

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

## FUND MANAGER REPORT

**Fund**   
**Manager**  
**Report**  
**Jan'10**

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### **Money Market Review**

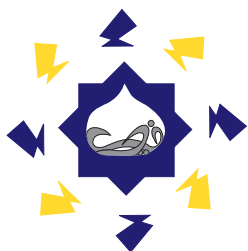
In line with our expectations, State Bank of Pakistan (SBP) has decided to keep the Discount Rate unchanged at 12.5% in its Monetary Policy announced on January 30, 2010. Some recent economic indicators are highlighting that the country is on the path of economic recovery with challenges in few areas. Signs of economic stabilization have become more visible, current account deficit has come down, increase in remittances and forex reserves have increased. However rising inflation fears coupled with uncertainty regarding the quantum and timing of FoDP funding has forced the SBP to keep its policy rate unchanged.

Some institutions inadvertently understand that the decline in Treasury bill yields in the previous few auctions is the signal of further cut in the Discount Rate in the Monetary Policy. We were of the view that the pressure on inflation in terms of increasing gas and electricity charges and upside risk to international oil prices are threatening over the economy and SBP may remain cautious in easing its monetary stance and the decline in T-Bills yields is mainly due to improved financial sector liquidity during the month and the high demand for government securities in general is being driven by the banking sector's reluctance to lend to corporate sector. Based on our proactive fund management strategy, preempting no rate cut in the monetary policy we liquidated our government securities portfolio during the month at attractive levels to save our investors from any adverse reaction in PKRV rates.

### **Stock Market Review**

The KSE-100 index started this month at a level of 9,386.92 and closed at 9,614.19 level, up 2.42% for the month. Investor interest picked up slightly during the month as buying activity was witnessed in the Oil and Gas and Fertilizer sectors due to strong fundamentals, weak PKR, strong international commodity prices, attractive dividend yields and strong growth in the agriculture sector. Buying interest by foreigners continued in the month of January as their risk appetite increased due to bullish run in international markets. According to the data provided by NCCPL, during the month of January foreigners bought shares worth PKR 5.92 Bn and sold shares worth PKR 4.63 Bn thus resulting in net buying of PKR 1.29 Bn (USD 15.27 Mn). The State Bank of Pakistan (SBP) decided to maintain the discount rate at 12.5% sighting inflationary pressures, precarious security situation and lack of foreign inflows. SBP continues to monitor inflation very closely and interest rates can be expected to ease once government borrowing slows down as the government tries to enhance its revenue base by expanding the tax net.

We believe that the result season and continuing foreign interest will provide impetus to the market. However, one cannot rule out a cautious stance as capital gains tax, political fall out and deterioration in the law and order situation can prove to be dampeners.



# 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 Fund
	Risk Profile	Moderate
	Launch Date	19-Apr-04
	Custodian/Trustee	CDC
	Auditor	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+
	NAV per Unit (PKR)	99.19
Net Assets (mn)	643.28	

\* 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	0.04%
	Beta	0.5521
	Sharpe	0.1033
	Standard Deviation	0.63%
	VaR	1.04%
	R-Squared	0.6822
	Treynor	0.0012
	Kurtosis	1.2786

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 January at a NAV/unit of PKR 99.24 and closed the month at a NAV/unit of PKR 99.19, down .05% on a Month on Month (MoM) basis. In comparison FBGF's benchmark gave a return of 1.80% for the month of January. On a year to date (YTD) basis FBGF gave a return of 30.51%. Comparing FBGF to its peer group, FBGF underperformed the average return of the peer group by 58 bps (basis points) as the average peer group return for the month was 0.53%. The average return of balanced funds on YTD basis was 18.45% where FBGF again outperformed the average return by 1206 bps (12.06%). On the asset allocation side exposure in equities was reduced to 37.87% from previous month's level of 65.63% due to deteriorating law and order and political situation. Allocation in other asset classes was more or less maintained at last month's level.

Fund Returns (% p.a)		Jan-10	Dec-09
	Month-on Month	-0.05%	2.38%
	FY10 to Date	30.51%	30.58%
	Since Inception (CAGR)	67.03	67.12%
	Benchmark (Year to Date)	22.20%	20.07%

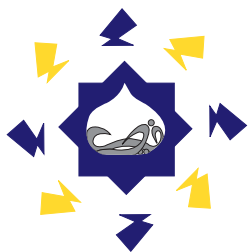
Sector Allocation (% of NAV)		Jan-10	Dec-09
	Oil & Gas	12.60	17.30
	Banks	9.29	11.48
	Personal Goods	5.66	6.18
	Industrial Transportation	3.79	4.03
	Tobacco	3.45	2.94

Asset Allocation (% of NAV)		Jan-10	Dec-09
	Cash & Cash Equivalent	40.63	14.96
	TFC's	10.52	9.22
	Stocks/Equities	37.86	65.63
	Preference Shares	10.99	10.19
	Leverage	Nil	Nil

Top Ten Equity Holdings(% of NAV)	APL	8.25
	BOK	4.44
	PAKT	3.45
	POL	3.60
	ANL	3.31
	BAFL	3.12
	NML	2.35
	PICT	1.99
	PNSC	1.80
	HUBC	1.72

### Disclaimer

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.



