

FUND MANAGER'S REPORT Mar'10

Economic Outlook (March 2010)

The State Bank of Pakistan (SBP) announced the Monetary Policy Statement (MPS) for the next two months on March 27, 2010, in line with market expectations; SBP has decided to keep its key policy rate unchanged at 12.5% showing concern over resurging inflationary pressures & fiscal imbalances. Economic indicators are painting an improving picture with trade deficit at \$965 million in February '10 against an imbalance of \$1.62 billion in January '10, indicating a decrease of 40.48%. Exports earned \$1.54 billion in February '10 as compared to \$1.70 billion in January '10, showing a decrease of 9.42% MoM; while imports were \$2.50 billion in February '10 as compared to \$3.32 billion in January '10, descent by 24.5% MoM. The country's economy witnessed a 13.04% increase in CPI in February '10, fuelled by double digit increases in the prices of food, house rent, fuel & lighting, transportation and education. However, on a MoM basis it showed a marginal drop of 64bps.

On the external side, FDI posted a decline of \$1.475 billion, or 52.8%, during the first eight months (July-February) of current fiscal year 2009-10. Consequently, overall FDI stood at \$1.32 billion as compared to \$2.79 billion in July- February of fiscal year 2008-09. This decrease is largely attributed to the global recession and poor law and order situation in the country. Pakistan's foreign exchange reserves improved slightly to \$14.94 billion as of March 31 '10, compared to \$14.80 billion in February '10. This was due to the sharp decline in the trade deficit, and inflow of foreign portfolio investment in the capital market. Going forward, we expect the Central Bank to keep the policy rate constant till at least the July '10 Monetary Policy Statement, post which we see a gradual cut during the remainder of the calendar year.

Money Market Review:

As expected the State Bank of Pakistan (SBP), in its March 2010 Monetary Policy Statement (MPS), has opted to keep the Discount Rate unchanged at 12.5% citing inflationary pressures. Increase in petroleum product prices as well as energy costs have contributed to higher inflation. In addition, the timing and quantum of FoDP pledges is still uncertain, forcing the SBP to keep a cautious stance on easing monetary policy. The Ministry of Finance may request a waiver from International Monetary Fund (IMF) with respect to the agreed upon 6% increase in electricity tariff to ease the burden of inflation. IMF has deferred the disbursement of the fifth tranche of \$1.2 billion scheduled to be released in early April 2010 to Pakistan until at least mid April to ensure that the agreed upon VAT implementation is on schedule. The banking system liquidity may be under pressure with continued borrowings by the government as it tries to settle the circular debt issues of the energy sector. GoP's borrowing requirements for commodity operations and for bridging the fiscal resource gap are also weighing on market liquidity and is reflected in the KIBOR rates. Consequently, with resources tied up in commodity and circular debt the stagnation in private sector credit growth in the upcoming months may continue. To improve the liquidity management and reduce volatility in the inter-bank market, SBP has been conducting OMOs on a regular basis. The tight liquidity of the system is reflected in the KIBOR rates across 1, 6 and 12 month tenors closed at the levels of 12.37%, 12.41% and 12.75% respectively as at March 31, 2010.

Stock Market Review

The KSE-100 index started this month at a level of 9,657.79 and closed at 10,178.43 level, up 5.39% for the month of March. Buying by foreign investors was the major driver for the rise in the KSE-100 Index. Investment by foreigners continued to pour into the local bourses due to attractive valuations and cheap multiples relative to the region. According to the data provided by NCCPL, during the month of March foreigners bought shares worth PKR 14.36 Bn and sold shares worth PKR 5.17 Bn thus resulting in net buying of PKR 9.19 Bn (USD 109.43 Mn). The State Bank of Pakistan (SBP) unveiled its monetary policy for the next two months on 27th March and maintained the discount rate at 12.5% citing inflationary pressures on account of increase in energy prices, weak fiscal position and uncertainty over external flows. Local investors preferred to stay on the sidelines as Supreme Court's decision to implement its verdict on NRO in letter and spirit may create some political tension in the short term. The people of Pakistan received good news on the last day of the month when Parliamentary committee on constitutional reforms announced that they have achieved consensus over the proposed constitutional amendments.

