FAYSAL
ASSET
ALLOCATION FUND

2011

FAYSAL ASSET ALLOCATION FUND

Financial Statements for the Year Ended
June 30, 2011

collective wisdom faysal funds

FAYSAL ASSET ALLOCATION 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.

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FAYSAL ASSET ALLOCATION FUND

CONTENTS

FUND INFORMATION

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. Muhammad Aliuddin Ansari, Director
Syed Ibad-ur-Rehman Chishti, Director

CFO of the Management Company
Mr. Shahid Usman Ojha

Company Secretary of the Management Company
Mr. Mian Ejaz Ahmed

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

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

Bankers to the fund
Bank Alfalah Limited
Faysal Bank Limited
NIB Bank Limited
The Bank of Punjab
Soneri Bank Limited
Askari 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

MISSION STATEMENT

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.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Directors of the Faysal Asset Management Limited, the Management Company of **Faysal Asset Allocation Fund (FAAF),** 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, 2011. FAML has acquired the management of FAAF on February 25, 2010.

SALE AND REDEMPTION OF UNITS

During the year, units worth Rupees 126.503 million were issued and units with a value of Rupees 81.481 million were redeemed.

UNIT HOLDERS

As of June 30, 2011, 4,972,296 units with a value of Rs. 352 million were outstanding (June 30, 2009: 4,148,743 units with a value of Rs. 306 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, 2011 were as below:

	Offer Prices	Redemption Prices
Highest	76.30	74.08
Lowest	60.03	58.28
As of June 30, 2011	72.83	70.71

EQUITY MARKETS REVIEW

With the discount rate on a likely downtrend for the fiscal year, the equity markets are expected to perform well. Valuations will likely trend up as the interest rates trend down as finance costs will decline for leveraged companies. Although, the foreign flows were on the negative side in the past fiscal year, for FY12 they are expected to stay on an even keel as funds flow into emerging and developing economies as the developed countries face possible recessions of slow growth. That couple of with increasing valuations will prop up the Pakistani Equity markets and we can expect to see a 15-20% upside. This upside though slower than the previous year, will certainly help business sentiment in the country.

The companies embroiled in the circular debt issues are likely to see some relief as the government pays down part of its obligation which will help increase dividend yields for the IPPs and the OMCs. The largest company according to market capitalization in the KSE-100 index - OGDC; will be the biggest beneficiary of the resolution of this issue. Further if OGDC has its coffers full the company can become very aggressive on its drilling plans a key focus of the government that is facing and enormous energy shortage. With increasing acerage, the focus on agriculture continues and is expected to benefit the fertilizer sector. The banking sector which has been shy of giving advances to the private sector should do well as they will be booking lower NPLs and with declining interest rates the credit off take should also increase in this fiscal year. All in all barring any major set back the equity markets should perform fairly well.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

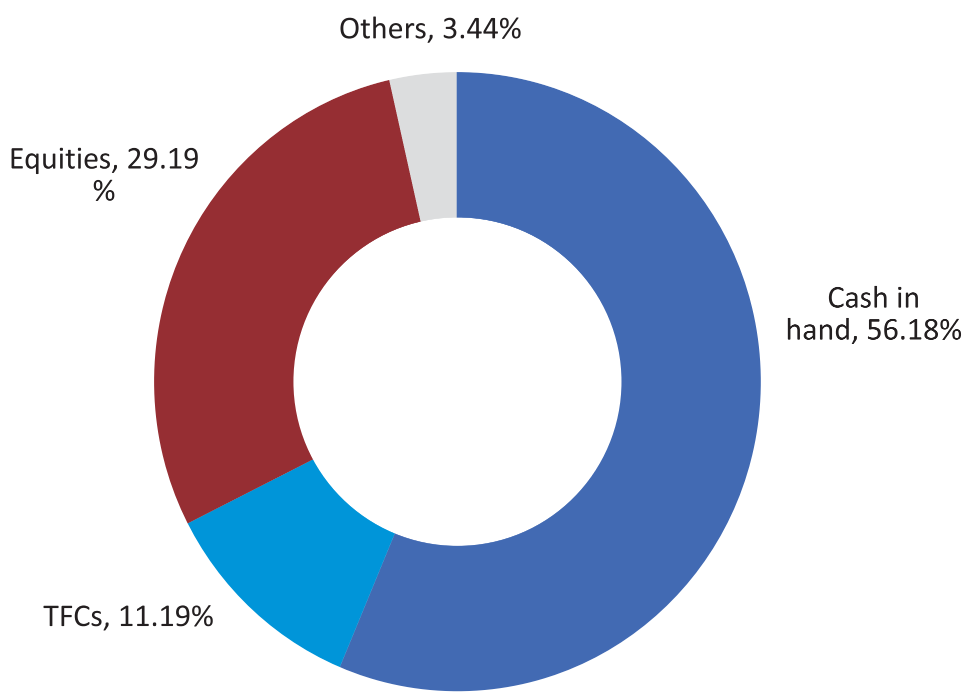
PERFORMANCE REVIEW

FAAF closed this year with a return of 20.58% against its benchmark return of 20.20% and its peer group average return of 13.39%. This 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 58.64 (Ex-NAV) and closed the year at a NAV/unit of PKR 70.71, up 20.58% on YTD (Year to Date) basis. FAAF also announced a full year profit payout of 4.75% for its shareholders. On the asset allocation side average exposure in equities was maintained at 35.85% while 64.15% was maintained in fixed income.