# 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	Fixed Income
	Stability Rating	A+(f)
	Risk Profile	low to medium
	Launch Date	10-Oct-05
	Custodian/Trustee	CDC
	Auditor	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+	
NAV per Unit (PKR)	106.52	
Net Assets (PKR mn)	738.71	

### 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	0.04%
	Beta	-0.0116
	Sharpe	0.0516
	Standard Deviation	0.13%
	VaR	0.22%
	R-Squared	0.0032
	Sortino	0.0797
	Kurtosis	1.9015
	Weighted Average Time to Maturity (Days)	49

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

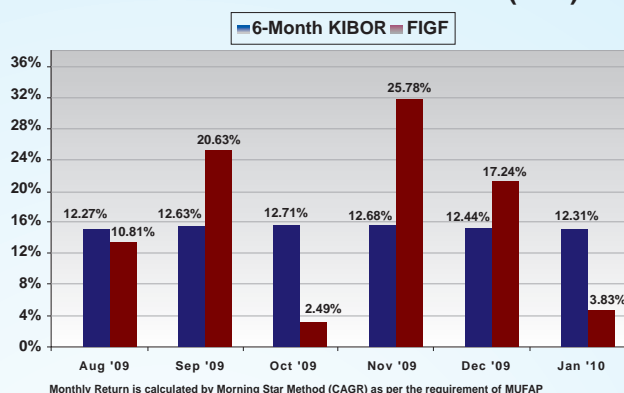
### Performance review

FIGF performed excellent by giving YTD (Year to date) return at 14.29% as compared to average YTD return of its peer group of 7.14%. Thus FIGF outperformed the peer group by 7.15%. MOM (month on month) return was at 3.83%

FIGF started January at a NAV/unit of PKR 106.17 and closed the month at a NAV/unit of PKR 106.52. On the asset allocation side, we would like to inform our valued investors that our fund is quite liquid having a portfolio of 84.2% in Bank Deposits & Money Market Placements, 6.5% in TFCs and 5.9% in Equities. The strategy remains to lookout for opportunities with good return at acceptable risk levels.

Fund Returns (% p.a.)		Jan-10	Dec-09
	Month-on Month (Annualized)	3.83	17.24
	FY10 to Date (Annualized)	14.29	16.16
	Since Inception (CAGR)	10.67	10.81
	Benchmark (Year to Date)	12.43	12.46

### FIGF VS BENCHMARK KIBOR ( 6M )



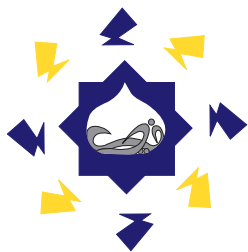
Asset Allocation (% NAV)		Jan-10	Dec-09
	Cash	74.71	78.59
	Placement with Banks and DFIs	9.48	7.48
	TFCs	6.48	5.11
	Preference Shares	3.43	3.13
	Stocks /Equities	5.91	5.69
Leverage	Nil	Nil	

Asset Quality (as % of total Assets)	AA+	0.01
	AA	82.12
	AA-	11.75
	BBB	6.12

TFCs/SUKUK Holdings (% of NAV)	Kohat Cement Ltd Sukuk	4.90
	Azgard -9	1.01
	Telecard	0.56

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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	Fixed Income
	Stability Rating	A(f)
	Risk Profile	Low
	Launch Date	7-May-07
	Custodian/Trustee	CDC
	Auditor	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+	
NAV per Unit (PKR)	103.91	
Net Assets(PKR mn)	6,640	

### 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	0.04%
	Beta	-0.0037
	Sharpe	0.1767
	Standard Deviation	0.04%
	VaR	0.06%
	R-Squared	0.0237
	Sortino	0.4933
	Kurtosis	8.2259
	Weighted Average Time to Maturity (Days)	44

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

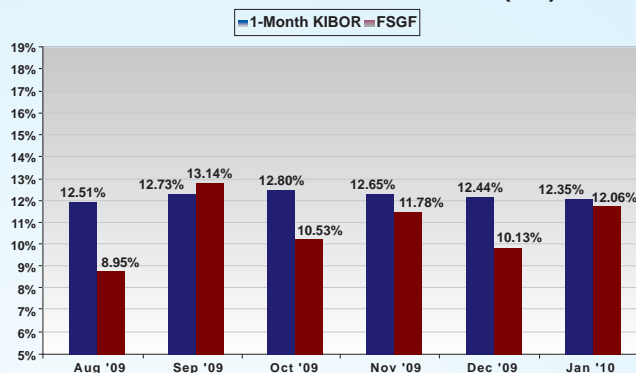
### Performance review

FSGF performance was commendable during the month by giving a MoM (month on month) return of 12.06% as compared to average MTD return of its peer group of 7.28%. Thus FSGF outperformed the peer group by 4.78%. YTD (year to date) return was at 11.24%. FSGF started January at a NAV/ unit of PKR 102.91 and closed the month at a NAV/unit of PKR 103.91.

Due to our proactive fund management, foreseeing no rate cut in the monetary policy we liquidated our government securities portfolio at attractive prices to save our investors from any adverse response in PKRV rates. Now our fund is extremely liquid with bank deposits and money market placements at 95.1%, 4.49% in TFC's and negligible exposure of only 0.4% 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)		Jan-10	Dec-09
	Month-on Month (Annualized)	12.06	10.13
	FY10 to Date (Annualized)	11.24	11.25
	Since Inception (CAGR)	11.57	11.56
	Benchmark (Year to Date)	12.51	12.54

### FSGF VS BENCHMARK KIBOR (1M)



Asset Allocation (% NAV)		Jan-10	Dec-09
	Cash	70.59	44.99
	Placement with Banks and DFIs	24.55	27.77
	TFC's	4.49	5.89
	PiBs	0.37	0.41
	TBills	-	20.94
	Leverage	Nil	Nil

Asset Quality (as % of total Assets)	AAA	0.37
	AA+	6.80
	AA	58.10
	AA -	30.30
	A	4.52

TFCs/SUKUK Holdings (% of NAV)	Bank Alfalah Limited	3.37
	Pakistan Mobile Communication	0.73
	Bank Al Habib Limited	0.39

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