

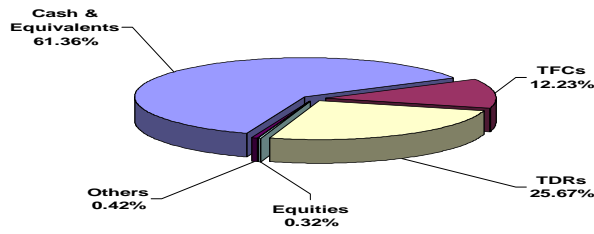
**FUND OBJECTIVE**

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.

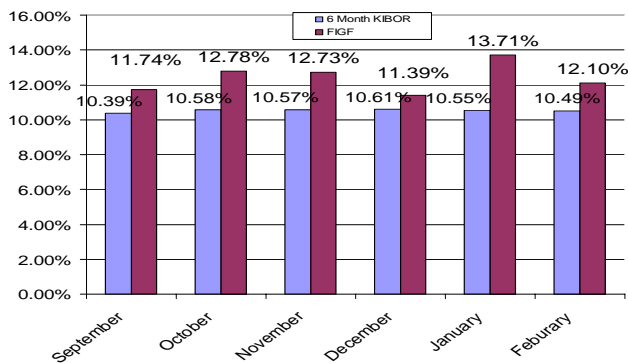
**PERFORMANCE**

FIGF maintained its position as best performing hybrid income fund during the month of February with annualized yield of 12.97% as of February 28<sup>th</sup>. The fund has been beating its performance benchmark of 6 months KIBOR by approximately 2% for the last 5 months. Average return of income funds in Pakistan for the month of February was 10.97%. When compared with FIGF return of 12.97% it clearly demonstrates excellent fund management strategy along with a perfect asset allocation mix. During the month, the total fund size increased by 402 Mio Rupees and closed February with Rs.1.6 Bio in AUM. The fresh inflow was largely placed in short term investment avenues. On the asset allocation side, cash and equivalents were increased by 14% to 61.36% of the total AUM. Equities were kept at a bare minimum due to anticipated market volatility and were only 0.32% of the portfolio. Other than these material changes, overall portfolio remained unchanged from last month.

**ASSET ALLOCATION (%)**



**FIGF vs KIBOR (6M)**



**MONEY MARKET REVIEW**

The interbank money market remained tight; however, declining trend in short term and long term rates was witnessed with 6 month KIBOR ranging between 9.99% to 10.49% from January figures of 10.05% to 10.55%. Liquidity crunch in the market resulted in most of the banks using State Bank's discount window throughout the month.

In the T-Bill auction State Bank of Pakistan raised Rs.40.86 Bio against the target of Rs.15 Bio and maintained last cut-off yields in 3, 6 and 12 month T-bills at 8.64%, 8.81% and 9.00% respectively. We witnessed an increased investment from the financial institutions in the 12-month T-Bills where Rs.40.36 Billion accepted by the Central Bank shows a stable trend in long-term money market rates.

On 5<sup>th</sup> March 2007 Central Bank is planning a PIB auction, which is expected to give a clear view on Central Bank's interest rate policies going forward. The coupon rates for PIBs to be sold in the auction are 9.10 percent, 9.30 percent, 9.60 percent for 3, 5 and 10 years respectively; 10.00 percent and 10.50 percent for 15 and 20 years respectively and 11.00 percent for 30 years maturity. The target for the issue is Rs.15 billion (Rs. 3, 3, 3, 2, 2 and 2 billion for 3, 5, 10, 15, 20 and 30 year's maturity respectively).

CPI for the first 7 months of current fiscal year registered an increase of 8.14% however; it was considerably less when compared with corresponding period of last year. The SPI for the week ending on Feb 22<sup>nd</sup> surged by 9.14% when compared with the corresponding week of last year. SPI also increased by 0.54% when compared with previous week (15/2) and stood at 8.59%. Central Bank and GOP are actively managing the inflation through hands-on monetary policy. CPI over the last 3 years has shown a decline on YOY basis and was 6.64% as of end of January 2007. Further softening of oil prices in the international markets is expected to ease CPI, non-food-non-oil core inflation is already showing downward trend.

In its report on Pakistan's economy, (released on Feb. 23<sup>rd</sup>, 2007) S&P has a view that Pakistan would achieve real GDP growth of more than 7% compare to 6.6% of last year. The growth, however, largely depends on the successful continuation of structural reforms program and higher private investment. S&P reaffirmed its "B+" for foreign currency and "BB" for local currency long-term ratings. It also reaffirmed Pakistan's short term sovereign rating to "B".

**RETURNS**

Month on Month	12.10%
FY 06 - 07	12.97%
Since Inception	10.59%

**BENCHMARK RATES**

KIBOR		T-BILLS	
3 Months	10.26%	3 Month	8.64%
6 Months	10.49%	6 Month	8.81%
12 Months	10.92%	12 Months	9.00%

**FUND INFORMATION**

Fund Type	Open Ended	Registrar	Gangjees Registrar (Pvt.) Ltd.
Fund Launch Date	10 <sup>th</sup> October 2005	Trustees	Central Depository Company (CDC) of Pakistan Ltd.
Rating	A + by JCR-VIS	Auditors	Ford Rhodes Sidat Hyder & Co, Chartered Accountants
Performance Bench Mark	6 Months Kibor		

**MANAGED BY**



**FAYSAL ASSET MANAGEMENT LIMITED  
COLLECTIVE WISDOM**

Islamabad:  
(051) 227 5096-9

Peshawar:  
(091) 527 0176-8

Lahore:  
(042) 575 5190-4

Quetta:  
(081) 283 6451-3

(021) 111 329 725 (111 FAYSAL)  
Customer Service: (021) 279 5377 - 279 5564  
customerservices@faysalfunds.com  
www.faysalfunds.com

Hyderabad:  
(022) 272 8356

Gujranwala:  
(0553) 730 301-4

Faisalabad:  
(041) 2644 481-5

Sialkot:  
(052) 429 2501-5

**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.