ASSET ALLOCATION

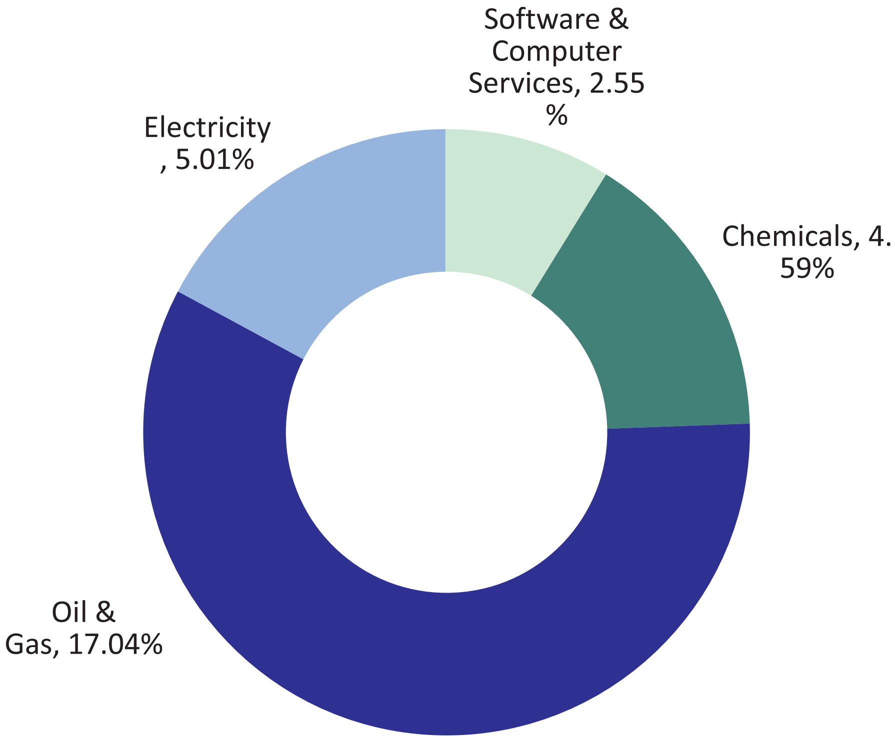
As of June 30, 2011, the fund was invested 29.19% in equities compared to 30.20% at the end of last year. The fund was invested 11.19% in fixed income with the remaining 59.62% in cash deposits.

Asset Allocation (% of Total Assets)



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

Sector wise asset allocation as on June 30, 2011



INCOME DISTRIBUTION

The Board of directors has approved fund final distribution at the rate of 4.75% (i.e Rs. 4.75 per unit of par value of Rs.100 each).

MUTUAL FUND RATING

JCR-VIS has assigned fund performance rating of "MFR 5- Star", "Very good performance" to FAAF.

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, 2011 forms part of this annual report.

2. Statements under clause xix of the Code:

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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.
iv. 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.

Except as mentioned below, there were no sale and repurchase of units of the Fund carried out by the Directors, CEO, CFO, Company Secretary, key executives and the Management Company including their spouse and minor children.

Trades By:	**Investment**	**Redemption**
	--------------(No. of Units)----------	
Faysal Asset Management Limited (Management Company)	1,038,698	Nil

PATTERN OF HOLDING

The Pattern of Holding of FAAF as at June 30, 2011 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 2012.

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

Karachi: September 24, 2011

FUND MANAGER'S REPORT

Equity Market Review

During the period July-June 2010-11, the benchmark KSE-100 index showed a sturdy growth subsiding the economic uncertainties like implementation of Reformed General Sale Tax (R-GST) and concerns over losses incurred by the massive floods across the country. The most concerning factor to highlight since the start of the fiscal year has been consistent deterioration of the market activity/volume. The KSE-100 index gained 28.53% (at 12,496) to close out FY'2011. Rebound in commodity prices, increase in risk appetite, stable currency, improving law and order situation and strong reserves were some of the reasons for this performance.

In 2HFY11, however, saw market performance fall off, as the unrest in the Middle East and North Africa (MENA) region turned investors cautious due to its implications for 1) international oil prices, of which Pakistan remains a net importer and 2)slow down of foreign inflows. In addition, the much awaited launch of the leverage product was met with a lukewarm response, as the strict margin regime for the product once again not able to attract local investors. While domestic politics too remained noisy, Pak-US relations turned tense following the arrest of a US citizen in Jan-11 and reached their lowest ebb in May-11, when US forces killed Osama Bin Laden in Pakistan.

All in all, despite a relative slowdown in 2HFY11, the KSE-100 has posted 29% gains. A key concern, however, for market participants remained the YoY decline in turnover, where the average traded value in US$ terms declined by 47% YoY, to US$45mn/day, in FY11 vs. US$84mn during FY10, as retail investors scaled back their activities post the imposition of the capital gains tax.

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
Risk Profile	Moderate to High Risk
Launch Date	24th July, 2006
Custodian/Trustee	CDC
Auditor	Ernst & Young Ford Rhodes Sidat Hyder
Management Fee	3%
Front/Back end Load	3.0% (Front end Load)
Min Subscription	PKR. 5,000
Benchmark*	KSE100 Index / 6M KIBOR
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2- (JCRVIS)
Registrar	Gangjees Registrar Services (Pvt.) Ltd.

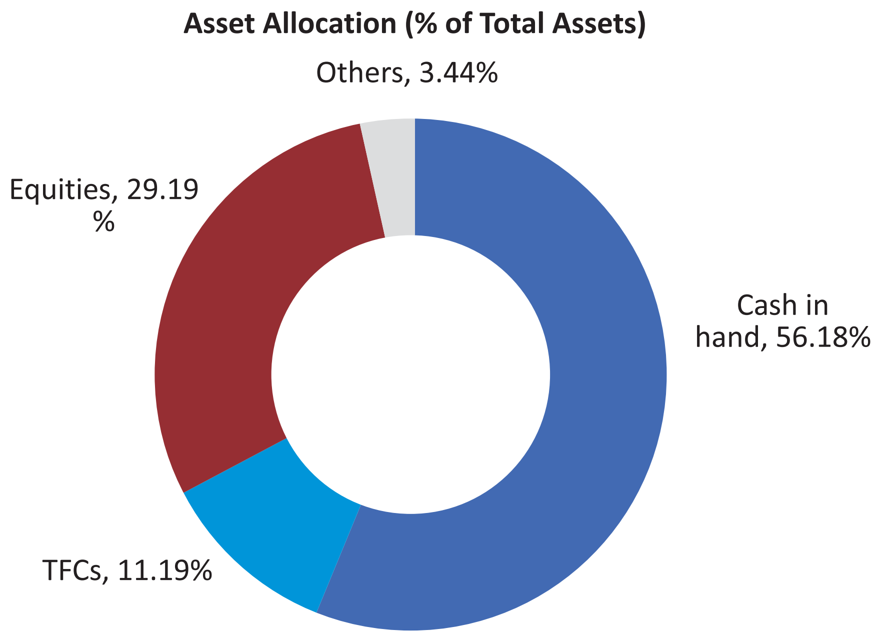
* Weighted average of 6M KIBOR and percentage invested in equities

