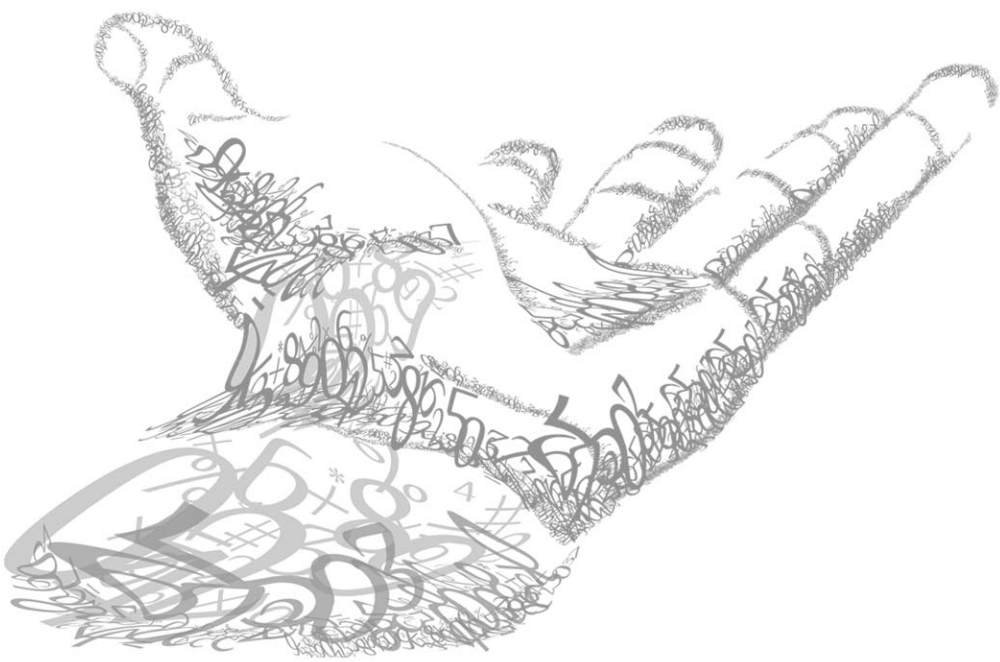
Accounts for the Year Ended
June 30, 2010

FAYSAL ASSET ALLOCATION FUND

(Formerly AMZ Plus Stock Fund)



FAYSAL ASSET ALLOCATION FUND
(Formerly AMZ Plus Stock Fund)

Faysal Asset Allocation Fund

The Faysal Asset Allocation Fund (FAAF) is an open-ended mutual fund. The units of FAAF are listed on the Lahore Stock Exchange. FAAF seeks to provide long-term capital appreciation optimizing through broad mix of asset classes encompassing equity, fixed income & money market instruments.

collective wisdom faysal funds

CONTENTS

Management Company
Faysal Asset Management Limited

Board of Directors of the Management Company
Mr. Mohammad Abdul Aleem, Chairman
Mr. Salman Haider Sheikh, Chief Executive Officer
Mr. Feroz Rizvi, Director
Syed Majid Ali Esq., Director
Mr. Zafar Ahmed Siddiqui, Director
Mr. Salman Ahmed Usmani, Director

CFO of the Management Company
Mr. Shahid Usman Ojha

Company Secretary of the Management Company
Mr. Raza Mohsin Qizilbash

Audit Committee
Mr. Feroz Rizvi, Chairman
Syed Maid Ali Esq., Member
Mr. Zafar Ahmed Siddiqui, Member

Trustee
Central Depository Company of Pakistan
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi.

Bankers to the fund
Bank Alfalah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
NIB Bank Limited

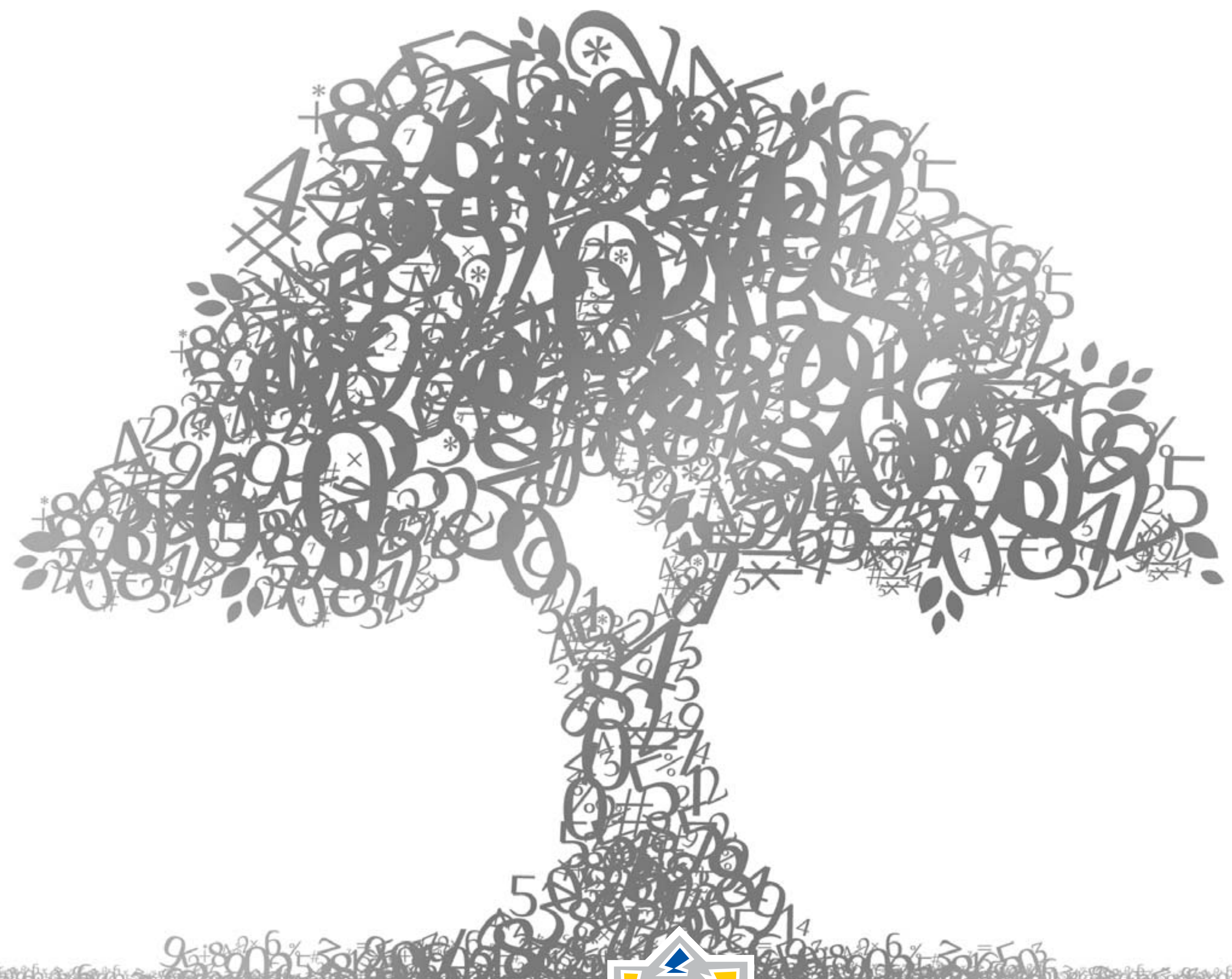
Auditors
Ford Rhodes Sidat Hyder & Co., Chartered Accountants

Legal Advisor
Mohsin Tayebaly & Co.
2nd Floor, Dime Centre,
BC-4 Block-9, KDA-5,
Clifton, Karachi.

Registrar
Gangjees Registrar Service (Pvt) Limited
Room # 506, 5th Floor, Clifton Centre,
Kehkashan Clifton-Karachi.

Distributors
Faysal Asset Management Limited

FAAF endeavours 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.



The Directors of the Faysal Asset Management Limited, the Management Company of Faysal Asset Allocation Fund (FAAF) (formerly known as AMZ plus Stock Fund), are pleased to present the Annual Report on the operations of FAAF along with the audited financial statements, Reports of the Trustee and Auditors to the Unit Holders for the financial year ended June 30, 2010. FAML has acquired the management of FAAF on February 25, 2010.

SALE AND REDEMPTION OF UNITS

During the year, units worth Rupees 3.856 million were issued and units with a value of Rupees 0.272 million were redeemed.

UNIT HOLDERS

As of June 30, 2010, 4,148,743 units with a value of Rs. 306 million were outstanding (June 30, 2009: 4,103,663 units with a value of Rs. 231 million).

