

# Annual Report 2009



FAYSAL  
SAVINGS  
GROWTH FUND





## Faysal Savings Growth Fund

Faysal Savings Growth Fund (FSGF) an open-ended mutual fund, seeks maximum preservation of capital and a reasonable rate of return via investing primarily in money market and debt securities having good credit rating and liquidity.



# Contents

Fund Information	1
Mission Statement	2
Report of the Directors of the Management Company	3
Fund Manager's Report	6
Trustee Report to the Unit Holders	8
Statement of Compliance with the Code of Corporate Governance	9
Review Report to the Unit Holders on Statement of Compliance with the Best Practices of the Code of Corporate Governance	11
Independent Auditors' Report to the Unit Holders	12
Statement of Assets and Liabilities	13
Income Statement	14
Distribution Statement	15
Cash Flow Statement	16
Statement of Movement in Unit Holders' Funds	17
Notes to the Financial Statements	18



# 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

## CFO of the Management Company

Mr. Shahid Usman Ojha

## Company Secretary of the Management Company

Mr. Raza Mohsin Qizilbash

## Audit Committee

Mr. Feroz Rizvi, Chairman  
Syed Majid Ali Esq., Member

## Trustee

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

## Bankers to the Fund

Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
The Bank of Punjab  
Atlas Bank Limited  
KASB Bank Limited  
Soneri Bank Limited  
My 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 Services (Pvt) Limited  
Room # 506, 5th Floor, Clifton Centre,  
Kehkashan Clifton – Karachi.

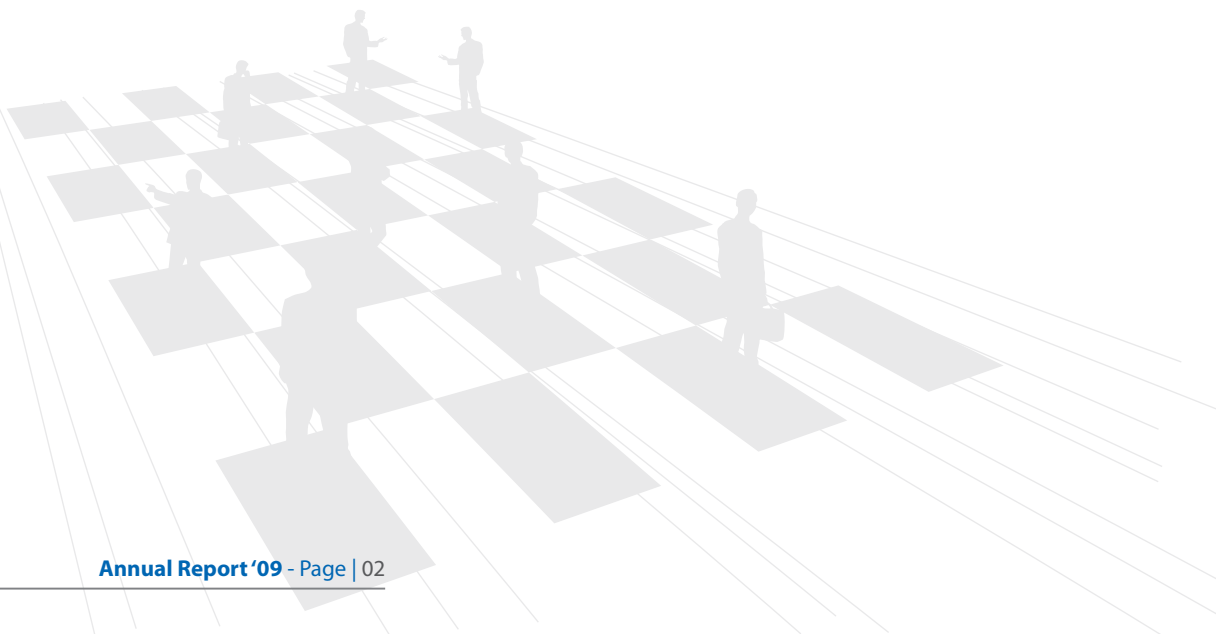
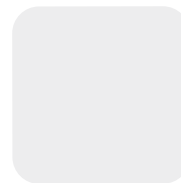
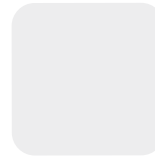
## Distributors