Although the amendments are subject to parliamentary approval, but the news of the consensus immediately improved the risk profile of the country as depicted by 84bps decline in Pakistan's 5 year CDS in a single day. In addition the yield on Pakistan's Eurobond fell below 8% to 7.96%. These along with expectations of improvement in Pakistan's sovereign ratings are likely to improve the valuations going forward. Hence we continue to target high dividend yielding and growth stocks.



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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	AM2- (JCRVIS)
NAV per Unit (PKR)	98.67	
Net Assets (mn)	601.62	

* weighted average of 6M KIBOR & percentage invested in equities

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.

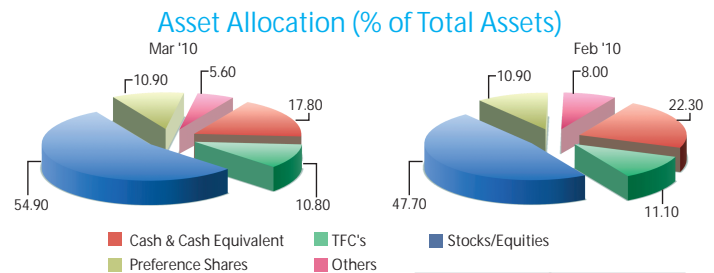
Risk-quant	Alpha	0.003%
	Beta	1.0551
	Sharpe	2.9462
	Standard Deviation	1.010%
	VaR	1.662%
	R-Squared	0.7118
	Treynor	0.1966
	Kurtosis	2.9397

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

Performance review

FBGF started March at a NAV/unit of PKR 97.91 and ended the month at a NAV/unit of PKR 98.67, up 0.78% on a Month on Month (MoM) basis. In comparison FBGF's benchmark gave a return of 3.01% for the month of March. On a year to date (YTD) basis FBGF gave a return of 29.83%. Comparing FBGF to its peer group, FBGF underperformed the average return of the peer group by 55 bps (basis points) as the average peer group return for the month was 1.33%. The average return of balanced funds on YTD basis was 19.85% where FBGF outperformed the average return by 998 bps (9.98%). On the asset allocation side exposure in equities was increased to 54.90% from previous month's level of 47.70% to take advantage of corporate results season with expectations of better performance. Allocation in other asset classes was maintained at last month's level.

Fund Returns (% p.a.)		Mar' 10	Feb' 10
	Month-on Month	0.78	-1.29
	FY10 to Date	29.83	28.83
	Since Inception	66.16	64.88
	Benchmark (YTD)	26.40	22.75



Sector Allocation (% of Total Assets)		Mar '10	Feb '10
	Oil & Gas	23.40	15.83
	Banks	9.99	9.18
	Chemicals	6.33	7.18
	Fixed Line Communication	5.51	0.00
	Tobacco	3.77	3.55
	Others	5.91	12.01

Top Ten Equity Holdings (% of Total Assets)	PPL	7.74
	APL	7.37
	ENGRO	6.33
	POL	5.93
	PTC	5.51
	BOK	4.37
	PAKT	3.77
	NML	2.95
	BAFL	2.95
	ATRL	1.83



FAYSAL INCOME & GROWTH FUND

FUND MANAGER'S REPORT

Fund Information	Fund Type	Open Ended
	Category	Hybrid Income scheme
	Stability Rating	A+(f) (JCR-VIS)
	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	AM2- (JCR-VIS)
NAV per Unit (PKR)	104.27	
Net Assets (PKR mn)	741.57	

