

FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

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Fund Manager Report

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Capital Markets - Local view with International Perspective

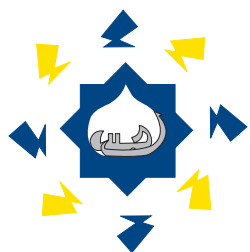
Political cloud overshadowed the equity markets during the month of November. The announcement of state of emergency and then a series of events impacted the KSE-100 index negatively. The political scene witnessed signs of recovery with positive news from Islamabad as well as the stock market in Karachi. The market reacted positively on the clarity of Presidential elections and then the announcement of general elections in the country. The market also reacted positively to the news regarding the end of state of emergency in the country on December 16th 2007. We witnessed large outflows from the special convertible rupee account (SCRA) during the month indicating foreign portfolio investors exiting from the Pakistani capital markets amid the state of emergency. SCRA account declined from a level of almost \$300 million to \$80 million level, a decline of 73% on foreign portfolio investments for the fiscal year. With the improvement in the political conditions in the country, SCRA account also improved towards the end of the month indicating positivity in the foreign investor sentiment.

International markets also witnessed volatility after a long bullish run. The U.S. markets consolidated during the initial part of the month after large financial organizations reported heavy write-offs due to their sub-prime exposure. Oil prices peaked close to \$100 per bbl before retreating below \$90 on the back of large U.S. inventories. Recent comments by U.S. Federal Reserve Chairman Ben Bernanke indicated another quarter point cut in the U.S. interest rate leading to the extension of the Bull Run on Wall Street. Fed chairman Ben Bernanke said that resurgence in financial strains in recent weeks had dimmed the outlook for the U.S. economy and that the Fed would have to remain "exceptionally alert and flexible". The labor market was also witnessing a slow down following the housing market slump in the U.S.

European and Asian equity markets also witnessed Bull Run during the month. The pan-European FTSEurofirst 300 index reached a level of 1,522.42 points, after rising to 1,523.7, it's highest in two weeks with the financial stocks being the top gainers. Earlier in Asia, Tokyo's Nikkei average touched a three-week high while the MSCI's measure of other Asian stocks climbed to two-week highs towards the end of the month.

Typically, lower interest rates would make the dollar less attractive against other currencies but investors are now seeing rate cuts as a positive sign for the strength of dollar as a currency. The yen fell broadly towards the end of the month amid the extended recovery in equities. Gulf countries are also meeting to decide the future pegging of their currencies to the U.S. dollar. Keeping the decline in the U.S. currency in perspective, one must remember that the world's GDP is about \$55 trillion in size, and the U.S. makes up 25% of it. U.S. buys and sells some \$4 trillion in goods and services with the rest of the world each year and other countries will have to keep large amounts of dollar-based reserves.

Finally, we have to understand that higher international Oil prices and a weaker dollar will have an incremental impact on the inflationary pressure. It will also have a negative impact on our future economic growth. We should also take a look at the positives of our economy and can expect over 6% GDP growth during this fiscal year. Rising Oil prices and weaker dollar can be positive for the E&P sector along with the fertilizer and the banking sector. Based on 08 P/E our equity market is trading at over 25% discount to other Asian equity markets. All these factors should be taken into account in order to make a wise long-term investment decision through mutual funds.



FAYSAL ASSET MANAGEMENT LIMITED

COMMITTED TO SETTING NEW STANDARDS IN INVESTMENT MANAGEMENT

FAYSAL SAVINGS GROWTH FUND

NOVEMBER 2007

INVESTMENT OBJECTIVE	FUND INFORMATION				
FSGF seeks to 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	12 May 2007	TRUSTEES	CENTRAL DEPOSITORY COMPANY OF PAKISTAN	
	PERFORMANCE BENCHMARK	1 Month KIBOR	AUDITORS	FORD RHODES SIDAT HYDER & Co., CHARTERED ACCOUNTANTS	
	RATING	To Be Announced Soon			
	RETURNS		MONEY MARKET RATES		
MONTH ON MONTH	9.51 %	KIBOR		T-BILLS	
YEAR TO DATE	10.20 %	1 M	9.64 %	3 M	9.0942 %
SINCE INCEPTION	10.27 %	3 M	9.77 %	6 M	9.2084 %
MOM AVG MKT RETURN	8.81 %	6 M	9.97 %	12 M	9.3990 %

MONEY MARKET REVIEW

The Inter-bank money market moved between the ranges of 8.75percent to 9.00 percent during the month of November. The high liquidity compelled the banks to offer lower deposit rates. Banks have already taken long-term deposits from the mutual funds at lower rates taking advantage of the CRR rules.

Money market funds have short-term avenues for deployment. 1-month Kibor indicated a declining trend this month. The average of 1-month KIBOR showed a decreasing trend and reached the level of 9.64 percent this month as compared to 9.79 percent last month. The short-term investment avenues continued yielding lower rates due to the high liquidity in the market. Special Convertible Rupee Account (SCRA) hit \$302 million in October 2007. It was a record high inflow in a single month.