Alfalah Securities (Pvt) Limited  
Faysal Asset Management Limited  
Flow (Pvt) Limited  
IGI Investment Bank Limited  
JS Global Capital Limited  
Pak Oman Investment Bank Limited  
Reliance Financial Products (Pvt) Limited



# Mission Statement

FSGF seeks to provide investors a consistent income stream with maximum preservation of capital.



# Report of the Directors of the Management Company

The Directors of the Faysal Asset Management Limited, the Management Company of Faysal Savings Growth Fund (FSGF), are pleased to present the 3rd Annual Report on the operations of FSGF along with the audited accounts, Reports of the Trustee and Auditors to the Unit Holders for the year ended June 30, 2009.

## SALE AND REDEMPTION OF UNITS

During the year, units worth Rupees 8,078 million were issued and units with a value of Rupees 5,966 million were redeemed. FSGF being a pure money market fund was favored by retail and institutional investors during uncertain economic environment for the purpose of safety. It is also utilized by corporate customers for their cash management needs.

## UNIT HOLDERS

As of June 30, 2009, total unit outstanding were increased by 60% and the value of net assets increased by 59%. As of June 30, 2009, 62,349,474 units with a value of Rs. 6,422 million were outstanding (June 30, 2008: 39,049,200 units with a value of Rs. 4,045 million). The increase in the issuance of units was witnessed, against overall declining AUMs of competitive funds, due to its risk-optimization strategy resulting in higher yield for investors.

## 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, 2009 were as below:

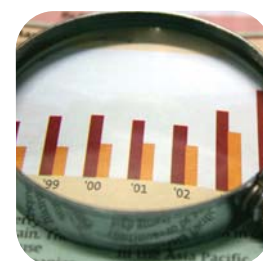
	Offer Price	Redemption Price
Highest	105.76	105.76
Lowest	100.38	100.38
As of June 30, 2009	102.96	102.96

## MONETARY POLICY

We have witnessed a shift in the monetary policy by the State Bank of Pakistan amid the economic slowdown and decreasing inflationary trend. The policy has shifted from the tightening mode to easing by increasing the money supply in the economy. In light of falling inflation, improving FOREX reserves and a slowing economy, the State Bank of Pakistan (SBP) is expected to continue this easing cycle. National Savings Scheme rates were recently reduced and treasury yields have also witnessed declining trend towards the end of the fiscal year.

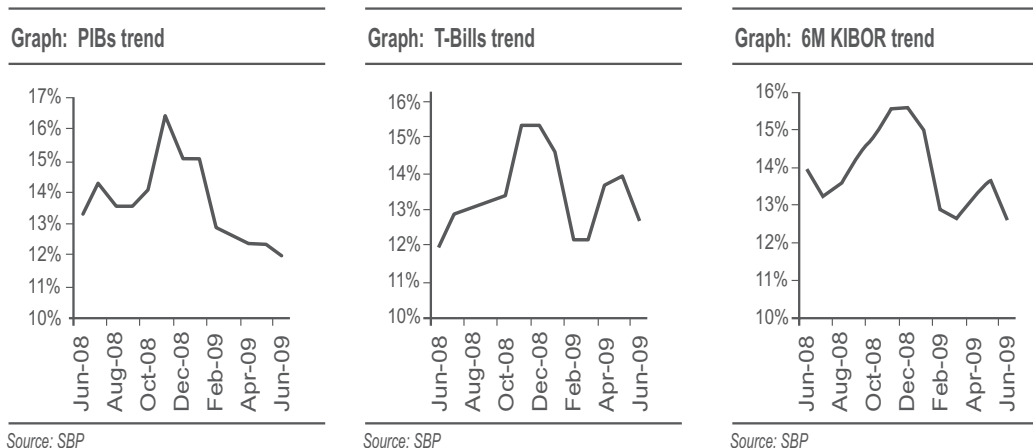
## MONEY MARKET REVIEW:

The money supply M2 growth remained on the slower side during the major part of the fiscal year. During the first three quarters of the year the M2 growth was around 2.0% which amounts to Rs. 94 Billion but the last quarter growth in the money supply was around Rs. 220 Billion marking a significant increase. The credit off-take remained dismal during the year and significant decline in the Reserve Money or M0 was also witnessed during the same period. The foreign exchange reserves condition strengthened after reaching US \$ 11.83 Billion in June 09. The decline in core inflation, leading to the decline in the interest rates, can also further impact this foreign reserve condition positively. The major slowdown occurred due to the slowdown in the credit off-take as the private sector borrowing declined to a much lower level when compared to Rs. 394 Billion in the previous fiscal year. The money market will see further liquidity injection with the shift in the monetary policy leading to downward revision in the underlying investment and benchmark rates.



# Report of the Directors of the Management Company

The following graphs illustrate the trend in the interbank rates along with the government securities during the year.

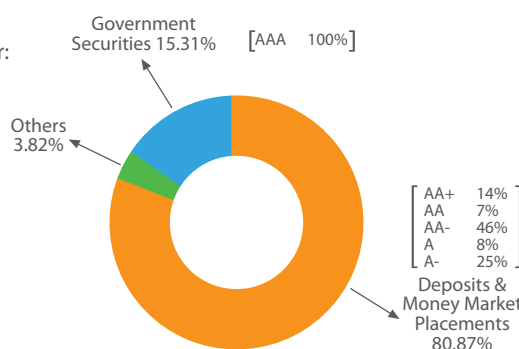


## PERFORMANCE

Faysal Savings Growth Fund (FSGF) posted YTD (Year to date) return of 12.74% as compared to average YTD return of its peer group of 1.85%. FSGF outperformed the peer group by 10.89%. The pro-active fund management approach remained focused on risk optimization by reducing interest rate risk, duration risk, liquidity risk and portfolio risk. The emphasis was also given to the credit quality along with liquidity management in designing the asset allocation strategy during the year to provide investors with long-term stable yield by optimizing risk-adjusted return.

## ASSET ALLOCATION

As of June 30th 2009, the asset allocation of the fund was as under:



## INCOME DISTRIBUTION

The Board has approved fund distribution at the rate of 12.75% (Interim 9.95% and final 2.80%) (i.e Rs. 12.75 per unit).

## MUTUAL FUND RATING

JCR-VIS has awarded the fund stability rating of "A (f)" for Faysal Savings Growth Fund (FSGF). This rating denotes moderate level of stability in the asset allocation mix of the portfolio. The credit rating also signifies the strength of the credit quality of financial instruments in the portfolio. It also denotes low portfolio risk, duration risk and interest rate risk.

## 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, 2009 forms part of this annual report.
2. Statements under clause xix of the Code:

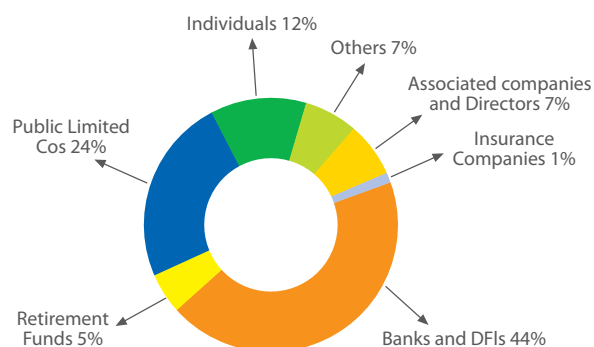
# Report of the Directors of the Management Company

- 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 forms part of this Annual Report.
- x. The prescribed pattern of shareholding is given as part of this Annual Report.