UNIT PRICES

Unit prices are being announced on a daily basis based on the NAV of the underlying portfolio. The highest and lowest offer/redemption prices during the year as well as the prices prevailing as of June 30, 2010 were as below:

	Offer Price	Redemption Price
Highest	82.99	80.57
Lowest	63.60	61.75
As of June 30, 2010	75.85	73.64

EQUITY MARKETS REVIEW

The KSE-100 Index gained 35.74% (at 9,721) to close out FY' 2010 as the country recovered from severe political and economic turmoil. The index gave a stellar performance during the first half of the year as it gave a return of 31.06% starting from 7,162.18 and closing at 9,386.92. Rebound in international equity markets, increase in risk appetite, stable currency, improving law and order situation and strong reserves were some of the reasons for this performance. However, second half saw the index give a modest return due to failure to enter MSCI emerging market index, resurgence of inflationary concerns and poor law and order situation. Amidst a sharp commodity meltdown, entry into the IMF regime, easing monetary environment and a marked improvement in risk perception; the local bourses witnessed a surprising return of foreign investors. Factors that have encouraged foreign investment include; significant lowering of country risk perception as reflected in the fall in Eurodollar bond spread, increased foreign flows in frontier markets in general, discount of the local equity market with respect to other frontier markets and stability in currency. Although local investors remained net sellers due to liquidity issues, inflationary concerns, government - judiciary tussle on NRO (National Reconciliation Ordinance) and uncertainty regarding modalities related to CGT (Capital Gains Tax) foreign buying remained strong. According to data provided by NCCPL (National Clearing Company of Pakistan Limited) foreigners bought shares worth PKR 114.63 Bn and sold shares worth PKR 67.21 Bn thus resulting in net buying of PKR 47.42 Bn (USD 555.95 Mn) during the out going year. Volumes and turnover also increased during this year as compared to the previous year. Some IPOs (Initial Public Offerings) were also witnessed during the year highlighting returning confidence of the local investors in the local bourses. We believe that at current levels the market is undervalued based on P/E multiples and dividend yields relative to its peers. Introduction of a market leverage product, break through in negotiations with the IMF and strong corporate results can revive the sentiments and bring local investors back.

PERFORMANCE REVIEW

FAAF closed this year as the best performing asset allocation fund as the fund yielded the highest return in its category. This stellar performance shows the management's proactive and prudent approach towards safe guarding our investors' interest. The proactive fund management approach enabled us in optimizing return/yield for the investors. The risk adjusted return/yield of the fund also highlights the stability as well as the degree of credit quality of the fund's portfolio. FAAF started this year at a NAV/unit of PKR 56.34 and closed the year at a NAV/unit of PKR 73.64, up 30.70% on YTD (Year to Date) basis. In comparison FAAF's benchmark gave a return of 24.07%. Hence FAAF outperformed its benchmark by 663 bps (basis points). FAAF's peers averaged a return of 17.24%, thus FAAF also massively outperformed its peer group by 1346 bps. FAAF also announced a full year profit payout of 15% for its shareholders. On the asset allocation side average exposure in equities was maintained at 64% while 36% was maintained in fixed income.

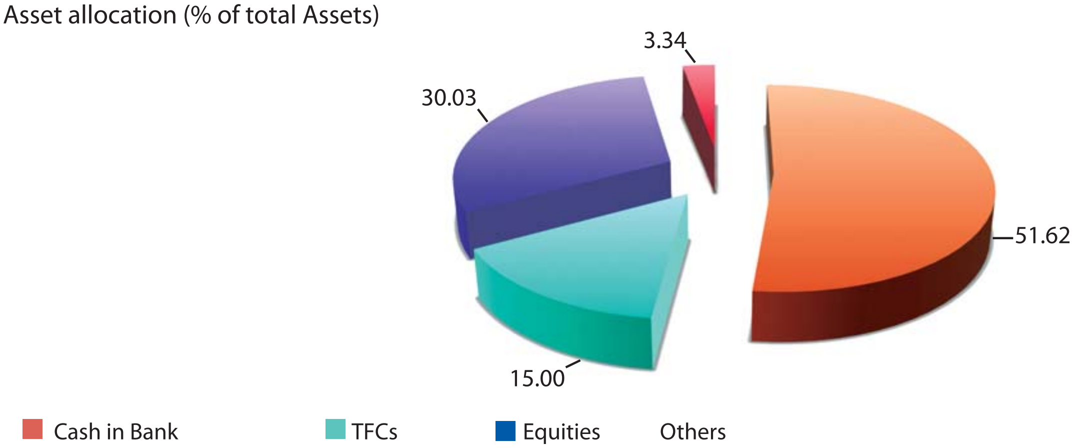
Reference to the amendments in the workers welfare fund as disclosed in the Note 15 to the financial statements, subsequent to the year end Ministry of Labour & Manpower issued a clarification dated July 08, 2010 & further clarified it through its additional clarification dated July 15, 2010 which clearly states that mutual funds are products being managed by Asset Management Companies (AMCs). AMCs only are liable to contribute towards WWF. However the income of mutual funds, the product being sold, is exempted under the law ibid. MUFAP, on behalf of its member AMCs, obtained a legal opinion to assess the implications of the advice issued by the Ministry of Labour and Manpower. The legal opinion, among other things, stated that mutual funds are not required to provide for contribution to WWF and earlier provisioning, if any, can be reversed and the advice also suggests that provisioning was neither required nor necessary. However, audit firms are not convinced even on the clarification issued by Ministry of Labour and Manpower and are of the opinion that until the decision will be finalized from Honourable court or FBR issues a clear notification, such liability should be provided by funds. Management of FAML decided not to provide WWF Liability upto the materiality level and upon breach of materiality level it will be booked in the books of fund.

Accordingly, no provision in respect of WWF for the year ended June 30, 2010 amounting to Rs.1,354,292, has been made in these financial statements.

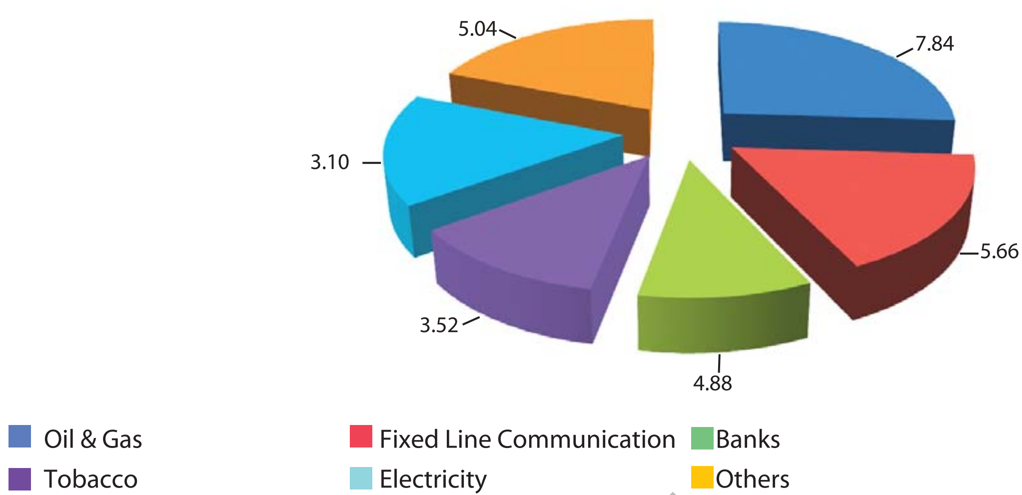
ASSET ALLOCATION

As of June 30, 2010, the fund was invested 30.20% in equities compared to 40.50% at the end of last year. The fund was invested 17.89% in fixed income with the remaining 51.90% in cash deposits.

Asset allocation (% of total Assets)



Sector-wise allocation as on June 30th, 2010



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

INCOME DISTRIBUTION
The Board of directors has approved fund final distribution at the rate of 15% (i.e Rs. 15 per unit of par value of Rs.100 each).

MUTUAL FUND RATING
FAAF is currently under review by JCR-VIS rating agency for Ranking.

MEETINGS OF THE DIRECTORS
The details relating to the meetings of directors are given as part of this Annual Report.

CORPORATE GOVERNANCE
1. A prescribed statement by the management along with the auditors' report thereon for the year ended June 30, 2010 forms part of this annual report.
2. Statements under clause xix of the Code:

   i. The financial Statements, prepared by the Management presents fairly the state of affairs of the Fund and result of its operations, cash flows and movement in unit holder's fund.
   ii. Proper books of accounts of the Fund have been maintained.
   iii. Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
   v. International Accounting Standards have been followed in the preparation of financial statements without any material departure.
   v. The system of internal control is sound in design and has been effectively implemented and monitored.
   vi. There is no significant doubt upon Fund's ability to continue as going concern.
   vii. There has been no material departure from the Best Practices of the Code of Corporate Governance, as detailed in the Listing Regulations.
   viii. Outstanding statutory payments on account of taxes, if any, have fully disclosed in the accounts.
   ix. The details of Board Meetings held and attended by the directors form part of this Annual Report.
   x. The prescribed pattern of shareholding is given as part of this Annual Report.

There were no sale and repurchase of units of the Fund carried out by the Directors, CEO, CFO, Company Secretary of the Management Company including their spouse and minor children.

PATTERN OF HOLDING
The Pattern of Holding of FAAF is given as part of this Annual Report.

AUDITORS
The present auditors Messers Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The Board endorses the recommendation of the Audit Committee for re-appointment of Messers Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the auditors for the financial year 2011.

ACKNOWLEDGEMENT
The Board of Directors of the Management Company is thankful to unit holders for their confidence on the Management, the Securities and Exchange Commission of Pakistan and the management of Karachi Stock Exchange for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work.