FAYSAL ASSET ALLOCATION FUND

FUND MANAGER'S REPORT

Risk-quants		
	Alpha	0.017%
	Beta	0.9507
	Sharpe	0.5376
	Std Dev	0.834%
	VAR	1.372%
	R-squared	0.2907
	Treynor	0.0749
	Kurtosis	34.2427

Funds Return		
	FY11 Return	20.58%
	Benchmark YTD Return	20.20%
	Average Market YTD Return	13.38%



Performance Review

FAAF closed this year as one of the best performing asset allocation fund as the fund yielded the second 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 ex-NAV/unit of PKR 58.64 and closed the year at a NAV/unit of PKR 70.71, up 20.58% on YTD (Year to Date) basis. In comparison FAAF's benchmark gave a return of 20.20%. Hence FAAF outperformed its benchmark by 38 bps (basis points). FAAF's peers averaged a return of 13.38%, thus FAAF also massively outperformed its peer group by 720 bps. FAAF also announced a full year profit payout of 4.75/unit for its shareholders. On the asset allocation side average exposure in equities was maintained at 44% while 56% was maintained in fixed income.

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 (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, 2011 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.

We would like to draw unit holders attention towards the directives of the Securities and Exchange Commission of Pakistan issued vide Circulars # 1 of 2009 and 3 of 2010, which require that the debt securities shall only be reclassified as performing on receipt of all arrears i.e. principal as well as interest for the next two installments. The sukuk certificates of Maple Leaf Cement Factory Limited were classified as performing in September 2010 based on restructured plan approved in March 2010.

The Management Company while complying the same has reclassified these sukuk certificates as performing, however, has not accrued the deferred mark-up. The Management Company has informed us that the same has been done on prudence basis, considering the underlying risk of realisability of the deferred mark-up which will be received in future periods.

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

Karachi: October 17, 2011

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 Lahore 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 six non-executive Directors, including three independent Directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including 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. Casual vacancy occurred during the year due to the resignation of Mr. Salman Ahmed Usmani on April 1, 2011which was filled up by the Board of Directors of FAML by appointing Mr.Ali Uddin Ansari with effect from April 4, 2011.

5. The Management Company has prepared and circulated 'Statement of Ethics and Business Practices' which has been 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.

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

10. The Board has approved the appointment of CFO and Company Secretary 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 material 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 KPMG Taseer Hadi & 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. The remuneration, terms and conditions including scope of work is approved by the Board of Directors.

18. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors. All transactions with related parties are carried out on terms equivalent to arm's length transactions.

19. 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.

20. 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.

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

Karachi

Salman Haider Sheikh
Chief Executive Officer

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)** 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 2011.

Chartered Accountants

Date: 24, September 2011

Karachi

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **Faysal Asset Allocation Fund (the Fund)**, which comprise the statement of assets and liabilities as at 30 June 2011, 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.

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 2011 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.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 24, September 2011

Karachi

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2011

	Note	**June 30, 2011**	June 30, 2010
		-------------- (Rupees) --------------	
Assets			
Bank balances	7	**199,982,341**	162,436,585
Dividend, deposits and other receivables	8	**12,001,999**	9,615,427
Preliminary expenses and floatation costs	9	**50,573**	889,398
Investments	10	**143,611,242**	141,744,006
Total assets		**355,646,155**	314,685,416
Liabilities			
Payable to the Management Company	11	**1,069,186**	1,039,723
Remuneration payable to the Trustee	12	**58,683**	57,534
Accrued and other liabilities	13	**2,938,661**	8,078,936
Total liabilities		**4,066,530**	9,176,193
Net assets		**351,579,625**	305,509,223
Unit holders' fund		**351,579,625**	305,509,223
		-------- (Number of units) --------	
Number of units in issue		**4,972,296**	4,148,743
		-------- (Rupees) -------	
Net asset value per unit		**70.71**	73.64
Contingencies and commitments	14		

The annexed notes from 1 to 24 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*

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	**June 30, 2011**	June 30, 2010
		(Rupees)	
Income			
Profit earned on debt and government securities		**6,244,457**	7,322,504
Dividend income		**7,336,506**	13,493,942
Return on bank balances		**14,915,465**	5,363,684
Reversal of provision against non-performing assets	10.5.1	**29,167,210**	18,790,000
Other income		**-**	1,847,194
Net gain / (loss) on investments 'at fair value through profit or loss'			
- Net capital gain on sale of investments		**24,526,763**	55,027,972
- Net unrealised loss on revaluation of investments		**(16,468,456)**	(13,268,147)
		8,058,307	41,759,825
Element of loss and capital losses included in prices of units sold less those in units redeemed		**(22,686,797)**	(923,986)
Total income		**43,035,148**	87,653,163
Expenses			
Remuneration of the Management Company	11	**8,579,515**	9,121,091
Remuneration of the Trustee	12	**703,030**	703,602
Brokerage charges		**2,953,530**	1,040,212
Bank charges		**27,594**	13,145
Auditors' remuneration	15	**386,177**	312,334
SECP annual fee		**271,693**	288,826
Legal and professional charges		**101,124**	48,422
Annual rating fee		**75,000**	175,000
Annual listing fee		**30,000**	30,000
Settlement charges, federal excise duty and capital value tax		**839,052**	245,240
Amortisation of preliminary expenses and floatation costs		**838,825**	838,825
Printing charges and other expenses		**399,571**	54,635
Provision against non-performing assets		**-**	7,067,210
Provision for Workers' Welfare Fund		**1,883,807**	-
Total expenses		**17,088,918**	19,938,542
Net income for the year before taxation		**25,946,230**	67,714,621
Taxation	16	**-**	-
Net income for the year after taxation		**25,946,230**	67,714,621
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**25,946,230**	67,714,621
Earnings per unit	17	**5.22**	16.32