The sale and repurchase of units of the Fund carried out by the Directors, CEO, CFO, Company Secretary of the Management Company including their spouse and minor children are as under:

Trades By:	Investment	Redemption
	------(No. of Units)-----	
Mr. Salman Haider Sheikh (CEO)	3,083	3,083
Mr. Salman Haider Sheikh's close relatives	141,608	12,456
Management Company	1,040,829	1,023,586

## PATTERN OF HOLDING



## AUDITORS

The present auditors Messers Ford Rhodes Sidat Hyder & Co. 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 Ford Rhodes Sidat Hyder & Co. Chartered Accountants as the auditors for the financial year 2010.

## ACKNOWLEDGEMENT

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

For and on behalf of the Board

**Salman Haider Sheikh**  
Chief Executive Officer

Date:  
September 16, 2009  
Karachi.



# Fund Manager's Report



## Investment Objective

FSGF seeks maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market & debt securities having good credit rating and liquidity.

Fund Information			
Fund Type	Open Ended-Money Market Fund	Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Fund Launch Date	7th May 2007	Trustees	Central Depository Company of Pakistan
Performance Benchmark	1 Month KIBOR	Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Rating	A(f) by JCR-VIS		

Returns	Money Market Returns					Risk Quant			
Month on Month	12.90%	KIBOR		T-Bills		Alpha	0.0004	VaR	0.07%
Year to Date	12.74%	1M	13.35%	3M	12.68%	Beta	0.0035	R <sup>2</sup>	0.0186
Since Inception	11.62%	6M	13.18%	6M	12.57%	Sharpe	0.2485	Sortino	0.0019
YTD Avg. market Ret.	1.85%*	12M	13.74%	12M	12.44%	Std.Dev.	0.04%	Kurtosis	6.8031

\* YTD Return is taken on 29th June, since the 30th June NAVs of many funds are not available due to book closures.

## Money Market Review

Money market during the month of June 2009 remained quite volatile and rates witnessed major fluctuations. On average, REPO traded between the levels of 11.00%-12.00%; touching a low of 0.50%-1.00% during the month. SBP effectively intervene and address the liquidity situation in the market through OMOs for different tenors. During the month there was volatility in the money market, particularly due to the liquidity situation and June ending. 1-Month KIBOR was closed at the level of 13.26%, while 3-Month and 6-Month KIBOR were quite eased and closed at the levels of 12.77% and 12.76% respectively as on June 30, 2009.

SBP conducted two T-Bill auctions during June 2009. In the last T-Bill auction for Fiscal Year 2009, a very high interest from the banking sector was seen which assisted to reduce the cut off yields on the 6 month and 12 month bills by 70 bps and 100 bps respectively. The cut off yield on the 6 month T-Bill dropped from 13.14% to 12.44% while 12 month T bill cut off dropped from 13.24% to 12.24%. The auction had a target of PKR 25.00 Bn against which bids of PKR 118.40 Bn were received; this was an impressive display of demand for government securities. The high demand for government securities in general is being driven by the banking sector's reluctance to lend to the private sector.

The issue of 10-year PIB was also very active in the secondary market and went as low as a yield at 11.80% but closed around 12.00% on June 30, 2009. Market is expecting that reduction in cut off yields is an extension and confirmation of the reversal in the central bank's monetary stance in the next month. We are expecting more activities in T-bills and PIBs in the coming months with expected yields to come down.