For and on behalf of the Board

Salman Haider Sheikh
Chief Executive Officer

Date: October 02, 2010
Karachi

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.

Fund Information	
Fund Type	Open Ended
Category	Asset Allocation scheme
Launch Date	24-July-2006
Custodian/Trustee	Central Depository Company of Pakistan
Auditor	Ernst & Young Ford Rhodes Sidat Hyde
Managment Fee	3%
Benchmark*	50% KSE 100 index / 50% 6M KIBOR
Pricing Mechanism	Forward
AMC Rating	AM2- (JCRVIS)
Registrar	Gangjees Registrar Services (Pvt.) Ltd.

* new benchmark after July 2010 onwards will be weighted average of 6M KIBOR and percentage invested in equities

Risk-quants	
Alpha	0.150%
Beta	1.2572
Sharpe	1.1487
Std. Dev	1.204%
VAR	1.981%
R-squared	0.3876
Treynor	0.1477
Kurtosis	16.6726

Fund Returns (% p.a)	
FY10 Return	13.70%
Benchmark YTD Return	24.07%
Average Market YTD Return	16.98%

Equity Market Review

The KSE-100 Index gained 35.74% (at 9,721) to close out FY' 2010 as the country recovered from severe political and economic turmoil. The index gave a stellar performance during the first half of the year as it gave a return of 31.06% starting from 7,162.18 and closing at 9,386.92. Rebound in international equity markets, increase in risk appetite, stable currency, improving law and order situation and strong reserves were some of the reasons for this performance. However, second half saw the index give a modest return due to failure to enter MSCI emerging market index, resurgence of inflationary concerns and poor law and order situation. Amidst a sharp commodity meltdown, entry into the IMF regime, easing monetary environment and a marked improvement in risk perception; the local bourses witnessed a surprising return of foreign investors. Factors that have encouraged foreign investment include; significant lowering of country risk perception as reflected in the fall in Eurodollar bond spread, increased foreign flows in frontier markets in general, discount of the local equity market with respect to other frontier markets and stability in currency. Although local investors remained net sellers due to liquidity issues, inflationary concerns, government - judiciary tussle on NRO (National Reconciliation Ordinance) and uncertainty regarding modalities related to CGT (Capital Gains Tax) foreign buying remained strong. According to data provided by NCCPL (National Clearing Company of Pakistan Limited) foreigners bought shares worth PKR 114.63 Bn and sold shares worth PKR 67.21 Bn thus resulting in net buying of PKR 47.42 Bn (USD 555.95 Mn) during the out going year. Volumes and turnover also increased during this year as compared to the previous year. Some IPOs (Initial Public Offerings) were also witnessed during the year highlighting returning confidence of the local investors in the local bourses. We believe that at current levels the market is undervalued based on P/E multiples and dividend yields relative to its peers. Introduction of a market leverage product, break through in negotiations with the IMF and strong corporate results can revive the sentiments and bring local investors back.

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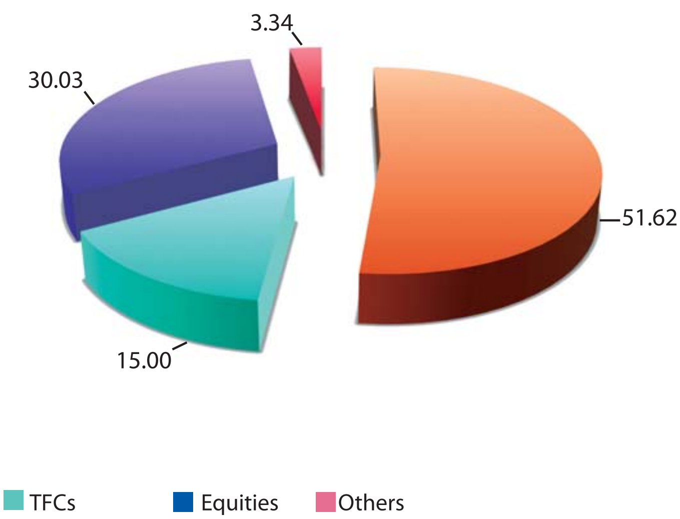

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The Faysal Asset Allocation Fund (formerly AMZ Plus Stock Fund) (the Fund), an open-end fund was established under a trust deed dated January 31, 2006, executed between AMZ Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

As per second supplemental trust deed of change of Management Company dated February 25, 2010, AMZ Asset Management Limited retired as the Management Company and Faysal Asset Management Limited was appointed as the new Management Company of Faysal Asset Allocation Fund.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2010 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 28, 2010

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented by the Board of Directors of Faysal Asset Management Limited (FAML), the Management Company of Faysal Asset Allocation Fund (the Fund) to comply with the Code of Corporate Governance (the Code) contained in Regulation No.35 of Listing Regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby listed company is managed in compliance with the Best Practices of the Code of Corporate Governance.

FAML, the Management Company is not listed and hence, the Code is not applicable to it. However, the Fund, being listed on the Karachi Stock Exchange, comes under the ambit of the Code. The Fund being a unit trust scheme does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the Board includes three independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, ncluding the Management Company.

3. All the resident directors of the Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. There was no casual vacancy occurred during the period.

5. The Management Company has prepared and circulated a "Statement of Ethics and Business Practices" which is being signed by all the directors and employees of the Management Company for the current year.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive director of the Company besides the CEO.

8. The meetings of the Board were presided over by the chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the period. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated to all concerned.

9. The Directors of the Faysal Asset Management Limited are professionally qualified persons with rich experience in financial sector and are well aware of their duties and responsibilities under Companies Ordinance 1984, NBFC (Establishment & Regulations) Rules, 2003, NBFCs and Notified Entities Regulations, 2008 and Memorandum and Articles of FAML.

10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of the share holdings (units).

14. The Fund has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Management Company has outsourced its internal audit function to M. Yousuf Adil Saleem & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and they (or their representatives) are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

Salman Haider Sheikh
Chief Executive Officer

Date: October 02, 2010
Karachi

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Faysal Asset Management Limited (the Management Company) of Faysal Asset Allocation Fund (the Fund) [formerly AMZ Plus Stock Fund] to comply with the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange (Guarantee) Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Lahore Stock Exchange (Guarantee) Limited requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2010.

Ernst & Young Ford Rhodes

CHARTERED ACCOUNTANTS

Date: October 02, 2010
Karachi

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of Faysal Asset Allocation Fund (the Fund) [formerly AMZ Plus Stock Fund], which comprise the statement of assets and liabilit ies as at 30 June 2010, and the related statements of income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes. The condensed interim financial statements of the Fund for the half year ended 31 December 2009 and the annual financial statements of the Fund for the year ended 30 June 2009 were reviewed and audited respectively by another firm of Chartered Accountants who had expressed an unqualified conclusion and unqualified opinion thereon vide their review report dated 13 February 2010 and the audit report dated 09 October 2009 respectively. However, the audit report on the annual financial statements of the Fund was modified by previous auditors by adding an emphasis of matter paragraph in respect of transfer of management rights of the Fund to another Management Company (i.e. the current Management Company) and, accordingly, the attention was drawn to the existence of material uncertainty that could cast significant doubt about the Fund's ability to continue as a going concern.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2010 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Ernst & Young Ford Rhodes

CHARTERED ACCOUNTANTS

Audit Engagement Partner: Shabbir Yunus

Date: October 02, 2010
Karachi

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2010

	Note	June 30, 2010	June 30, 2009
		----------- (Rupees)	--------------
Assets			
Bank balances	8	**162,436,585**	18,550,297
Dividend, deposits and other receivables	9	**9,615,427**	4,898,359
Preliminary expenses and floatation costs	10	**889,398**	1,728,223
Investments	11	**141,744,006**	208,191,163
Total assets		**314,685,416**	233,368,042
Liabilities			
Payable to the Management Company	12	**1,039,723**	626,754
Remuneration payable to the Trustee	13	**57,534**	57,534
Accrued and other liabilities	14	**8,078,936**	1,465,870
Total liabilities		**9,176,193**	2,150,158
Net assets		**305,509,223**	231,217,884
Unit holders' fund		**305,509,223**	231,217,884
		------- Number of Units	---------
Number of units in issue		**4,148,743**	4,103,663
		------- Number of Units	---------
Net assets value per unit		**73.64**	56.34
Contingencies and commitments	15		

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh	**Feroz Rizvi**	**Syed Majid Ali**
Chief Executive Officer	*Director*	*Director*