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-quant	Alpha	0.197%
	Sharpe	0.0000
	Standard Deviation	0.181%
	VaR	0.297%
	Skewness	0.1815
	Sortino	0.0000
	Kurtosis	1.9111
	Weighted Average Time to Maturity (Days)	37

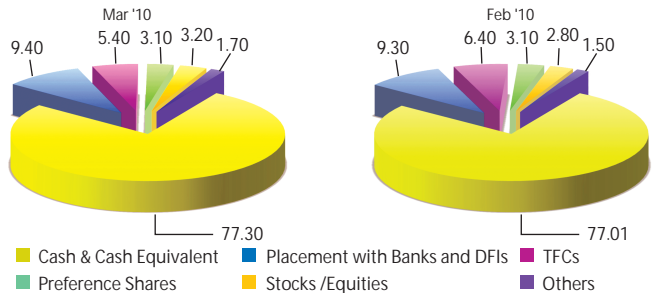
Investment Committee	Salman Haider Sheikh	Chief Executive Officer
	Tahir Sohail	Chief Operating Officer
	Shahid Usman Ojha	Chief Financial Officer
	Asad Iqbal	Chief Investment Officer
	Ayaz Mustafa Zuberi	Fund Manager- Fixed Income
	Omar Ehtisham Anwar	Fund Manager- Equity
	Syed Qamar Abbas	Head of Research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

Performance review

Faysal Income and Growth Fund has been out performing its peers by 5.9% having yielded 12.07% YTD as compared to peer average of 6.17% YTD. In March FIGF outperformed its peer group by 8.13% on an annualized basis by yielding 6.79% annualized vs -1.34% annualized for the peer group. FIGF started March at a NAV/unit of PKR 103.69 and closed the month at a NAV/unit of PKR 104.27. Due to our proactive fund management, we had liquidated Azgard-9 TFCs from our portfolio at an attractive price avoiding the massive decline in price once news of its default hit the markets. On the asset allocation side, our portfolio comprises of 86.7% in bank deposits and money market placements, 5.4% in TFCs and 6.3% in equities & preference shares. The strategy remains to lookout for opportunities with good return at acceptable risk levels.

Fund Returns (% p.a) (Annualized)		Mar '10	Feb '10
	Month-on-Month	6.79	2.03
	FY10 to Date	12.07	12.81
	Since Inception	10.45	10.52
	Benchmark (YTD)	12.42	12.42

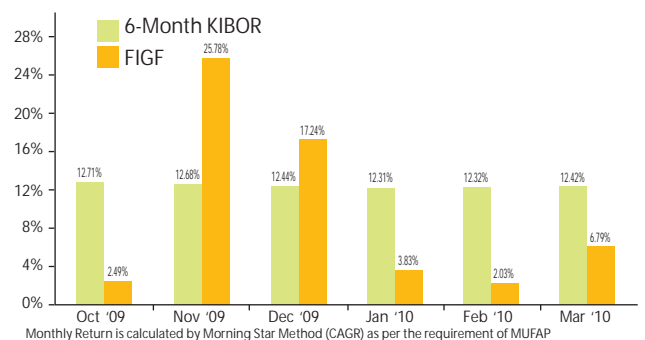
Asset Allocation (% of Total Assets)



Asset Quality (as % of Total Assets)	AA+	0.01
	AA	75.6
	AA-	11.00
	BBB	0.60
	NR	4.86

TFCs/SUKUK Holdings (% of Total Assets)	Kohat Cement	4.86
	Telecard	0.56

FIGF Vs Benchmark



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FAYSAL SAVINGS GROWTH FUND

FUND MANAGER'S REPORT

Fund Information	Fund Type	Open Ended
	Category	Income scheme
	Stability Rating	A(f) (JCR-VIS)
	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	AM2- (JCR-VIS)
NAV per Unit (PKR)	103.20	
Net Assets(PKR mn)	6,305	

