improving fiscal balance, and lower inflation and current account deficit balance. SBP forecasted GDP growth falls in the range of 2.5-3.5% in FY10 against 2% in FY09.

The trade deficit in September was \$898mn, which is 56% lower than \$1.4bn during the same period last year due to contraction in imports and upsurge in exports. Overseas Pakistanis' remittances in September amounted to \$806mn, 23% higher than the corresponding month over the previous year.

Likewise, the current account deficit declined by 89% to \$462mn during first quarter ended September-09. Recent rise in commodity prices especially crude oil prices on the back of weakening Greenback pose serious risk to trade deficit and current account deficit. Currently, foreign exchange reserves stood at \$14.48bn while central bank FX reserves have increased to \$10.9bn as of October-09 against \$3.5bn in October-08.

YoY headline inflation (CPI) declined to 10.12% in September-09. However, higher electricity, oil and food prices are the key upside risk to inflation. MoM inflation continued to increase from supply side issues due to prevailing law and order situation and load shedding. Underlying core inflation has come down to 11.9% from 15.9% in June 2009; this should provide room for SBP to further ease the monetary stance. The government's decision to increase the power tariff by 6% and increasing oil prices make the inflation target of 9% for FY10 very difficult to achieve.

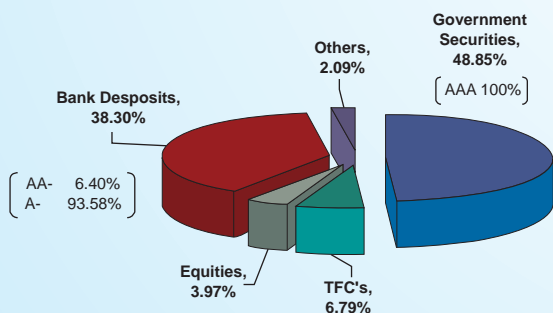
Pakistan and IMF authorities are expected to meet to assess quantitative and structural performance for the quarter ended September-09. Pakistan has met most of the quantitative targets with the exception of fiscal deficit target set by IMF at 1.3% of GDP. The provisional estimate of tax collection by the Federal Board of Revenue during October increased by 15.9% to Rs102bn against Rs88bn in corresponding period last year but failed to meet the target of Rs110bn reflecting a shortfall of Rs8bn. Dull tax collection and higher security related expenditure will lead to higher deficit for the period. Pakistan is expected to receive around US\$1.2bn from the IMF, out of which US\$466mn is earmarked for the budgetary support.

PERFORMANCE

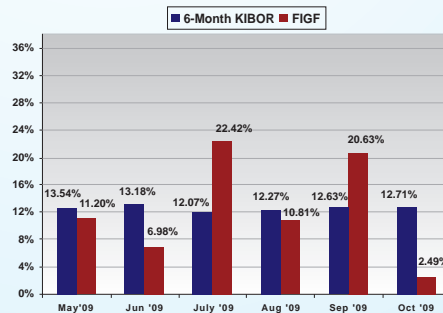
FIGF performance was commendable, giving a YTD (Year to date) return at 13.59% as compared to average YTD return of its peer group of 11.13%. Therefore, FIGF outperformed the peer group by 2.46%. MoM (month on month) return was at 2.49%.

FIGF started October at a NAV/unit of PKR 105.21 and closed the month at a NAV/unit of PKR 102.68 after giving a payout of PKR 2.75 per unit to its valued investors. On the asset allocation side, we would like to inform our valued investors that our fund has maintained its liquidity having a portfolio of 48.85% in Government Securities, 38.30% in Bank Deposits, 6.79% in TFC's and 3.97% in Equities. The strategy remains to lookout for the opportunities with good return at an acceptable medium risk levels.

ASSET ALLOCATION (%)

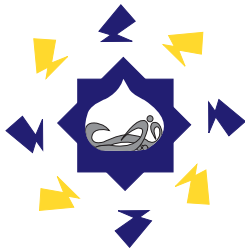


KIBOR (6 M) vs FIGF



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FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

FAYSAL SAVINGS GROWTH FUND

OCTOBER 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	7 th MAY 2007		TRUSTEES	CENTRAL DEPOSITORY COMPANY OF PAKISTAN			
		PERFORMANCE BENCHMARK	1 MONTH KIBOR		AUDITORS	FORD RHODES SIDAT HYDER & Co., CHARTERED ACCOUNTANTS			
		RATING	A(f) by JCR-VIS						
RETURNS		MONEY MARKET RETURNS				RISK QUANTS			
MONTH ON MONTH	10.53%	KIBOR		T-BILLS		ALPHA	0.0003	VAR	0.07%
YEAR TO DATE	11.46%	1M	12.80	3M	12.36	BETA	-0.0080	R ²	0.0045
SINCE INCEPTION	11.62%	6M	12.71	6M	12.50	SHARPE	0.2427	SORTINO	0.2046
YTD AVG. MARKET RETURN	4.10%	12M	12.98	12M	12.55	STD.DEV.	0.04%	KURTOSIS	6.702