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INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	June 30, 2010	June 30, 2009
		----------- (Rupees) --------------	
Income			
Profit earned on debt and Government securities		7,322,504	7,720,291
Dividend income		13,493,942	13,667,138
Return on bank balances and clean placements		5,363,684	9,969,836
Reversal of provision against debt securities	11.6	18,790,000	-
Impairment loss on equity investment classified as 'available-for-sale'		-	(2,215,000)
Other income		1,847,194	308,190
Net gain / (loss) on investments at fair value through profit or loss			
- Net capital gain / (loss) on sale of investments		55,027,972	(53,659,918)
- Net unrealised loss on revaluation of investments		(13,268,147)	(74,483,000)
		41,759,825	(128,142,918)
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed		(923,986)	46,342,674
Total income / (loss)		87,653,163	(52,349,789)
Expenses			
Remuneration of the Management Company	12	9,121,091	9,415,849
Remuneration of the Trustee	13	703,602	728,241
Brokerage charges		1,040,212	611,009
Bank charges		13,145	39,151
Auditors' remuneration	16	312,334	341,419
SECP annual fee		288,826	305,669
Legal and professional charges		48,422	25,000
Annual rating fee		175,000	124,906
Annual listing fee		30,000	29,842
Settlement charges, federal excise duty and capital value tax		245,240	140,270
Amortisation of preliminary expenses and floatation costs		838,825	838,825
Printing charges and other expenses		54,635	169,730
Provision against non performing assets	11.5	7,067,210	18,790,000
Provision against placements		-	30,443,836
Investments written off		-	8,897,100
Total expenses		19,938,542	70,900,847
Net income / (loss) for the year before taxation		67,714,621	(123,250,636)
Taxation	17	-	-
Net income / (loss) for the year after taxation		67,714,621	(123,250,636)
Other comprehensive income / (loss) for the year		-	-
Total comprehensive income / (loss) for the year		67,714,621	(123,250,636)
Earnings / (loss) per unit	18	16.32	(30.03)

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh	**Feroz Rizvi**	**Syed Majid Ali**
Chief Executive Officer	*Director*	*Director*

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	June 30, 2010	June 30, 2009
	(Rupees)	
Undistributed loss brought forward {includes un realised loss and investments of Rs. 74,483,000 (2009: unrealised loss of Rs. 16,629,000)}	**(186,137,636)**	(61,133,000)
Element of loss and capital losses included in prices of units sold less those in units redeemed	-	(1,754,000)
Net income / (loss) for the year after taxation	**67,714,621**	(123,250,636)
Undistributed loss carried forward {includes un realised loss on investments of Rs. 15,202,580 (2009: unrealised loss of Rs. 74,483,000)}	**(118,423,015)**	(186,137,636)

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh
Chief Executive Officer

Feroz Rizvi
Director

Syed Majid Ali
Director

STATEMENT OF CASH FLOWS

	Note	June 30, 2010	June 30, 2009
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		67,714,621	(123,250,636)
Adjustments for non-cash and other items:			
Net capital (gain) / loss on sale of investments at fair value through profit or loss		(55,027,972)	53,659,918
Dividend income		(13,493,942)	(13,667,138)
Profit earned on debt and Government securities		(7,322,504)	(7,720,291)
Amortisation of preliminary expenses and floatation costs		838,825	838,825
Reversal of provision against debt securities		(18,790,000)	18,790,000
Provision against non performing assets		7,067,210	30,443,836
Return on bank balances and clean placements		(5,363,684)	(9,969,836)
Other income		(1,847,194)	(61,000)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed		923,986	(46,342,674)
Unrealised loss on investment classified as available for sale' - net		-	2,215,000
Unrealised loss on investments at fair value through profit or loss		13,268,147	74,483,000
		(12,032,507)	(20,580,996)
Decrease in assets			
Other receivables		-	2,396,000
Increase / (decrease) in liabilities			
Payable to the Management Company		412,969	(744,000)
Remuneration payable to the Trustee		-	(47,000)
Accrued and other liabilities		(600,388)	(1,277,994)
		(187,419)	(2,068,994)
		(12,219,926)	(20,253,990)
Proceeds from sale / redemption of investments		649,889,664	354,406,401
Payment against purchase of investments		(522,706,139)	(214,225,000)
Dividend received		12,613,755	15,235,138
Profit received on debt and Government securities		8,389,395	4,774,291
Return received on bank balances and clean placements		4,335,566	10,854,836
Net cash from operating activities		140,302,315	150,791,676
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issue of units		3,856,137	205,305,000
Payments made against redemption of units		(272,164)	(347,113,000)
Net cash from / (used in) financing activities		3,583,973	(141,808,000)
Net increase in cash and cash equivalents during the year		143,886,288	8,983,676
Cash and cash equivalents at the beginning of the year		18,550,297	9,566,621
Cash and cash equivalents at the end of the year	8	162,436,585	18,550,297

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh	**Feroz Rizvi**	**Syed Majid Ali**
Chief Executive Officer	*Director*	*Director*

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED JUNE 30, 2010

	June 30, 2010	June 30, 2009
	------- (Rupees) -------	
Net asset value per unit at the beginning of the year	56.34	91.31
Net asset value per unit at the end of the year	73.64	56.34
Net assets at the beginning of the year	231,217,884	544,833,000
Amount received on issue of units*	3,856,137	205,305,000
Amount paid on redemption of units**	(272,164)	(347,113,000)
	3,583,973	(141,808,000)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed	923,986	(46,343,000)
Unrealised diminution on revaluation of investments classified as 'available-for-sale'	-	(4,428,480)
Unrealised appreciation on revaluation of investments classified as 'available-for-sale' transferred to income statement as impairment loss	-	2,215,000
Capital gain realised on sale of investments classified as 'available-for-sale'	2,068,759	-
Net income / (loss) for the year after taxation	67,714,621	(123,250,636)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive income / (loss) for the year	67,714,621	(123,250,636)
Net assets at the end of the year	305,509,223	231,217,884
	-------- Number of units -------	
* Number of units issued	48,623	3,978,639
** Number of units redeemed	3,543	5,841,769

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh	**Feroz Rizvi**	**Syed Majid Ali**
Chief Executive Officer	*Director*	*Director*

FOR THE YEAR ENDED JUNE 30, 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Faysal Asset Allocation Fund (the 'Fund', formerly AMZ Plus Stock Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on September 21, 2005. It has been constituted under a Trust Deed, dated January 31, 2006, between AMZ Asset Management Limited (former Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee till February 24, 2010 and thereafter between Faysal Asset Management Limited as Management Company and CDC as Trustee of the Fund.

1.2 The SECP has approved the retirement of AMZ Asset Management and the appointment of Faysal Asset Management Limited (the Management Company) in its place as the Management Company of the Fund vide its letter No. SEC/NBFC-II/DD/FAML/2009/36 dated January 19, 2010. In addition to this, SECP has also authorized the Management Company to change the name of AMZ Plus Stock Fund to 'Faysal Asset Allocation Fund' and change its category from equity scheme to asset allocation scheme.

1.3 The Fund is an open-end scheme and was listed on the Lahore Stock Exchange on 5 March 2007. Units are offered for public subscription on a continuous basis and the units are transferable and can be redeemed by surrendering them to the Fund. The policy of the Fund is to invest in a mix of equity securities, fixed income and money market instruments.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the NBFC Rules, the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for investments and derivatives which are accounted for as stated in notes 5.1 and 5.2 below.

3.2 These financial statements are presented in Pak Rupees which is the Fund's functional and presentation currency.

4. ACCOUNTING STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE DURING THE YEAR

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 - Share Based Payment – Amendments regarding Vesting Conditions and Cancellations (Amendment)

IFRS 3 - Business Combinations (Revised)

IFRS 7 - Financial Instruments: Disclosures (Amendments)

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements (Revised)
IAS 23 - Borrowing Costs (Revised)

IAS 27 - Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IAS 32 - Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)

IAS 39 - Financial Instruments: Recognition and Measurement – Eligible hedged items (Amendments)

IFRIC 15 - Agreements for the Construction of Real Estate

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

IFRIC 17 - Distributions of Non-cash Assets to owners

IFRIC 18 - Transfers of Assets from Customers

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements except for the following:

IAS - 1 "Presentation of Financial Statements (Revised)

The Fund has adopted IAS - 1 "Presentation of Financial Statements (Revised)" which became effective during the year. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity / unit holders' fund includes only details of transactions with owners, with non-owner changes in equity presented as a single line item in the statement of changes in equity / unit holders' fund. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Fund has elected to present one single statement.

IFRS 7 - "Financial Instruments: Disclosures (Amendments)"

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurement is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity management. The fair value measurement disclosures are presented in note 20.5 to the financial statements. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 20.2 to the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment 'at fair value through profit or loss' or available-for-sale investment, as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not at fair value through profit or loss' transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments that require delivery within the time frame established by the regulation of market convention are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within the period generally established by the regulation or market convention such as "T+2".

At fair value through profit or loss'
These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

Held-to-maturity investments
Investment securities with fixed maturities and fixed or determinable payments are classified as 'held-to-maturity' investments when management has both the intention and ability to hold to maturity. After initial measurement, such investments are carried at amortised cost less any provision for impairment except in case of debt securities (listed but not regularly traded on a stock exchange) and Government securities, which are carried at fair value in accordance with the requirements of the NBFC Regulations.

Loans and receivables
Loans and receivables are non-derivative investments with fixed or determinable payments that are not quoted on the active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the loan and receivable are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments
Investments which are not classified in any of the preceding categories are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the unit holders' fund until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in unit holders' fund is taken to the income statement. However, unquoted equity investments are carried at lower of investment price or break-up value in accordance with the requirements of the NBFC Regulations.

Fair value of investments is determined as follows:

Listed shares
These are valued on the basis of closing market prices quoted on the respective stock exchange.

Debt securities
The Fund's investment in debt Securities is revalued at the rates quoted by Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular No. 1 of 2009 dated 06 January 2009, read with Regulation 66(b) of the NBFC Regulations.