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-quant	Alpha	0.039%
	Sharpe	0.0000
	Standard Deviation	0.040%
	VaR	0.065%
	Skewness	2.2902
	Sortino	0.0000
	Kurtosis	8.8195
	Weighted Average Timeto Maturity (Days)	27

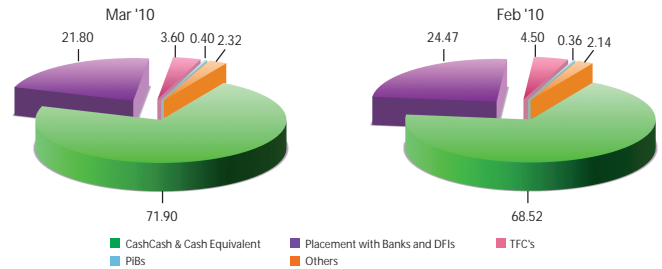
Investment Committee	Salman Haider Sheikh	Chief Executive Officer
	Tahir Sohail	Chief Operating Officer
	Shahid Usman Ojha	Chief Financial Officer
	Asad Iqbal	Chief Investment Officer
	Ayaz Mustafa Zuberi	Fund Manager- Fixed Income
	Omar Ehtisham Anwar	Fund Manager- Equity
	Syed Qamar Abbas	Head of Research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

Performance review

Faysal Savings Growth Fund's performance was commendable during the month of March as it yielded 11.12% YTD as compared to the peer average return of 6.87% YTD, outperforming its peer group by a healthy 4.25%. Monthly return for FSGF was 11.12% annualized. FSGF started March at a NAV/ unit of PKR 102.28 and closed the month at a NAV/unit of PKR 103.20. On the asset allocation side, we would like to inform our valued investors that our fund is quite liquid with portfolio of deposits and money market placements at 93.7%, 3.6% in TFC's and an exposure of only 0.4% in government securities. We intend to continue our investment strategy of minimizing interest rate risk and ensuring the highest credit quality within our portfolio.

Fund Returns (% p.a.)		Mar '10	Feb '10
	Month-on Month	11.12	11.48
	FY10 to Date	11.12	11.24
	Since Inception	11.55	11.56
	Benchmark (YTD)	12.49	12.50

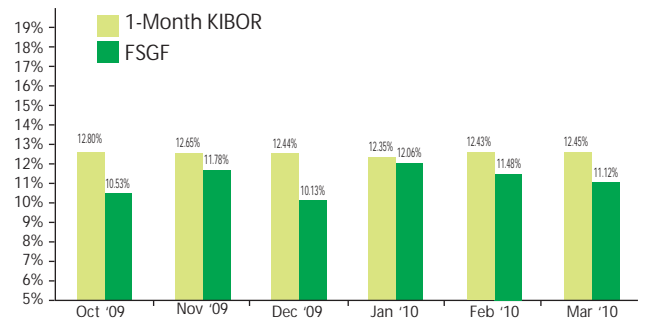
Asset Allocation (% of Total Assets)



Asset Quality (as % of Total Assets)	Government Securities	0.38
	AA+	7.10
	AA	70.90
	AA-	14.50
	A	4.75

TFCs/SUKUK Holdings (% of Total Assets)	Bank Alfalah Limited	3.16
	Bank Al-Habib Limited	0.41

FSGF Vs Benchmark



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faysal funds

Fund Information	Fund Type	Open Ended
	Category	Asset Allocation Scheme
	Risk Profile	Moderate to High Risk
	Launch Date	24th July, 2006
	Custodian/Trustee	CDC
	Auditor	KPMG Taseer Hadi & Co.
	Management Fee	3%
	Front/Back end Load	3.0% (Front end Load) 5.0% (Back end Load)*
	Min. Subscription	PKR 5,000
	Benchmark*	50% KSE100 / 50% 6M KIBOR
	Pricing Mechanism	Forward
	Dealing Days	Monday-Friday
	Cut-Off Timing	9am-5pm
	AMC Rating	AM2- (JCR-VIS)
	NAV per Unit (PKR)	77.97
	Net Assets (mn)	319.96

* 5% back end load applicable only to 'A' class unit holders.