# Fund Manager's Report

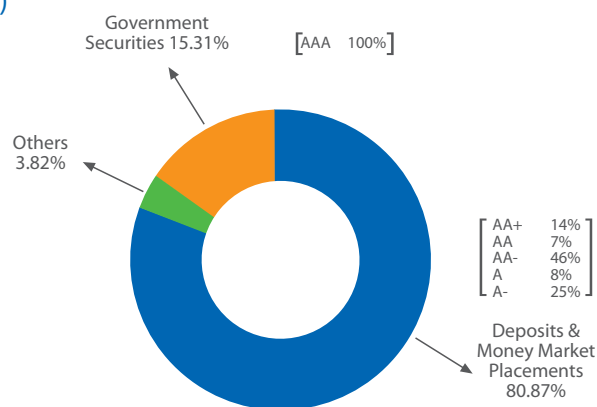
The State Bank of Pakistan recently announced its T-bill auction for the quarter ending September 30, 2009. According to the schedule, the SBP will be targeting PKR 325 Bn through six T-bill auctions against maturities of PKR180 Bn over the same period. In the declining interest rate scenario banks are looking for lower rates over the next year. Similarly, the market is expecting that the profit rates on National Saving Certificates will be revised downwards in the next month.

## PERFORMANCE

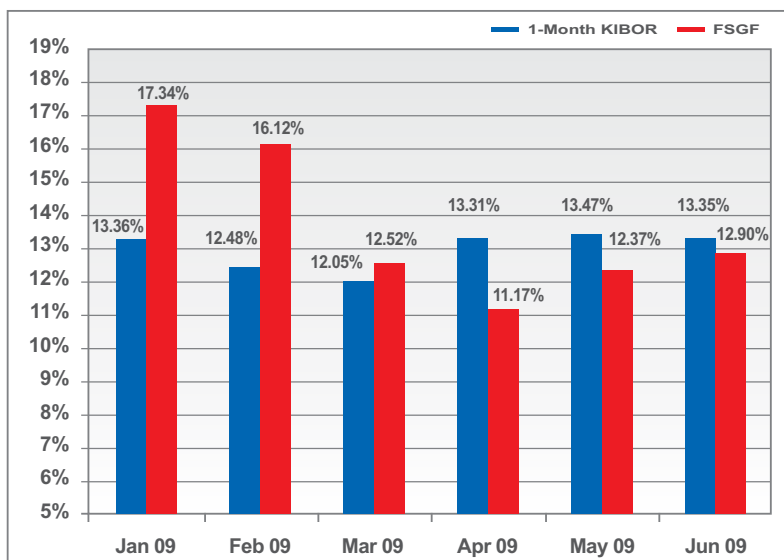
FSGF performed excellent and closed the year with flying colors. In June 2009, FSGF gave a month on month (MoM) return of 12.90% as compared to 12.37% last month. The YTD (Year to date) return was 12.74% as compared to average YTD return of its peer group of 1.85%, therefore FSGF outperformed the peer group again by 10.89%.

The asset allocation comprises of 80.87% in Bank Deposits & Money Market Placements and 15.31% in Government Securities. FSGF started June at a NAV/ unit of PKR 101.91 and closed the month at a NAV/unit of PKR 103.00. The strategy will remain to mitigate interest rate risk and giving due consideration to the credit quality of the portfolio.

## ASSET ALLOCATION (%)



## KIBOR (1 M) vs. FSGF



Monthly Return is calculated by Morning Star Method (CAGR) as per the requirement of M UFAP

# 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 Saving Growth Fund (the Fund), an open-end fund was established under a trust deed dated December 28, 2006, executed between Faysal Asset Management Limited, as the Management Company and Depository Company of Pakistan Limited, as the Trustee.

As per amendatory trust deed of change of trustee dated June 22, 2005, MCFSL retired as the trustee and Central Depository Company of Pakistan Limited was appointed as trustee of the Fund.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2009 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.

A handwritten signature in black ink, appearing to read "Muhammad Hanif Jakhura", with a horizontal line underneath.