The annexed notes from 1 to 24 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, 2011	**June 30, 2011**	June 30, 2010
	(Rupees)	
Undistributed loss brought forward [Includes unrealised loss on investments of Rs.15,202,580 (2010: unrealised loss of Rs.74,483,000)]	**(118,423,015)**	(186,137,636)
Final bonus distribution for the year ended June 30, 2010 @ Rs.15 per unit declared for distribution on July 07, 2010 (2009: Rs.Nil per unit)	**(14,645,567)**	-
Final cash dividend for the year ended June 30, 2010 @ Rs.15 per unit declared for distribution on July 07, 2010 (2009: Rs.Nil per unit)	**(47,585,561)**	-
Net income for the year after taxation	**25,946,230**	67,714,621
Undistributed loss carried forward [Includes unrealised loss on investments of Rs.16,468,456 (2010: unrealised loss of Rs.15,202,580)]	**(154,707,913)**	(118,423,015)

The annexed notes from 1 to 24 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 CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	Note	**June 30, 2011**	June 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		-------------- (Rupees)	--------------
Net income for the year before taxation		**25,946,230**	67,714,621
Adjustments for non-cash and other items:			
Net capital gain on sale of investments 'at fair value through profit or loss'		**(24,526,763)**	(55,027,972)
Net unrealised loss on revaluation of investments 'at fair value through profit or loss'		**16,468,456**	13,268,147
Profit earned on debt and government securities		**(6,244,458)**	(7,322,504)
Dividend income		**(7,336,506)**	(13,493,942)
Return on bank balances		**(14,915,465)**	(5,363,684)
Reversal of provision against non-performing assets		**(29,167,210)**	(18,790,000)
Other income		**-**	(1,847,194)
Element of loss and capital losses included in prices of units sold less those in units redeemed		**22,686,797**	923,986
Provision against non-performing assets		**-**	7,067,210
Amortisation of preliminary expenes and floatation costs		**838,825**	838,825
		(16,250,093)	(12,032,507)
Increase in assets			
Dividend, deposits and other receivables		**(25,000)**	-
Increase / (decrease) in liabilities			
Payable to the Management Company		**29,463**	412,969
Remuneration payable to the Trustee		**1,149**	-
Accrued and other liabilities		**2,073,179**	(600,388)
		2,103,791	(187,419)
		(14,171,302)	(12,219,926)
Proceed from sale / redemption of investments		**1,831,094,055**	649,889,664
Payment against purchase of investments		**(1,804,140,205)**	(522,706,139)
Profit received on debt and government securities		**4,224,507**	8,389,395
Dividend received		**8,821,506**	12,613,755
Return received on bank balances		**14,279,820**	4,335,566
Net cash generated from operating activities		**40,108,381**	140,302,315
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received against issue of units		**126,503,460**	3,856,137
Payments made against redemption of units		**(81,480,524)**	(272,164)
Dividend paid		**(47,585,561)**	-
Net cash (used in) / generated from financing activities		**(2,562,625)**	3,583,973
Net increase in cash and cash equivalents during the year		**37,545,756**	143,886,288
Cash and cash equivalents at the beginning of the year		**162,436,585**	18,550,297
Cash and cash equivalents at the end of the year	7	**199,982,341**	162,436,585

The annexed notes from 1 to 24 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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STATEMENT OF MOVEMENT IN UNIT HOLDERS FUND

FOR THE YEAR ENDED JUNE 30, 2011	**June 30, 2011**	June 30, 2010
	------ (Rupees) ------	
Net asset value per unit at the beginning of the year	**73.64**	56.34
Net asset value per unit at the end of the year	**70.71**	73.64
Net assets at the beginning of the year	**305,509,223**	231,217,884
Amounts received on issue of units *	**126,503,460**	3,856,137
Amounts paid on redemption of units **	**(81,480,524)**	(272,164)
	45,022,936	3,583,973
Element of loss and capital losses included in prices of units sold less those in units redeemed	**22,686,797**	923,986
Final cash dividend for the year ended June 30, 2010 @ Rs.15 per unit declared for distribution on July 07, 2010 (2009: Nil per unit)	**(47,585,561)**	-
Capital gain realised on sale of investments classified as 'available-for-sale'	**-**	2,068,759
Net income for the year after taxation	**25,946,230**	67,714,621
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**25,946,230**	67,714,621
Net assets at the end of the year	**351,579,625**	305,509,223
	---- (Number of units) ----	
* Number of units issued (including 249,759 bonus units issued during the year ended June 30, 2011 and Nil bonus units issued during the year ended June 30, 2010)	**2,038,454**	48,623
** Number of units redeemed	**1,214,901**	3,543

The annexed notes from 1 to 24 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*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

Faysal Asset Allocation Fund (the 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 (the Management Company) and Central Depository Company of Pakistan Limited (CDC) as the Trustee till February 24, 2010 and thereafter between Faysal Asset Management Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and CDC as Trustee, also incorporated under the Companies Ordinance, 1984.

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 authorised 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.

The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange (Guarantee) Limited. The Fund was launched on March 05, 2007.

The principal activity of the Fund is to make investments in equity market and fixed income securities including 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 Regulation, 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 4.2 and 4.3 below.

3.2 The financial statements are presented in pak rupees, which is the Fund's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

4.1 New and amended standards and interpretations

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

IFRS 2 – Group Cash-settled Share-based Payment Arrangements

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

IAS 7 – Statement of Cash flows

IAS 17 – Leases

IAS 36 – Impairment of Assets

IAS 39 – Financial Instruments : Recognition and Measurement

Issued in April 2010

IFRS 3 – Business Combinations

IAS 27 – Consolidated and Separate Financial Statements

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the financial statements of the Fund.

NOTES TO THE FINANCIAL STATEMENTS

4.2 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss, available-for-sale or held to maturity investments 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 with in 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 for in case of debt securities (listed but not regularly traded on 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 active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables 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.

NOTES TO THE FINANCIAL STATEMENTS

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

These are valued at the rates quoted by Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular No. 1 of 2009 dated January 06, 2009, read with Regulation 66(b) of the NBFC Regulations.

Government securities

These are valued by reference to the quotations obtained from the Reuters page.