Government securities
These are valued by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

5.2 Derivatives

Derivative instruments held by the Fund generally comprise of futures contracts and options in the capital market. These are initially recognised at their fair value. The fair value of futures contracts is calculated as being the netdifference between the contract price and the closing price reported on the primary exchange of the futures contract. Derivatives financial instruments are included in investments in the statements of assets and liabilities and the resultant gain or loss on the remeasurement of derivative financial instruments are included in the income statement currently.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by IAS - 39, Financial Instruments: Recognition and Measurement, consequently hedge accounting is not used by the Fund.

5.3 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognized in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

5.4 Impairment of financial assets

An assessment is made at each statement of assets and liabilities date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss, is recognised in the income statement.

Impairment is determined as follows:

(a) for assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective interest rate.

(b) for assets carried at fair value, impairment is the difference between cost and fair value.

(c) for assets carried at cost, impairment is present value of future cash flows discounted at the current market rate of return for a similar financial asset.

For available for sale equity investments, reversal of impairment losses are recorded as increases in cumulative changes in fair value through unit holders' fund.

In addition, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

5.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

5.6 Issue and redemption of units

Units issued are recorded at the offer price prevalent on the day the investment form complete in all respects is received. The offer price represents the net asset value of units at the end of the day plus the allowable sales load. The sales load is payable to the Management Company as processing fee. Issue of units is recorded on acceptance of application from investor.

Units redeemed are recorded at the redemption price, prevalent on the day the redemption form complete in all respects is accepted. The redemption price represents the net asset value at the end of the day. Redemption of units is recorded on acceptance of application for redemption.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.

5.8 Revenue recognition

Gain or loss on sale of marketable and Government securities is accounted for in the year in which it arises. Dividend income on equity securities are recognised in income statement when the right to receive dividend is established.

Gains or losses on sales of securities and unrealised gains or losses arising on revaluation of investments classified as 'financial assets at fair value through income statement' are included in the income statement in the period in which they arise.

Mark-up on Government securities, debt securities, return on certificates of investment, profit on clean placements and return on bank balances and income from reverse repurchase agreements are recognised on a time proportion basis using effective interest rate method.

5.9 Element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalization account called "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" is created.

The "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" account is credited with the amount representing net income / loss and capital gains / losses accounted for in the last announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" account is debited with the amount representing net income / loss and capital gains / losses accounted for in the last announced net asset value and included in the redemption price.

The net "element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed" during an accounting period is transferred to the income statement.

5.10 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any. The Fund is exempt from taxation under clause 99 of Part I of the 2nd Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year are distributed amongst the Fund's unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

5.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognized amount and the Fund intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.12 Net Asset Value (NAV) per Unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units outstanding at the year end.

5.13 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, made subsequent to the statement of assets and liabilities date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

5.14 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred till the close of the Initial Public Offering Period. These costs are to be amortized over a period not exceeding sixty months.

5.15 Financial assets and financial liabilities

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Financial assets carried in the statement of assets and liabilities include bank balances, TDRs, dividend and other receivables and investments.

Financial liabilities carried in the statement of assets and liabilities include payable to Management Company, remuneration payable to the Trustee and accrued and other liabilities.

6. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes in the financial statements.

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, interpretations and amendments with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, or interpretation or amendment.

Standard or interpretation		Effective date (accounting periods beginning on or after)
IAS - 24	Related Party Disclosures (Revised)	January 01, 2011
IAS - 32	Financial Instruments: Presentation - Classification of Right Issues (Amendment)	February 01, 2010
IFRS - 2	Share based payment - Amendments relating to Group Cash-settled Share-based payment transactions	January 01, 2010
IFRIC - 14	IAS - 19 - The limit on a defined benefit asset, Minimum Funding Requirements and their Interaction (Amendments)	January 01, 2011

IFRIC - 19	Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

The Fund expects that the adoption of the above revisions, interpretations and amendments of the standards will not effect the Fund's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 01, 2010. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

	Note	June 30, 2010	June 30, 2009
		(Rupees)	
8. BANK BALANCES			
Cash at bank - PLS saving accounts	8.1	162,436,585	18,550,297

8.1 These carry mark-up ranging from 5% to 11.65% (2009: 1.75% to 11.5%) per annum and include balance of Rs.0.108 million (2009: Rs.Nil) held with Faysal Bank Limited (a related party).

	Note	June 30, 2010	June 30, 2009
		(Rupees)	
9. DIVIDEND, DEPOSITS AND OTHER RECEIVABLES - Considered good			
Receivable against sale of investments		2,028,460	-
Dividend receivable		1,750,000	869,813
Mark-up receivable on debt securities		2,146,312	3,213,203
Security deposits with National Clearing Company of Pakistan Limited		2,500,000	652,806
Return accrued on bank balances		1,190,655	162,537
		9,615,427	4,898,359
10. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs		1,728,223	2,567,048
Amortisation during the year		838,825	838,825
		889,398	1,728,223
11. INVESTMENTS			
At fair value through 'profit or loss' - Held for trading			
Listed equity securities	11.1	94,507,474	154,908,029
Designated 'at fair value through 'profit or loss'.			
Listed debt securities	11.2	27,628,313	38,280,905
Unlisted debt securities	11.3	26,675,429	26,102,929
Less: Provision against debt securities	11.5 & 11.6	(7,067,210)	(18,790,000)
		141,744,006	200,501,863
Available-for-sale			
Listed equity securities		-	7,689,300
Held-to-maturity			
Letter of placement	11.7	30,443,836	30,443,836
Less: Provision against placement		(30,443,836)	(30,443,836)
		-	-
		141,744,006	208,191,163

11.1 Listed equity securities*

Name of the investee company	Notes	As at July 01, 2009	Purchased during the year	Bonus / right shares received during the year	Disposed off during the year	As at June 30, 2010	Market value as at June 30, 2010 (Rupees)	-----Investment as % of----- Net assets	Total Investments	Investee company paid-up capital
* Ordinary share having a face value of Rs.10 each unless stated otherwise.										
Software and Computer Services										
NETSOL Technologies Limited		442,800	-	-	-	442,800	**11,074,428**	3.62%	7.81%	0.57%
Fixed Line Telecommunication										
WorldCall Telecom		100,000	-	-	100,000	-	-	-	-	-
Pakistan Telecommunication Company Limited	11.1.1	-	1,000,000	-	-	1,000,000	**17,800,000**	5.83%	12.56%	0.02%
Oil & Gas										
Oil & Gas Development Company Limited		225,000	-	-	225,000	-	-	-	-	-
Pakistan Petroleum Limited		121,000	193,756	24,200	313,956	25,000	**4,603,000**	1.51%	3.25%	0.00%
Pakistan Oilfeilds Limited		132,600	150,000	-	232,600	50,000	**10,795,000**	3.53%	7.62%	0.02%
Attock Petroleum Limited	11.1.2	96,000	-	-	64,000	32,000	**9,272,000**	3.03%	6.54%	0.06%
Pakistan State Oil Company Limited		26,100	175,000	-	201,100	-	**-**	-	-	-
Attock Refinery Limited		-	132,750	-	132,750	-	**-**	-	-	-
National Refinery Limited		1,900	20,000	-	21,900	-	**-**	-	-	-
Electricity										
Japan Power Generation		476,500	-	-	476,500	-	**-**	-	-	-
Kot Addu Power Company Limited		225,000	-	-	225,000	-	-	-	-	-
Hub Power Company Limited		-	150,000	-	-	150,000	**4,794,000**	1.57%	3.38%	0.01%
Nishat Power Limited		-	500,000	-	-	500,000	**4,970,000**	1.63%	3.51%	0.21%
Banks										
Allied Bank Limited		25,000	-	-	25,000	-	**-**	-	-	-
Bank Alfalah Limited		143,437	100,000	-	243,437	-	**-**	-	-	-
JS Bank limited		25,000	-	-	25,000	-	**-**	-	-	-
United Bank Limited		179,990	275,000	-	454,990	-	**-**	-	-	-
MCB Bank Limited		-	188,837	-	188,837	-	**-**	-	-	-
National Bank of Pakistan		-	993,720	-	993,720	-	**-**	-	-	-
Bank Islami Pakistan Limited		-	100,000	-	100,000	-	**-**	-	-	-
NIB Bank Limited		-	1,000,000	-	-	1,000,000	**2,990,000**	0.98%	2.11%	0.02%
Samba Bank Limited		-	500,000	-	-	500,000	**1,135,000**	0.37%	0.80%	0.06%
Chemicals										
Fauji Fertilizer Bin Qasim Limited		950,000	100,000	-	1,050,000	-	**-**	-	-	-
Fauji Fertilizer Company Limited		81,813	25,000	-	106,813	-	**-**	-	-	-
Engro Corporation Limited		50,000	325,000	5,000	380,000	-	**-**	-	-	-
Lotte Pakistan PTA		-	600,000	-	350,000	250,000	**2,015,000**	0.66%	1.42%	0.02%
Construction and Materials										
Lucky Cement Limited		-	703,052	-	703,052	-	**-**	-	-	-
DG Khan Cement Limited		-	950,000	-	300,000	650,000	**15,353,000**	5.03%	10.83%	1.30%
Personal Goods										
Nishat (Chunian) Limited		-	750,000	-	203,229	546,771	**8,628,046**	2.82%	6.09%	0.33%
Nishat Mills Limited		-	750,000	175,000	900,000	25,000	**1,078,000**	0.35%	0.76%	0.01%
		3,302,140	9,682,115	204,200	8,016,884	5,171,571	**94,507,474**	30.93%	66.67%	

11.1.1 The shares held at year end include 200,000 shares, pledged against the exposure margin and mark to market losses with the National Clearing Company of Pakistan Limited.