Investment Objective

FAAF endeavors to provide investors with an opportunity to earn long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments.

Risk-quant	Alpha	0.145%
	Beta	1.0410
	Sharpe	3.0819
	Standard Deviation	1.349%
	VaR	2.219%
	R-Squared	0.4041
	Treynor	0.2815
	Kurtosis	10.5777

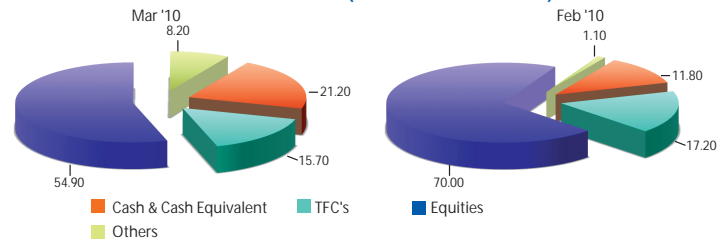
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	Shahid Usman Ojha	Chief Financial Officer
	Asad Iqbal	Chief Investment Officer
	Ayaz Mustafa Zuberi	Fund Manager- Fixed Income
	Omar Ehtisham Anwar	Fund Manager- Equity
	Syed Qamar Abbas	Head of Research & Product Development

Performance review

FAAF started March at a NAV/unit of PKR 76.85 and closed the month at a NAV/unit of PKR 77.97, up 1.46% on a Month on Month (MoM) basis. In comparison FAAF's benchmark gave a return of 3.21% for the month of March. On a year to date (YTD) basis FAAF gave a return of 38.39%. Comparing FAAF to its peer group, FAAF underperformed the average return of the peer group by 0.74% as the average peer group return for the month was 2.20%. The average return of asset allocation funds on YTD basis was 24.79% where as FAAF outperformed the average return by 13.6%. On the asset allocation side exposure in equities was reduced to 54.90% from previous month's level of 70%. Allocation in other asset classes was more or less maintained at last month's level.

Fund Returns (% p.a.)		Mar '10	Feb '10
	Month-on Month	1.46	-0.46
	FY10 to Date	38.39	36.40
	Benchmark (YTD)	25.71	21.56

Asset Allocation (% of Total Assets)



Sector Allocation (% of Total Assets)		Mar '10	Feb '10
	Oil & Gas	22.92	41.34
	Banks	9.52	4.81
	Chemicals	6.96	15.97
	Fixed Line Telecommunication	6.08	0.15
	Personal Goods	3.90	0.00
	Others	5.51	7.69

Top Ten Equity Holdings (% of Total Assets)	APL	8.64
	PPL	7.92
	PTCL	6.08
	POL	4.67
	MCB	4.54
	ENGRO	4.34
	NETSOL	3.70
	NML	3.11
	UBL	3.02
	FFBL	2.30



FAML Rating upgraded by JCR-VIS to

"AMM2"

CONTACT US

Corporate Sales Manager

Name	Branch	City	Contact Number
Agha Fahad Khan	Head Office	Karachi	(021) 2277309

South Region

Name	Branch	City	Contact Number
Abdul Sattar Abro	D.H.A., Shahbaz Branch	Karachi	(021) 35857494
Shahzad Khalil	Gulshan Chowranghi Branch	Karachi	(021) 34815319
Sheikh M. Sajid Hussain	Site Branch	Karachi	(021) 32585918

North Region

Name	Branch	City	Contact Number
Asim Pirzada (Regional Head North)	M.M. Alam Road Branch	Lahore	(042) 35763409
Fahad Arshad	Liberty Branch	Lahore	(042) 35752108-9
Mohammad Umer Aslam	Bilal Road, Civil Lines Branch	Faisalabad	(041) 2644481