4.3 Derivatives

Derivative instruments held by the Fund generally comprise of futures contracts, options and forwards contracts etc in the capital market. These are initially recognised at cost and are subsequently remeasured at their fair value. The fair value of derivative instruments is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the instrument. Derivatives financial instruments are included in investments in the statement 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.

4.4 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 recognised 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

4.5 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.

4.6 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.

4.7 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.

4.8 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.

NOTES TO THE FINANCIAL STATEMENTS

4.9 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 the income statement when the right to receive the 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 profit or loss' 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, return on bank balances and income from reverse repurchase agreements are recognised on a time proportion basis using effective interest rate method.

4.10 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 equalisation 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 is 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.

4.11 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

4.12 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 recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.13 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.

4.14Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except those required by law, 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.

4.15 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 amortised over a period not exceeding sixty months commencing from July 24, 2006.

4.16 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 statement currently.

Financial assets carried in the statement of assets and liabilities include bank balances, dividend, deposits 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.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect 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 judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

Judgments 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 to the financial statements.

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

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

Standard, interpretation or amendment		Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
IAS 12	Income Tax (Amendment) – Deferred Taxes : Recovery of Underlying Assets	January 01, 2012
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 01, 2013
IAS 24	Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	January 01, 2011

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

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments	January 01, 2013
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013

NOTES TO THE FINANCIAL STATEMENTS

	Note	June 30, 2011	June 30, 2010
7. BANK BALANCES		-------------- (Rupees)	--------------
Cash at bank - PLS saving accounts	7.1	**199,982,341**	162,436,585

7.1 These carry mark-up ranging from 5% to 13.25% (June 30, 2010: 5% to 11.65%) per annum and include balance of Rs.3.030 million (June 30, 2010: Rs.0.108 million) held with Faysal Bank Limited (a related party).

		June 30, 2011	June 30, 2010
8. DIVIDEND, DEPOSITS AND OTHER RECEIVABLES - considered good			
Dividend receivable		**265,000**	1,750,000
Security deposit - National Clearing Company of Pakistan Limited		**2,500,000**	2,500,000
Profit receivable on debt securities		**3,105,510**	2,146,312
Return receivable on bank balances		**1,826,300**	1,190,655
Receivable against sale of investments		**4,280,189**	2,028,460
Prepayments		**25,000**	-
		12,001,999	9,615,427
9. PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs		**889,398**	1,728,223
Amortisation during the year	9.1	**(838,825)**	(838,825)
		50,573	889,398

9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund as incurred by the Management Company and are being amortised over a period of five years commencing from July 24, 2006.

	Note	June 30, 2011	June 30, 2010
10. INVESTMENTS			
At fair value through profit or loss Held-for-trading			
Listed equity securities	10.1	**103,809,365**	94,507,474
Designated 'at fair value through profit or loss'			
Listed debt securities	10.2	**20,870,439**	27,628,313
Unlisted debt securities	10.3	**18,931,438**	26,675,429
Less: Provision against debt securities	10.5	**-**	(7,067,210)
		143,611,242	141,744,006
Held-to-maturity			
Letter of placement		**-**	30,443,836
Less: Provision against placement	10.5	**-**	(30,443,836)
		-	-
		143,611,242	141,744,006

NOTES TO THE FINANCIAL STATEMENTS

10.1 Listed equity securities *

Name of the investee company	Note	Number of shares: As at July 01, 2010	Purchased during the year	Bonus / right shares received	Disposed off during the year	As at June 30, 2011	Market value as at June 30, 2011	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.										
Financial services										
Jahangir Siddiqui & Company Limited		-	200,000	-	200,000	-	-	-	-	-
Software and computer services										
Netsol Technologies Limited		442,800	-	-	-	442,800	9,059,688	2.58%	6.31%	0.57%
Fixed line telecommunication										
Pakistan Telecommunication Company Limited		1,000,000	255,000	-	1,255,000	-	-	-	-	-
Oil and gas										
Oil & Gas Development Company Limited		-	280,000	-	280,000	-	-	-	-	-
Pakistan Petroleum Limited		25,000	842,739	5,000	822,739	50,000	10,353,500	2.94%	7.21%	0.00%
Pakistan Oilfields Limited		50,000	838,141	-	853,141	35,000	12,565,350	3.57%	8.75%	0.01%
Attock Petroleum Limited	10.1.1	32,000	20,000	8,000	30,000	30,000	11,228,100	3.19%	7.82%	0.04%
Pakistan State Oil Company Limited		-	413,162	-	313,162	100,000	26,458,000	7.53%	18.42%	0.06%
Attock Refinery Limited		-	335,358	-	335,358	-	-	-	-	-
National Refinery Limited		-	34,413	-	34,413	-	-	-	-	-
Mari Gas Company Limited		-	10,000	-	10,000	-	-	-	-	-
Byco Petroleum Pakistan Limited		-	180,060	-	180,060	-	-	-	-	-
							60,604,950	17.24%	42.20%	0.12%
Electricity										
Japan Power Generation Limited	10.5.1.2	-	13,000,000	-	291,100	12,708,900	16,140,303	4.59%	11.24%	8.14%
Nishat Chunian Power Limited		-	1,082,433	-	1,082,433	-	-	-	-	-
Hub Power Company Limited		150,000	175,001	-	325,001	-	-	-	-	-
Nishat Power Limited		500,000	612,791	-	1,004,020	108,771	1,679,424	0.48%	1.17%	0.03%
							17,819,727	5.07%	12.41%	8.18%
Banks										
Allied Bank Limited		-	25,000	-	25,000	-	-	-	-	-
Bank Alfalah Limited		-	601,194	-	601,194	-	-	-	-	-
United Bank Limited		-	838,033	-	838,033	-	-	-	-	-
MCB Bank Limited		-	274,500	-	274,500	-	-	-	-	-
National Bank of Pakistan		-	1,772,506	37,500	1,810,006	-	-	-	-	-
NIB Bank Limited		1,000,000	-	-	1,000,000	-	-	-	-	-
Samba Bank Limited		500,000	-	-	500,000	-	-	-	-	-
							-	-	-	-
Chemicals										
Fauji Fertilizer Bin Qasim Limited		-	1,988,300	-	1,988,300	-	-	-	-	-
Fauji Fertilizer Company Limited		-	405,000	-	405,000	-	-	-	-	-
Engro Corporation Pakistan Limited		-	748,445	-	648,445	100,000	16,325,000	4.64%	11.37%	0.03%
Lotte Pakistan PTA Limited		250,000	3,350,000	-	3,600,000	-	-	-	-	-
Arif Habib Corporation Limited		-	842,905	-	842,905	-	-	-	-	-
ICI Pakistan Limited		-	203,251	-	203,251	-	-	-	-	-
Engro Polymer & Chemicals Limited		-	136,109	-	136,109	-	-	-	-	-
							16,325,000	4.64%	11.37%	0.03%
Construction and materials										
Lucky Cement Limited		-	1,899,697	-	1,899,697	-	-	-	-	-
DG Khan Cement Company Limited		650,000	1,537,548	-	2,187,548	-	-	-	-	-
Lafarage Pakistan Cement		-	250,000	-	250,000	-	-	-	-	-
							-	-	-	-
Personal goods										
Nishat (Chunian) Limited		546,771	1,851,586	-	2,398,357	-	-	-	-	-
Nishat Mills Limited		25,000	2,278,481	-	2,303,481	-	-	-	-	-
Azgard Nine Limited		-	550,000	-	550,000	-	-	-	-	-
							-	-	-	-
General industrials										
Thal Limited		-	25,000	-	25,000	-	-	-	-	-
Non life insurance										
Adamjee Insurance Company Limited		-	75,000	-	75,000	-	-	-	-	-
Pakistan Reinsurance Company Limitted		-	50,000	-	50,000	-	-	-	-	-
							-	-	-	-
Automobile and parts										
Indus Motor Company Limited		-	10,000	-	10,000	-	-	-	-	-
		5,171,571	37,991,653	50,500	29,638,253	13,575,471	103,809,365	29.52%	72.29%	8.88%