11.1.2 The shares held at year end have been pledged against the exposure margin and mark to market losses with the National Clearing Company of Pakistan Limited.

11.2 Listed Debt Securities*

Name of the investee company	Notes	Number of certificates: As at July 01, 2009	Purchased during the year	Fully redeemed during the year	Disposed off during the year	As at June 30 2010	Market value as at June 30 2010 (Rupees)	Investment as % of: Net assets	Total investment
* Term Finance Certificates (TFCs)									
Financial Services									
Trust Investment Bank Limited		7,000	-	-	-	7,000	**27,628,313**	9.04%	19.49%
Fixed Line Telecommunication									
WorldCall Telecom		1,000	-	-	1,000	-	**-**	-	-
Chemicals									
Engro Fertilizers Limited		162	-	-	162	-	**-**	-	-
		8,162	-	-	1,162	7,000	**27,628,313**	9.04%	19.49%

11.3 Unlisted Debt Securities*

Name of the investee company	Notes	As at July 01, 2009	Purchased during the year	Fully redeemed during the year	Disposed off during the year	As at June 30 2010	Market value as at June 30 2010 (Rupees)	Net assets	Total investment
* Sukuk Certificates									
Construction and Materials									
Maple Leaf Cement Limited	11.5	5,800	-	-	-	5,800	**26,675,429**	8.73%	18.82%
		5,800	-	-	-	5,800	**26,675,429**	8.73%	18.82%
		13,962	-	-	1,162	12,800	**54,303,742**	17.77%	38.31%

11.4 Significant terms and conditions of Debt Securities are as follows:

Name of the investee company		Number of certificates	Face value (Rupees)	Mark-up rate (per annum)	Matuarity	Secured / un-secured	Rating
Listed Debt Securities							
Trust Investment Bank Limited		7,000	5,000	1.85% +6 months KIBOR	July 2013	Secured	BBB
Unlisted Debt Securities							
Maple Leaf Cement Limited	11.5	5,800	5,000	1% +3 months KIBOR	December 2018	Secured	-

11.5 This represents provision made during the year against the unlisted debt securities (Sukuk) issued by Maple Leaf Cement Company Limited. The Fund had already suspended the accrual of mark-up in accordance with the requirements of Circular 1 of 2009 issued by the SECP (valuation of debt securities). As at the year end, the Fund has valued the said security in accordance with the requirements of the above mentioned circular after taking into account the clarification issued by the SECP vide its Circular 3 of 2010.

11.6 The SECP vide its letter number SEC/NBFC-II/DD/FAML/2009/1021 dated 20 November 2009 addressed to the Management Company stated that no provision shall be allowed against any performing debt instrument. The Board of Directors of the former Management Company accordingly decided to reverse the provision against certain debt securities which was recognised on 30 June 2009 based on subjective evaluation as these were performing as per their terms of agreement and were also classified as performing debt securities by MUFAP at that point of time.

At the time of acquisition of the Fund by the current Management Company, the above refered provision had already been reversed and incorporated in its half-yearly financial statements for the period ended December 31, 2009 as well as in the NAV commencing from February 24, 2010.

11.7 On September 23, 2008, the Fund made an unsecured placement of Rs.30 million with First Dawood Investment Bank Limited (FDIBL) maturing on October 22, 2008. Owing to financial difficulties faced by FDIBL, the mark-up and the principal balance was rescheduled and was due to be paid on November 22, 2008. However, to date, FDIBL has failed to pay its outstanding dues. Hence, a provision of Rs.30.444 million (inclusive of mark-up of Rs.0.444 million) has been made against the same.

11.8 Detail of non-compliant investments with the investment criteria of assigned category

Name of Non-compliant Investment	Type of Investment	Value of investment Before provision	Provision held (if any)	Value of Investment after provision	% of Net assets	% of gross assets
		----------Rupees----------				
First Dawood Investment Bank Limited	Letter of placement	30,443,836	(30,443,836)	-	0.00%	0.00%
Trust Investment Bank Limited	Term finance certificate	27,628,313	-	27,628,313	9.04%	8.78%
Maple Leaf Cement Limited	Term finance certificate	26,675,429	(7,067,210)	19,608,219	6.42%	6.23%

Circular 7 of 2009 of SECP requires that the rating of any debt security in the portfolio of the Fund shall not be lower than investment grade, however, the ratings of above mentioned debt securties are lower than the investment grade.

12. PAYABLE TO THE MANAGEMENT COMPANY

12.1 The Management Company is entitled to a remuneration for services rendered to the Fund under the provisions of the NBFC Regulations during the first five years of a Fund's existence of an amount not exceeding three per cent of the average annual net assets of the Fund and thereafter of an amount equal to two per cent of such assets. During the current year, the Management Company has claimed its remuneration at the rate of 3% (2009: 3%) of the average daily net assets of the Fund.

12.2 During the current year, the Management Company has claimed total remuneration of Rs. 3.45 million commencing from Feburary 18, 2010.

13. REMUNERATION PAYABLE TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net assets value of the Fund.

14. ACCRUED AND OTHER LIABILITIES

	Note	June 30, 2010	June 30, 2009
		---- (Rupees) ----	
Payable against purchase of investments		7,213,454	-
SECP annual fee payable	14.1	288,826	305,669
Accrued expenses		576,656	1,160,201
		8,078,936	1,465,870

14.1 This represents payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP at the rate of 0.095% (2009: 0.075%) per annum of the daily net assets of the Fund.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingency

Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. The Mutual Funds Association of Pakistan (MUFAP), on behalf of its members, filed a constitutional petition in the Honourable High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the Workers' Welfare Fund (WWF). The SHC has rejected the petition on technical grounds stating that MUFAP is not the aggrieved party in this case and required the aggrieved parties to approach the courts for the said petition. In response, another petition has been filed with the SHC by some of mutual funds through their Trustee.

However, due to the fact that (a) a final decision in this matter by the SHC is currently pending, and (b) the amount involved is not material to the financial statements of the Fund taken as a whole, no provision in respect of WWF for the year ended June 30, 2010 amounting to Rs.1,354,292 has been made in these financial statements (see also note 22.2).

15.2 Commitments

There were no commitments as at June 30, 2010.

16. AUDITORS' REMUNERATION

	June 30, 2010	June 30, 2009
	------------ (Rupees) ------------	
Ernst & Young Ford Rhodes Sidat Hyder		
Audit fee	**175,000**	-
Code of Corporate Governance review fee	**33,063**	-
Other certifications	**38,771**	-
KPMG Taseer Hadi & Co.		
Audit fee	**-**	150,000
Half yearly review fee	**65,500**	65,500
Code of Corporate Governance review fee	**-**	9,832
Other certifications	**-**	116,087
Out of pocket expenses	**-**	-
	312,334	341,419

17. TAXATION

The Fund is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders.

18. EARNINGS PER UNIT

Earnings per unit (EPU) is calculated by dividing the net income after tax for the year by the number of units outstanding as at the end of the year.

EPU based on cumulative weighted average units for the year has not been disclosed as in the opinion of the management company determination of same is not practicable.

	June 30, 2010	June 30, 2009
	------------ (Rupees) ------------	

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

19.1 Details of Transactions with connected persons and balances with them at the year end are as follows:

	June 30, 2010	June 30, 2009
Faysal Asset Management Limited (Management Company)		
Remuneration of Management Company	3,288,126	-
AMZ Asset Management Limited (former Management Company)		
Remuneration of Management Company	5,832,965	9,415,849
Faysal Bank Limited (group company)		
Profit on PLS saving accounts	1,292,797	-
AMZ Asset Management Limited (former Management Company)		
Issue of Nil units (2009: 2,342,460 units)	-	150,000,000
Redemption from the Fund Nil units (2009:2,392,460 Units)	-	155,612,000
Central Depository Company Of Pakistan Limited - (Trustee of the Fund)		
Remuneration of trustee	703,602	728,241
Settlement charges	16,540	17,000

19.2 Outstanding balances

	June 30, 2010	June 30, 2009
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,039,723	-
AMZ Asset Management Limited (former Management Company)		
Remuneration of the Management Company	-	626,754
Central Depository Company of Pakistan Limited -		
(Trustee of the Fund)		
Remuneration payable to trustee	57,534	57,534

The transactions with connected persons / related parties are in the normal course of business, at contracted rates.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed, based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund (also refer Annexure I to these financial statements which describes the risk management structure of the Fund). The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate due to changes in the market interest rates. As of June 30, 2010, the Fund is exposed to such risk in respect of bank balances and investment in debt securities. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. The debt securities are subject to floating interest rates but valued at MUFAP rates. Management of the Fund estimates that an increase of 100 basis points in the market rates, with all other factors remaining constant, would increase the Fund's income by Rs.2.10 million and a decrease of 100 basis points would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