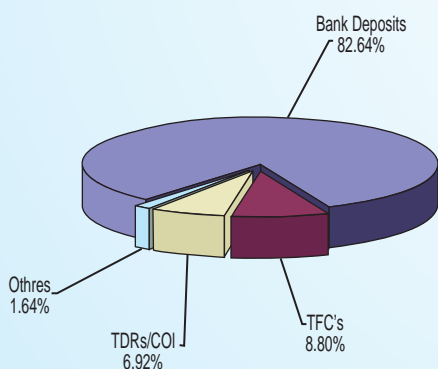
Food inflation surged by more than 14 per cent in October over the same period last year, mostly hitting the salaried class. Another alarming bell for the government was that inflation measured through wholesale price index (WPI) - monitor price of commodities at wholesale level - also witnessed high growth of 11.81 per cent in October compared to the same period last year.

This surge in the prices of commodities at the wholesale means that prices of goods would witness a further increase in the months ahead, which would push food inflation to further up.

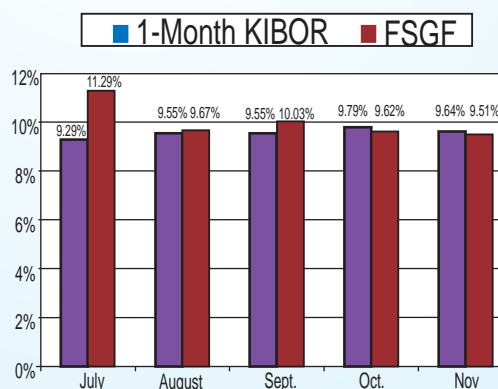
PERFORMANCE

FSGF performed well during this month by achieving 10.27 percent since inception return and year to date return of 10.20 percent. FSGF achieved 9.51 percent on MoM basis compared to the average peer's return of 8.81 percent this month. Despite the declining trends in the money market, FSGF advanced by 70 bps which is a notable difference with its counterparts. On the asset allocation side as exposure in the bank deposit and others increased to 82.64 percent and 1.64 percent where as exposure in TDR/COIs and CPs decreased to 6.92 percent and 8.80 percent respectively. The fund management is seeking all possible investment avenues to ensure maximum yield for investors while minimizing its risk exposure.

ASSET ALLOCATION (%)

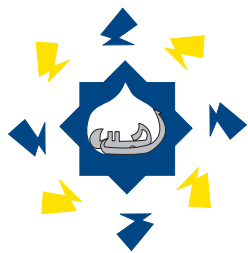


KIBOR (1 M) vs FSGF



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
BALANCED
GROWTH FUND

NOVEMBER 2007

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	14th April 2004	TRUSTEES	CENTRAL DEPOSITORY COMPANY OF PAKISTAN
	PERFORMANCE BENCHMARK	KSE-100 INDEX	AUDITORS	FORD RHODES SIDAT HYDER & Co., CHARTERED ACCOUNTANTS
	RETURNS		PORTFOLIO CHARACTERISTICS	
	MONTH ON MONTH	-1.06 %	P/E RATIO	10.11 %
	YEAR TO DATE	4.05 %	DIVIDEND YIELD	2.93 %
	SINCE INCEPTION	75.54 %		
	ANNUALIZED RETURN	20.87 %		

STOCK MARKET REVIEW

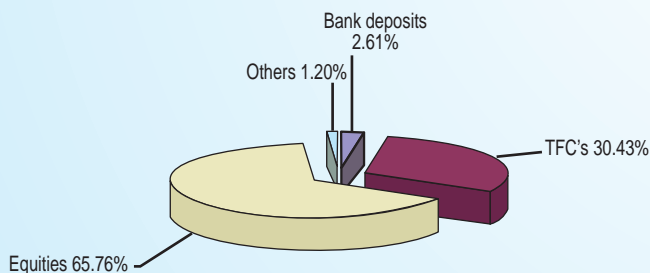
This month the market remained jittery as political uncertainty forced the investors to remain on the sidelines. The KSE-100 index started the month at 14,321 level and closed at 13,998 level to register a decline of 2.25% on a MoM basis. Market reacted sharply as emergency was imposed with the KSE-100 index falling to a low of 13,082 during the month, down by 8.65%. However, as President Musharraf relinquished charge of the armed forces and took oath as a civilian President market started recovering. Volumes remained low during the month as average daily turnover decreased by almost 26.57% to USD 478 Mio from USD 651 Mio. Foreign investment also slowed down during the month as an outflow of almost USD 216 Mio from Special Convertible Rupee Accounts (SCRA) was witnessed. Investor sentiment remained low as trading volumes reduced due to uncertainty in the upcoming elections.

Going forward we feel that as the outcome of the elections become clear and the new government sets in for next five years the market will perform based on strong fundamental and economic growth in the country.