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NOTES TO THE FINANCIAL STATEMENTS

10.1.1 The shares held at period end represent shares pledged against the exposure margin and regular trades on the National Clearing and Settlement System (NCSS).

10.2 Listed debt securities*

Name of the investee company	------------------------- Number of shares -------------------					Market value / amortised cost as at June 30, 2011 (Rupees)	--- Investment as % of ---	
	As at July 01, 2010	Purchased during the year	Fully redeemed during the year	Disposed off during the year	As at June 30, 2011		Net assets	Total investments
*Term Finance Certificates (TFCs)								
Financial services								
Trust Investment Bank Limited	7,000	-	-	-	7,000	20,870,439	5.94%	14.53%
	7,000	-	-	-	7,000	20,870,439	5.94%	14.53%
10.3 Unlisted debt securities*								
*Sukuk Certificates								
Construction and materials								
Maple Leaf Cement Limited	5,800	-	-	-	5,800	18,164,014	5.17%	12.65%
Maple Leaf Cement Limited (additional units)	-	218	-	-	218	767,424	0.22%	0.53%
	5,800	218	-	-	6,018	18,931,438	5.39%	13.18%
	12,800	218	-	-	13,018	39,801,877	11.33%	27.71%

10.4 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)	Maturity	Secured / unsecured	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	5,800	5,000	1% + 3 months KIBOR	December 2018	Secured	BB
Maple Leaf Cement Limited (additional units)	218	5,000	1% + 3 months KIBOR	March 2012	Secured	BB+

NOTES TO THE FINANCIAL STATEMENTS

	Note	June 30, 2011	June 30, 2010
		------------- (Rupees) -------------	
10.5 Provision against non-performing assets			
Opening balance		**37,511,046**	49,233,836
Reversal of provision during the year	10.5.1	**(37,511,046)**	(18,790,000)
Charge during the year		**-**	7,067,210
Closing balance		**-**	37,511,046
10.5.1 Reversal of provision against non-performing assets			
Reversal of provision against unlisted debt securities	10.5.1.1	**7,067,210**	18,790,000
Reversal of provision against placements	10.5.1.2	**30,443,836**	-
		37,511,046	18,790,000
Investments written off during the year	10.5.1.2	**(8,343,836)**	-
Net reversal		**29,167,210**	18,790,000

10.5.1.1 The provision amounting to Rs.7,067,210 (June 30, 2010: Rs.18,790,000) on unlisted debt securities (Maple Leaf Cement Limited) has been reversed, as no provision is allowed against any performing debt instrument under NBFC Regulations.

10.5.1.2 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, FDIBL failed to pay its outstanding dues. Hence, a provision of Rs.30.444 million (inclusive of mark-up of Rs.0.444 million) was made against the same.

During the period, the whole provision has been reversed as the management of the Fund with the approval of the Board of the AMC entered entered into negotiation with FDIBL and acquired 13 million shares (amounting Rs.22.1 million) of Japan Power Generation Limited (JPGL) against full and final settlement of FDIBL's outstanding liability. Thus, the remaining amount of Rs.8.3 million has been written off.

10.6 Details of non-compliant investments with the investment criteria of assigned category

Name of non-compliant investment	Note	Type of investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	% of net assets	% of gross assets
Maple Leaf Cement Limited *	10.6.1	Sukuk	18,164,014	-	18,164,014	5.17%	5.11%
Maple Leaf Cement Limited (additional units)	10.6.1	Sukuk	767,424	-	767,424	0.22%	0.22%
			18,931,438	-	18,931,438	5.39%	5.33%

NOTES TO THE FINANCIAL STATEMENTS

10.6.1 Circular 7 of 2009 of SECP requires that the rating of any debt security in the portfolio shall not be lower than the investment grade. However, the rating of above mentioned debt securities are BB and BB+

11. PAYABLE TO THE MANAGEMENT COMPANY

	Note	June 30, 2011	June 30, 2010
		-------------- (Rupees) --------------	
Management fee payable	11.1	**879,718**	1,039,723
Sales load payable		**189,468**	-
		1,069,186	1,039,723

11.1 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 percent of the average annual net assets of the Fund and thereafter of an amount equal to two per cent of such assets. The Management Company has charged its remuneration at the rate of 3% (June 30, 2010: 3%) per annum of the daily net assets value of the Fund.