June 30, 2010	---------- Exposed to interest rate risk ----------			More than one year	Not Exposed to yield / interest rate risk	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year			
	---------- (Rupees) ----------					
Financial assets						
Bank balances	162,436,585	-	-	-	-	162,436,585
Dividend, deposits and other receivables	-	-	-	-	9,615,427	9,615,427
Investments	47,236,532	-	-	-	94,507,474	141,744,006
	209,673,117	-	-	-	104,122,901	313,796,018
Financial liabilities						
Payable to the Management Company	-	-	-	-	1,039,723	1,039,723
Remuneration payable to the Trustee	-	-	-	-	57,534	57,534
Accrued and other liabilities	-	-	-	-	7,790,110	7,790,110
-	-	-	-	-	8,887,367	8,887,367
On statement of assets and liabilities gap	209,673,117	-	-	-	95,235,534	304,908,651

June 30, 2009	---------- Exposed to interest rate risk ----------			More than one year	Not Exposed to yield / interest rate risk	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year			
	---------- (Rupees) ----------					
Financial assets						
Bank balances	18,550,297	-	-	-	-	18,550,297
Dividend, deposits and other receivables	-	-	-	-	4,898,359	4,898,359
Investments	45,593,834	-	-	-	162,597,329	208,191,163
	64,144,131	-	-	-	167,495,688	231,639,819
Financial liabilities						
Payable to the Management Company	-	-	-	-	626,754	626,754
Remuneration payable to the Trustee	-	-	-	-	57,534	57,534
Accrued and other liabilities	-	-	-	-	1,160,201	1,160,201
-	-	-	-	-	1,844,489	1,844,489
On statement of assets and liabilities gap	64,144,131	-	-	-	165,651,199	229,795,330

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general. Management of the Fund estimates that a 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Fund's net assets by Rs.4.7 million However, in practice, the actual results may differ from the sensitivity analysis.

The Management Company manages the above market risks through diversification of investment portfolio and placing limits on individual and aggregate exposures in accordance with the internal risk management policies and regulations laid down by the SECP.

20.2 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, for financial assets 'at fair value through Profit or loss', the period in which those assets are assumed to mature is taken as the expected date on which these assets will be realized.

June 30, 2010	---------- Exposed to interest rate risk ----------			More than one year	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year		
	---------- (Rupees) ----------				
Financial Assets					
Bank balances	162,436,585	-	-	-	162,436,585
Dividend, deposits and other receivables	4,969,115	2,146,312	-	2,500,000	9,615,427
Investments	141,744,006	-	-	-	141,744,006
	309,149,706	2,146,312	-	2,500,000	313,796,018
Financial Liabilities					
Payable to the Management Company	1,039,723	-	-	-	1,039,723
Remuneration payable to the Trustee	57,534	-	-	-	57,534
Accrued and other liabilities	7,213,454	576,656	-	-	7,790,110
	8,310,711	576,656	-	-	8,887,367
Net assets	300,838,995	1,569,656	-	2,500,000	304,908,651

June 30, 2010	---------- Exposed to interest rate risk ----------			More than one year	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year		
	---------- (Rupees) ----------				
Financial Assets					
Bank balances	18,550,297	-	-	-	18,550,297
Dividend, deposits and other receivables	1,032,350	3,213,203	-	652,806	4,898,359
Investments	208,191,163	-	-	-	208,191,163
	227,773,810	3,213,203	-	652,806	231,639,819
Financial Liabilities					
Payable to the Management Company	626,754	-	-	-	626,754
Remuneration payable to the Trustee	57,534	-	-	-	57,534
Accrued and other liabilities	-	1,160,201	-	-	1,160,201
	684,288	1,160,201	-	-	1,844,489
Net assets	227,089,522	2,053,002	-	652,806	229,795,330

20.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge its obligation. The Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Fund's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	June 30, 2010	June 30, 2009
	(Rupees)	
Bank balances	**162,436,585**	18,550,297
Investment in debt securities	**47,236,532**	45,593,834
Receivable against sale of investments	**2,028,460**	-
Dividend receivable	**1,750,000**	869,813
Mark-up receivable on debt securities	**2,146,312**	3,213,203
Return receivable on bank balances	**1,190,655**	162,537
	216,788,544	68,389,684

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The table below analyzes the credit quality of the fund's exposure;

	June 30, 2010	June 30, 2009
	Rating Cateogry %	
AAA, AAA-, AAA+	**0.00%**	0.80%
AA, AA-, AA+	**75.48%**	28.46%
A, A-, A+	**0.00%**	70.26%
BBB, BBB+, BBB-	**13.73%**	0.00%
Unrated	**10.79%**	0.47%
	100%	100%

The table below analyzes the Fund's concentration of credit risk by industrial distribution:

	June 30, 2010	June 30, 2009
	% of assets exposed to credit risk	
Financial Services	**13.73%**	34.22%
Banks	**75.48%**	27.36%
Chemicals	**0.94%**	1.63%
Construction and materials	**9.04%**	29.90%
Fixed Line Telecommunication	**0.81%**	6.08%
Oil & Gas	**0.00%**	0.80%
	100%	100%

20.4 Capital management

The capital of the Fund is represented by the net assets attributable to holders of redeemable Units. The capital structure depends on the issuance and redemption of units. The Fund's objective when managing unit holders' fund is to safeguard the Fund's ability to continue as a going concern in order to seek maximum preservation of unit holder's fund and an optimum rate of return by investing investment avenues having good credit rating and liquidity and to maintain a strong capital base to support the development of the investment activities of the Fund.

20.5 Fair value Hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2010, the Fund held the following financial instruments measured at fair value:

	June 30, 2010		
	Level 1	Level 2	Level 3
	------------------- (Rupees) -------------------		
Investments at fair value through in profit or loss			
Listed equity securities	94,507,474	-	-
Listed debt securities	-	27,628,313	-
Unlisted debt securities	-	-	19,608,219
	94,507,474	27,628,313	19,608,219

	June 30, 2010		
	Level 1	Level 2	Level 3
	------------------- (Rupees) -------------------		
Investments at fair value through profit or loss			
Listed equity securities	154,908,029	-	-
Listed debt securities	-	25,293,905	-
Unlisted debt securities	-	20,299,929	-
Available-for-sale investments			
Listed equity securities	7,689,300	-	-
	162,597,329	45,593,834	-

The table below shows the reconciliation of all the movements in the fair value of all financial instruments categorised within Level 3 between the beginning and the end of the year.

	June 30, 2010 At fair value through profit or loss -- (Rupees) --
Opening balance	-
Transfers from Level 2 to Level 3	**26,675,429**
Provision for impairment	**(7,067,210)**
Closing balance	**19,608,219**

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values.

22. SUBSEQUENT EVENTS

22.1 The Board of Directors of the Management Company in their meeting held on July 07, 2010 has approved distribution to unit holders at the rate of Rs.15 per unit. The financial statements of the Fund for the year ended June 30, 2010 do not include the effect of the bonus issue which will be accounted for in the financial statements of the Fund subsequent to the year end.

22.2 Pursuant to a decision taken by the Board of Directors of the Management Company in their meeting held on October 02, 2010, the provision for WWF is made in the financial statements of the Fund with effect from July 01, 2008 and, accordingly, adjusted in the NAV of the Fund as at October 02, 2010 and onwards on a daily basis.

23. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

24. CORRESPONDING FIGURES

Prior year's figures have been reclassified wherever necessary, for the purposes of comparison and better presentation. Significant reclassifications are as follows:

Statement	Component	Reclassification from	Reclassification to	Amount -- (Rupees) --
Statement of Assets and Liabilities	Assets	Dividend and profit receivables	Dividend, deposits and other receivables	4,245,553
Income Statement	Income	Financial Income	Profit earned on debt and Governemnt securities	7,720,291
Income Statement	Income	Financial Income	return on bank balances and clean placements	9,969,836

25. GENERAL

Figures are rounded off to nearest rupee.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 02, 2010 by the Board of Directors of the Management Company.

For Faysal Asset Management Limited
(Management Company)

Salman Haider Sheikh	**Feroz Rizvi**	**Syed Majid Ali**
Chief Executive Officer	*Director*	*Director*

(i) PATTERN OF UNIT HOLDING

Category		Units held	%
Individuals	44	53,509	1.29
Associated companies and Directors	-	-	-
Retirement Funds	4	186,437	4.49
Public Limited Companies	4	3,479,771	83.88
Others	5	429,027	10.34
	57	4,184,743	100.00

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
BMA Capital Management Limited	20.60%
IGI Finex Securities Limited	14.49%
Moonaco Securities (Private) Limited	13.33%
KASB securities(Private) Limited	12.39%
Topline Securities (Private) Limited	11.83%
Invisor Securities (Private) Limited	6.78%
Aqeel Karim Dhedhi Securities (Private) Ltd.	6.61%
Elixir Securities (Private) Limited	4.26%
Arif Habib Securities Limited	2.54%
Foundation Securities (Private) Limited	1.82%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Mr. Salman Haider Sheikh
Mr. Tahir Sohail
Mr. Shahid Usman Ojha
Mr.Asad Iqbal
Mr. Omar Ehtisham Anwar
Mr. Ayaz Mustafa Zuberi
Mr. Qamar Abbas

Mr. Salman Haider Sheikh
Mr. Haider has over 12 years of international experience of asset management and investment banking. He has held various securities licenses including Series-7 (General Securities Representative) and Series-63 (Uniform Securities Agent Law) issued by the National Association of Securities Dealers (NASD) New York. He has also passed course examinations for Series-3 (Futures & Commodities) and Series-24 (General Securities Principal) and Life & Health Insurance licenses. He has participated in a six-month course on financial systems, risk management, analysis of financial products, marketing strategy and compliance at Wachovia Bank, USA.