MONEY MARKET REVIEW

Money market during the month of October remained volatile and rates witnessed major fluctuations. On average, REPO traded between the levels of 12.00% - 12.50% during the month. SBP effectively intervened and addressed the liquidity situation in the market through OMOs for different tenors. 10 Year PIBs when issued traded between 12.70% - 12.80%. Moreover, 1 Year T-Bills changed hands between 12.54% - 12.60%. During the month, 1-Month and 6-Month KIBOR was closed at the level of 12.80% and 12.84% respectively, while 1-Year KIBOR was closed at the level of 13.10% as at October 31, 2009. These values were a result of the volatility in the money market, particularly the liquidity situation and increasing speculation surrounding the upcoming monetary policy and the next meetings of IMF in early November. The Pakistani Rupee remains under pressure reflecting strong demand of US dollar. The dollar has crossed the PKR 83.75 psychological mark. The market is expecting a 50 -100bp cut in discount rate and also a reduction in the CRR (Cash Reserve Requirement) in the next Monetary Policy Statement in end November. However, the timing and quantum of FoDP pledges is still uncertain, forcing the SBP to keep a vigilant eye on easing the Monetary Policy.

Trading of Term Finance Certificates (TFCs), is starting on the Bond Automated Trading System from November 02, 2009. Efficient functioning of BATS would lead to improved liquidity in the debt market and efficient price discovery mechanism of debt instruments which currently remain negligible portion of the market. The introduction of a bond trading platform is being viewed to provide greater transparency and volumes for the debt market in the long run.

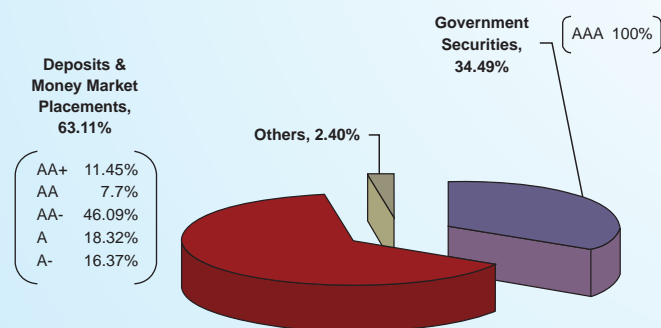
Pakistan is expecting another USD1.2bn from The International Monetary Fund (IMF) as the fourth tranche after the completion of the review in November 2009. The disbursement of the IMF Standby program as expected will release pressure on Pak Rupee and will also ensure the timely repayments of foreign currency loans. The foreign reserves will therefore, see a positive change with this inflow and investors' financing will be restored. Looking ahead, we expect loan growth to pick up in 4Q CY09 on the back of seasonal activity for working capital financing. However, the major challenge now is to improve the business climate, which has suffered on account of power shortages, law and order situations and contraction in domestic and external demand.

PERFORMANCE

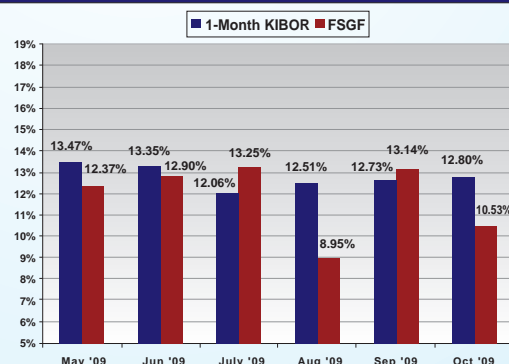
FSGF performed excellent during the month by giving a YTD (Year to date) return at 11.46% as compared to average YTD return of its peer group of 4.10%. Therefore, FSGF outperformed the peer group by 7.36%. MOM (month on month) return was at 10.53%.

The asset allocation comprises of 63.11% in Deposits & Money Market Placements and 34.49% in Government Securities. FSGF started October at a NAV/ unit of PKR 103.05 and closed the month at a NAV/unit of PKR 101.18 after giving a payout of PKR 2.75 per unit to its valued investors. The strategy will remain to mitigate interest rate risk, giving due consideration to the credit quality of the portfolio.

ASSET ALLOCATION (%)



KIBOR (1 M) vs FSGF



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

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