12. 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.

13. ACCRUED AND OTHER LIABILITIES

	Note	June 30, 2011	June 30, 2010
Payable against purchase of investments		**-**	7,213,454
SECP annual fee payable	13.1	**271,693**	288,826
Accrued liabilities		**780,576**	574,070
Zakat payable		**2,586**	2,586
Provision for Workers' Welfare Fund	13.2	**1,883,806**	-
		2,938,661	8,078,936

13.1 This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP annually an amount equal to 0.095% (June 30, 2010: 0.095%) per annum of the daily net assets value of the Fund.

13.2 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. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to Faysal Savings Growth Fund for collection of WWF.

However, on prudent basis, the Board of Directors of the Management Company in their meeting held on October 02, 2010 has decided to make provision for Workers' Welfare Fund (WWF) in the financial statements of the Fund with effect from July 01, 2008 and, accordindly, adjusted the net assets value of the Fund in october 02, 2010 and record WWF onwards on a daily basis.

On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above referred clarification issued by the Ministry and the response filed by the Ministry in the Court.

Subsequent to the year end, in August 2011, the Lahore High Court has issued a judgement in response to a petition in a similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 are declared unconstitutional and therefore struck down. The Management Company, in consultation with MUFAP, is currently considering the implications arising out of the above judgement.

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2011.

15. AUDITORS' REMUNERATION

	June 30, 2011	June 30, 2010
	---- (Rupees) ----	
Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants		
Audit fee	**200,000**	175,000
Review and other certifications	**186,177**	71,834
KPMG Taseer Hadi & Co., Chartered Accountants		
Review and other certifications	**-**	65,500
	386,177	312,334

NOTES TO THE FINANCIAL STATEMENTS

16. 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.

17. 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 the same is not practicable.

18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

18.1 Transactions during the year

	June 30, 2011	June 30, 2010
	------------- (Rupees) -------------	
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	**8,579,515**	3,288,126
Sales load	**232,265**	-
Issue of 1,038,698 units (2010: Nil units)	**74,869,363**	-
AMZ Asset Management Limited (former Management Company)		
Remuneration of Management Company	**-**	5,832,965
Faysal Bank Limited (Group / Associated Company)		
Profit on PLS saving account	**36,593**	1,292,797
AKD Securities (Private) Limited (Major shareholder of the Management Company)		
Brokerage fee	**29,450**	51,171
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration of the Trustee	**703,030**	703,602
Settlement charges	**102,843**	16,540

During the year, AKD Securities (Pvt) Limited has disposed off all the shares of Faysal Asset Management Limited on November 02, 2010. The transactions hereinabove represents the transactions upto the date of disposal of shares by AKD Securities (Pvt.) Limited.

NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2011	June 30, 2010
	------------- (Rupees) -------------	
18.2 Outstanding balances		
Faysal Asset Management Limited (Management Company)		
Remuneration of the Management Company	**879,718**	1,039,723
Unit in issue 1,038,698 Units (June 30, 2010: Nil units)	**73,446,336**	-
Sales load	**189,468**	-
Faysal Bank Limited (Group/Associated Company)		
Balance in PLS saving accounts	**3,030,065**	107,673
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration of the Trustee	**58,683**	57,534
Security deposit	**2,500,000**	2,500,000

The transactions with connected persons / related parties are undertaken at contracted rates.

19. 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.

19.1 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 a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2011, the Fund's exposure to the risk of changes in market interest rates relates primarily to bank balances and investment in debt securities. The bank balances are subject to interest rates as declared by the respective banks on periodic basis. The debt securities are subject to floating interest rates and valued at the rates quoted by MUFAP. As at June 30, 2011, approximately 67.43% (June 30, 2010: 66.81%) of the Fund's financial assets are subject to floating rate of interest. Management of the Fund estimates that an increase of 100 basis points in the market interest rate, with all other factors remaining constant, would increase the Fund's income by Rs.2.52 (June 30, 2010: 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.

NOTES TO THE FINANCIAL STATEMENTS

(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.5.19 (June 30, 2010: 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.

19.2 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 holders' 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 summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments.

June 30, 2011	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
Financial liabilities					
Payable to the Management Company	1,069,186	-	-	-	1,069,186
Remuneration payable to the Trustee	58,683	-	-	-	58,683
Accrued and other liabilities	780,576	-	-	-	780,576
	1,908,445	-	-	-	1,908,445

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
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	7,787,524	-	-	-	7,787,524
	8,884,781	-	-	-	8,884,781

19.3 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, 2011	June 30, 2010
	-------------- (Rupees) --------------	
Bank balances	**199,982,341**	162,436,585
Investment in debt securities	**39,801,877**	47,236,532
Security deposit	**2,500,000**	2,500,000
Receivable against sale of investments	**4,280,189**	2,028,460
Dividend receivable	**265,000**	1,750,000
Profit receivable on debt securities	**3,105,510**	2,146,312
Return receivable on bank balances	**1,826,300**	1,190,655
	251,761,217	219,288,544

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 analyses the credit quality of the Fund's exposure:

Rating category	**June 30, 2011**	June 30, 2010
	--------------- % ---------------	
AAA, AAA-,AAA+	**0.01**	-
AA, AA-, AA+	**80.17**	74.63
A, A-,A+	**0.01**	-
BBB, BBB+, BBB-	**8.94**	13.57
BB, BB+, BB-	**8.09**	-
Unrated	**2.78**	11.80
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS

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

	June 30, 2011	June 30, 2010
	% of assets exposed to credit risk	
Banks	**80.16**	74.62
Other financial institutions	**10.65**	13.57
Chemicals	**-**	0.93
Construction and materials	**8.09**	8.94
Fixed line telecommunication	**-**	0.80
Oil and gas	**0.11**	-
Others	**0.99**	1.14
	100.00	100.00

19.4 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 holders' fund and an optimum rate of return by investing in 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.