Mr. Haider has managed large investment portfolios for both retail and institutional clients on the equity and fixed income side. Mr. Haider participated as a team member in venture capital / Private equity and investment banking transactions of over $1 billion. His work experience includes positions in the USA at Merrill Lynch, Janney Montgomery & Scott and Wachovia Bank. Mr. Haider holds a post-graduate certificate in "Executive Leadership" from Cornell University. He holds an MBA from Rutgers University with concentration in Finance. He holds Bachelors in Finance from the same institution.

Mr. Tahir Sohail
Mr. Tahir Sohail is a senior banker with over 22 years of broad base banking experience with leading multinational banks like Citibank and Deutsche Bank. He has worked in increasingly responsible positions within corporate, consumer and private banking businesses both within and outside Pakistan and was instrumental in implementing a credit scoring model for credit cards acquisition in Pakistan during his Citibank tenor. In Deutsche Bank, Tahir was actively involved in developing wealth management products at Asia Pacific regional level.

Mr. Shahid Usman Ojha
Mr. Shahid Usman Ojha has over 14 years of experience in Mutual Fund industry and Financial Institutions including organizations like Dawood Capital Management Limited, Pak Asian Fund Limited and Standard Chartered Bank Limited. Mr. Ojha is an associate member of Institute of Cost & Management Accountant of Pakistan and Pakistan Institute of Public Finance Accountants. He has also completed his Masters in Economics from University of Karachi. Mr. Ojha posses 5 years experience of working in the asset management industry in various capacities. In his last served job, Mr. Ojha worked in a similar position in Dawood Capital Management Limited where his core responsibilities included Financial Management and Reporting, Taxation, Finalization of Accounts and Budgeting.

Mr. Asad Iqbal
Mr. Iqbal has worked on Wall Street from 1995 to 2002 in various capacities with the latest being Vice President in Equities for Goldman, Sachs & Co. At Goldman. He was responsible for book building for all Goldman lead equity and convertible equity offerings for their US clients. During this period, Mr. Iqbal worked on over 100 equity and convertible debt offerings including some of most prominent deals such as the Goldman Sachs and Accenture Initial Public Offerings and the AT&T secondary offering.

Prior to joining FAML, Mr. Iqbal was Managing Director of one of the prominent equity brokerage houses of the country and also served on the board of directors for the Karachi Stock Exchange (G) Ltd in 2009. As a member of the KSE board Mr. Iqbal served as the chairman of the New Products committee and was instrumental in the launch of the Bond Automated Trading System as well as the re-introduction of Cash Settled and Deliverable Futures. Mr. Iqbal also served on the boards of the National Commodity Exchange as well as JCR-VIS. Mr Iqbal holds a Bachelors of Science Degree from Carnegie Mellon University and also held Series 7 and Series 63 certifications from the NASD.

Mr. Omar Ehtisham Anwar
Mr. Omar Ehtisham Anwar has almost three years of experience in equity markets. He is a graduate of Lahore University of Management Sciences (LUMS) and holds a BSC (Honours) degree in Computer Science. Previously, Mr. Anwar was working for Alfalah Securities a subsidiary of Bank Alfalah in the Institutional Sales Group. His responsibilities included dealing with individual, institutional and foreign clients, guiding clients on their investment options by keeping abreast with market conditions, meeting market deadlines and risk assessment. He was also responsible for providing business and technical support and initiating new product ideas.

Mr. Ayaz Mustafa Zuberi
Mr. Ayaz Mustafa Zuberi has over twelve years of experience in financial sector. He was on the Board of Directors of three Securitization Companies in Pakistan. Mr. Zuberi was also the Chief Dealer in Treasury at ORIX Investment Bank Pakistan Limited and prior to joining FAML he was serving as Manager Islamic Funds at UBL Fund Managers Limited. Mr. Zuberi holds Masters in Business Administration from American University of Hawaii and also a Certified Fraud Examiner from ACFE, Austin, USA. He has also done one year Post Graduate Diploma in Islamic Banking and Finance from Centre for Islamic Economics (Darul-Uloom) Karachi.

Mr. Qamar Abbas
Mr. Abbas is currently Head of Research and Product Development at FAML. Mr. Abbas earned his MSc. in Finance from Cass Business School London and MSc. in Physics from University of Karachi. He has over eight years experience in fields of Capital Market Research, Investment Advisory and Product Development with over three years association with UBL Fund Managers as a Manager Research and Product Development. He played an instrumental role in launching of Fixed

Income, Equity and Islamic Funds at UBL Fund Managers. Mr. Abbas started his career in 1997 with Eastern Capital Limited and has worked with other top tier brokerage houses since then before joining UBL Fund Managers. He also taught in a renowned business school of Karachi in both graduate and undergraduate programs.

(iv) PERFORMANCE TABLE

	--------------------------- (Rupees)-----	---------------------	
Net assets	305,509,223	231,217,884	544,833,000
Net asset value per unit	73.64	56.34	91.31
Offer price	75.85	58.03	94.05
Repurchase price per unit	73.64	56.34	91.31
Highest offer price per unit	82.99	93.67	121.53
Highest repurchase price per unit	80.57	90.94	117.99
Lowest offer price	63.60	56.87	89.98
Lowest repurchase price per unit	61.75	55.21	87.36
Total return:	30.70%	-38.30%	-26.08%
- capital growth	4.08%	-38.30%	-26.08%
- income distribution	26.62%	-	-
Average annual return:			
(Launch date: July 24, 2006)			
- one year	30.70%	-38.30%	-26.08%
- two years	-3.80%	-32.19%	-1.27%
- three years	-11.23%	-13.61%	N/A
Distribution per unit:			
- Interim distribution per unit	-	-	-
- Final distribution per unit	15.00%	-	-
	15.00%	-	-

The Fund's Past performance is not necessarily indicative of future performance .Therfore the unit prices and investment returns may go down as well as up.

PARTICULARS OF FUND MANAGERS

Mr. Omar Ehtisham Anwar

Mr. Omar Ehtisham Anwar has almost three years of experience in equity markets. He is a graduate of Lahore University of Management Sciences (LUMS) and holds a BSC (Honours) degree in Computer Science. Previously, Mr. Anwar was working for Alfalah Securities a subsidiary of Bank Alfalah in the Institutional Sales Group. His responsibilities included dealing with individual, institutional and foreign clients, guiding clients on their investment options by keeping abreast with market conditions, meeting market deadlines and risk assessment. He was also responsible for providing business and technical support and initiating new product ideas.

Presently Mr. Omar is also looking after Equity area of Faysal Balanced Growth Fund and Faysal Income & Growth Fund.

Mr. Ayaz Mustafa Zuberi

Mr. Ayaz Mustafa Zuberi has over twelve years of experience in financial sector. He was on the Board of Directors of three Securitization Companies in Pakistan. Mr. Zuberi was also the Chief Dealer in Treasury at ORIX Investment Bank Pakistan Limited and prior to joining FAML he was serving as Manager Islamic Funds at UBL Fund Managers Limited. Mr. Zuberi holds Masters in Business Administration from American University of Hawaii and also a Certified Fraud Examiner from ACFE, Austin, USA. He has also done one year Post Graduate Diploma in Islamic Banking and Finance from Centre for Islamic Economics (Darul-Uloom) Karachi.

Presently Mr. Zuberi is looking after Fixed Income Investment area of all funds managed by Faysal Asset Management Limited.

MEETING OF THE DIRECTORS

Following is the analysis of the attendance in the meetings of the Board of Directors of the Management Company during the year:

Name of Directors	Meetings held on						
	Meetings Attended	Jul 06 2009	Sep 16 2009	Oct 22 2009	Feb 20 2010	Apr 24 2010	Jun 26 2010
Mr. Mohammad Abdul Aleem	6	1	1	1	1	1	1
Mr. Feroz Rizvi	5	1	1	1	-	1	1
Syed Majid Ali	6	1	1	1	1	1	1
Mr. Zafar Ahmed Siddiqui (Appointed w.e.f. 30-Jun-2009)	3	-	-	-	1	1	1
Mr. Salman Ahmed Usmani (Appointed w.e.f. 04-Nov-2009)	2	-	-	-	1	1	-
Mr. Salman Haider Sheikh	6	1	1	1	1	1	1

(vi) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The JCR - VIS Credit Rating Company Limited (JCR - VIS) has assigned a " MFR 5-Star " fund rating to Faysal Asset Allocation Fund.

JCR - VIS has awarded an " AM2- " asset manager rating to the Management Company.