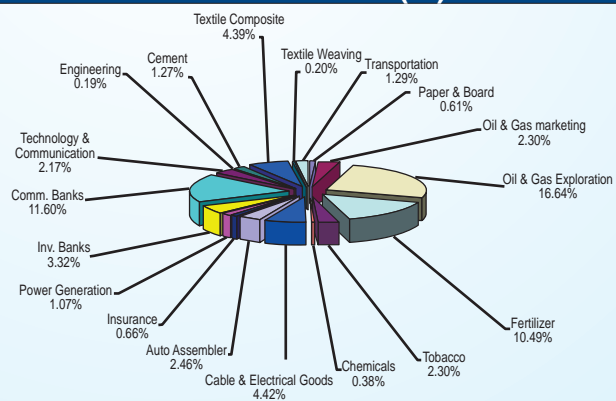
PERFORMANCE

FBGF continued with its good performance this month as well by outperforming its performance bench mark of KSE-100 index. FBGF started the month at a NAV of Rs. 108.83 per unit and closed the month at a NAV of Rs. 107.68 per unit. The KSE-100 index showed lack luster performance during the month and closed down 2.25% on a month on month (MoM) basis compared to FBGF's return of negative 1.06% on a MoM basis thus showing an out performance of 1.19%. While comparing FBGF to its peer group we again see that FBGF performed well. The average return of open ended balanced equity funds on a Year to Date (YTD) basis is 2.75% compared to FBGF's YTD return of 4.05% thus out performing the peer group by 1.30%.

ASSET ALLOCATION (%)

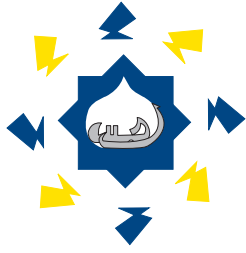


SECTOR ALLOCATION (%)



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FAYSAL ASSET MANAGEMENT LIMITED

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Faysal
Income & Growth Fund

NOVEMBER 2007

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	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		
	MONTH ON MONTH	10.08 %	KIBOR		T-BILLS
YEAR TO DATE	10.89 %	3 M	9.77 %	3 M	9.0942 %
SINCE INCEPTION	11.43 %	6 M	9.97 %	6 M	9.2080 %
MOM AVG MKT RETURN	8.60 %	12 M	10.41 %	12 M	9.3990 %

MONEY MARKET REVIEW

The rates in the overnight money market closed at the average of 8.92 percent in November. State bank of Pakistan continued to drain out the liquidity from the inter-bank money market through OMOs, T-bill and PIBs auctions amounting to Rs 110 bn, Rs 47.548 bn and Rs 2bn respectively. State Bank scrapped the PIB auction and picked up only 2bn in 30 year bonds that gives a clear notion that the SBP is not eager to raise the PIB's yield.

Combating inflation will not be easy for SBP. The high international oil prices and increase in price of commodities in the international market are mounting high inflationary pressure. The oil import bill is expected to increase further with international oil prices kissing USD 100/bbl and rupee also depreciating slightly against the dollar.

Thus will add further to the already existing inflation and will result increase in price of essential food items. The food inflation in October was over 14 percent. The SBP has already indicated the rise in inflation this year. Non-food inflation is also expected to rise sharply as this increase in oil prices will hit the transportation and manufacturing sector.

6-months KIBOR decreased slightly by 3 bps in November 2007 as compared to the last month average rate of 10.00 percent. This declining trend shows that there is still liquidity in the market.

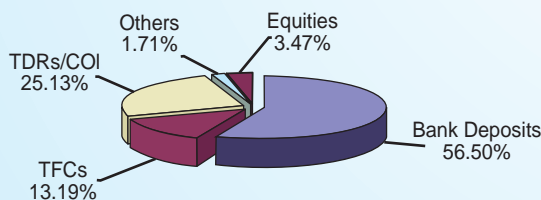
December is a crucial month for the banking sector; this inflation number can compel bankers to borrow costlier money to cross year end. On the other hand huge outflow is expected due to Eid-ul-Azha from the banking channel.

FAML is determined to be the best performing fund in the market by the virtue of its superior yield. FIGF offers excellent opportunity for long-term investors who are looking for capital preservation and better returns than what the banks offer.

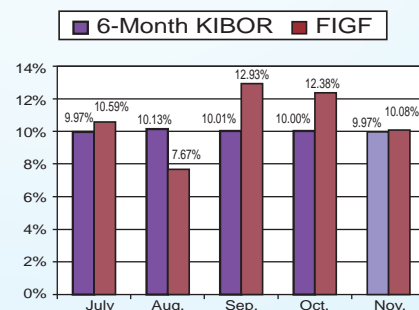
PERFORMANCE

FIGF continued its outstanding performance during the month of November. It achieved 10.08 percent on MoM basis while the peer's average return for the month was 8.60 percent. FIGF beat its benchmark (Average of 6-month Kibor) by 11 bps. Since inception return and YTD (year to date) return reflected 11.43 percent and 10.89 percent respectively. This shows a clear distinction and superior performance than its competitors. On the asset allocation side exposure in TFCs, and Bank Deposits increased to 13.19 percent and 56.50 percent where as exposure in TDRs/COIs and others reduced to 25.13 percent and 1.71 percent respectively. The fund management adopted aggressive approach by modifying the asset class and enhanced its equity portfolio from 3.19 percent (Oct) to 3.47 percent (Nov). The fixed income portfolio added superior yield for the investors.

ASSET ALLOCATION (%)



KIBOR (6 M) vs FIGF



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