19.5 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, 2011, the Fund held the following financial instruments measured at fair value:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Investments at fair value through profit or loss				
Listed equity securities	103,809,365	-	-	103,809,365
Listed debt securities	-	20,870,439	-	20,870,439
Unlisted debt securities	-	18,931,438	-	18,931,438
	103,809,365	39,801,877	-	143,611,242

NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees) ----------			
Investments at fair value through profit or loss				
Listed equity securities	94,507,474	-	-	94,507,474
Listed debt securities	-	27,628,313	-	27,628,313
Unlisted debt securities	-	19,608,219	-	19,608,219
	94,507,474	47,236,532	-	141,744,006

During the year ended June 30, 2011, there were no transfers between level 1 and level 2 fair value measurements.

20. 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 statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

21. SUBSEQUENT EVENT

The Board of Directors of the Management Company in their meeting held on July 09, 2011 have declared a payout at the rate of 4.75% i.e. Rs.4.75 per unit (2010: 15% i.e. Rs.15 per unit). The financial statements of the Fund for the year ended June 30, 2011 do not include the effect of the payout which will be accounted for in the financial statements of the Fund subsequent to the year end.

22. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top ten brokers, members of the Investment Committee, performance table, 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.

NOTES TO THE FINANCIAL STATEMENTS

23. GENERAL

Figures are rounded off to nearest rupee.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 24, 2011 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*

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

(i) PATTERN OF UNIT HOLDING

Category	No. of investors	Units held	%
Individuals	75	149,468	3.01%
Associated companies and directors (including close relatives)	1	1,038,698	20.89%
Retirement funds	5	682,442	13.72%
NBFCs	1	55,596	1.12%
Banks/DFIs	2	3,038,661	61.11%
Others	2	7,431	0.15%
	86	4,972,296	100%

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
Top Line Securities	17.19%
KASB Securities Limited	15.84%
Moonaco Securities Limited	9.41%
Global Securities Pakistan Limited	8.45%
Fortune Securities	8.32%
ACE Securities (Pvt.) Ltd	6.82%
Invisor Securities Ltd	4.94%
IGI Finex Securities Ltd.	4.85%
Foundation Securities	3.78%
AKD Securities (Pvt.) Limited	3.76%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

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

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

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

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. 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 (Honors) degree in Computer Science.

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

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. Mansoor Bughio

Mr. Bughio has over 15 years of experience in the areas of Treasury, Money market & FX, Capital markets, Islamic Banking, Structured derivates, Sukuk & TFCs, Project financing and Investment banking along with Asset management. He has been working with couple of highly reputed organizations in Pakistan and abroad at leading roles. Prior to joining FAML, Mr Bughio was working in the capacity of Head of Islamic Products at Al Rajhi Bank, Saudi Arabia. He has also served as chief dealer-Treasury at Saudi-Pak Investment and CEO of NAIML. Mr Bughio has also worked with KASB Securities as Head on Debt markets and SVP-Head of brokerage division at First Dawood Investment Bank Ltd. He completed his Diploma in Financial Management from Maastricht School of Management, Netherlands in 1999 and MBA-Finance from Quaid-e-Azam University, Islamabad, Pakistan in 1996.

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.

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

(iv) PERFORMANCE TABLE

	June 30, 2011	June 30, 2010	June 30, 2009
		(Rupees)	
Net assets	351,579,624	305,509,223	231,217,884
Net asset value per unit	70.71	73.64	56.34
Offer price	72.83	75.85	58.03
Repurchase price per unit	70.71	73.64	56.34
Highest offer price per unit	76.30	82.99	93.67
Highest repurchase price per unit	74.08	80.57	90.94
Lowest offer price	60.03	63.60	56.87
Lowest repurchase price per unit	58.28	61.75	55.21
Total return:	20.58%	30.70%	-38.30%
- capital growth	15.83%	4.08%	-38.30%
- income distribution	4.75%	26.62%	0.00%
Average annual return:			
(Launch date: July 24, 2006)			
- one year	20.58%	30.70%	-38.30%
- two years	25.64%	-3.80%	-32.19%
- three years	4.32%	-11.23%	-13.61%
Distribution per unit:			
- Interim distribution per unit	0.00%	0.00%	0.00%
- Final distribution per unit	4.75%	15.00%	0.00%
	4.75%	15.00%	0.00%

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

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

(v) 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 (Honors) 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 Asset Allocation 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 Faysal Income & Growth Fund and Faysal Islamic Savings Growth Fund.

Mr. Mansoor Bughio

Mr. Bughio has over 15 years of experience in the areas of Treasury, Money market & FX, Capital markets, Islamic Banking, Structured derivates, Sukuk & TFCs, Project financing and Investment banking along with Asset management. He has been working with couple of highly reputed organizations in Pakistan and abroad at leading roles. Prior to joining FAML, Mr Bughio was working in the capacity of Head of Islamic Products at Al Rajhi Bank, Saudi Arabia. He has also served as chief dealer-Treasury at Saudi-Pak Investment and CEO of NAIML. Mr Bughio has also worked with KASB Securities as Head on Debt markets and SVP-Head of brokerage division at First Dawood Investment Bank Ltd. He completed his Diploma in Financial Management from Maastricht School of Management, Netherlands in 1999 and MBA-Finance from Quaid-e-Azam University, Islamabad, Pakistan in 1996.

Presently Mr. Bughio is looking after Fixed Income Investment area of Faysal Savings Growth Fund and Faysal Money Market Fund.

SUPPLEMENTARY NON FINANCIAL INFORMATION AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

(vi) 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 07 2010	Aug.30, 2010	Sep. 25, 2010	Oct. 02, 2010	Oct. 30, 2010	Feb. 19, 2011	Apr. 23, 2011
Mr. Mohammad Abdul Aleem, Chairman	6	-	1	1	1	1	1	1
Mr. Feroz Rizvi , Director	6	1	1	-	1	1	1	1
Syed Majid Ali, Director	7	1	1	1	1	1	1	1
Mr. Zafar Ahmed Siddiqui, Director	5	1	1	1	1	-	1	-
Mr. Salman Ahmed Usmani, Director	4	-	-	1	1	1	1	-
Mr. Syed Ibadur Rehman Chishti, Director	2	-	-	-	-	1	-	1
Salman Haider Sheikh, Chief Executive Officer	7	1	1	1	1	1	1	1

(vii) RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

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