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

Karachi:  
October 13, 2009

## Statement of Compliance with the Best Practices of the Code of Corporate Governance for the Year Ended June 30, 2009



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

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

### The management company has applied the principles contained in the code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the Board includes three independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, 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. Three casual vacancies occurred during the year due to the resignation of Mr. Mohammad Iqbal, Mr. Khalid S. Trimizey and Mr. Masroor Ahmed Qureshi which were filled up within thirty days by the Board of Directors by appointing Mr. Syed Majid Ali, Mr. Mohammad Abdul Aleem and Mr. Zafar Ahmed Siddiqui.
5. The Management Company has prepared a "Statement of Ethics and Business Practices" which is in the process of being signed by all the directors and employees of the Management Company for the current year.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive director of the Company besides the CEO.
8. The meetings of the Board were presided over by the chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the period. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated to all concerned.
9. The Directors of the Faysal Asset Management Limited are professionally qualified persons with rich experience in financial sector and are well aware of their duties and responsibilities under Companies Ordinance 1984, NBFC (Establishment & Regulations) Rules, 2003, NBFCs and Notified Entities Regulations, 2008 and Memorandum and Articles of FAML.
10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of the share holdings (units).

## Statement of Compliance with the Best Practices of the Code of Corporate Governance for the Year Ended June 30, 2009



14. The Fund has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee. During the year, the chairman of the audit committee resigned w.e.f. March 12, 2009 and one of the members of audit committee was nominated as chairman.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Management Company has outsourced its internal audit function to M. Yousuf Adil Saleem & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and they (or their representatives) are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Date:  
September 16, 2009  
Karachi.

A handwritten signature in black ink, appearing to read "Salman Haider Sheikh".

**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 Savings Growth Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange vide circular KSE/N-269 dated January 19, 2009 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 status of 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 2009.

*Ford Rhodes Sidat Hye & Co.*

**Chartered Accountants**

Date:  
September 16, 2009  
Karachi.

# Independent Auditors' Report to the Unit Holders



We have audited the accompanying financial statements of Faysal Savings Growth Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2009, 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), the 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 2009 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.

*Ford Rhodes Sidat Huda & Co.*

**Chartered Accountants**

**Audit Engagement Partner:** Shabbir Yunus

Date:  
September 16, 2009  
Karachi.

# Statement of Assets and Liabilities as at June 30, 2009



	Note	June 30, 2009	June 30, 2008
----- (Rupees) -----			
<b>Assets</b>			
Bank balances and term deposit receipts	7	4,443,328,446	3,622,365,674
Receivables	8	55,218,337	209,085,995
Preliminary expenses and flotation costs	9	2,290,412	3,088,220
Investments	10	1,934,573,123	218,156,959
<b>Total assets</b>		<b>6,435,410,318</b>	4,052,696,848
<b>Liabilities</b>			
Payable to the Management Company	11	7,068,778	4,181,451
Remuneration payable to the Trustee	12	553,444	360,955
Accrued and other liabilities	13	5,602,691	3,303,095
<b>Total liabilities</b>		<b>13,224,913</b>	7,845,501
<b>Net assets</b>		<b>6,422,185,405</b>	4,044,851,347
<b>Unit holders' fund</b>		<b>6,422,185,405</b>	4,044,851,347
<b>Number of units in issue</b>		<b>62,349,474</b>	39,049,200
<b>Net asset value per unit</b>		<b>103.00</b>	103.58

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**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director



# Income Statement for the Year Ended June 30, 2009



		June 30, 2009	June 30, 2008
<b>Income</b>	<b>Note</b>	----- (Rupees) -----	
Income from reverse repurchase transactions of listed securities		995,107	5,657,770
Profit earned on debt securities		76,166,750	31,855,875
Dividend income		4,197,820	-
Return on bank balances and term deposit receipts		583,923,837	277,293,618
Other income		254,057	1,667
Net gain / (loss) on investments 'at fair value through profit or loss'			
- Net capital loss on sale of investments		814,569	3,430,540
- Net unrealised (loss) / gain on revaluation of investments	10.8	(7,850,093)	6,250,421
		(7,035,524)	9,680,961
<b>Element of income and capital gains included in prices of units sold less those in units redeemed</b>		<b>72,410,537</b>	<b>78,032,437</b>
<b>Total Income</b>		<b>730,912,584</b>	<b>402,522,328</b>
<b>Expenses</b>			
Remuneration of the Management Company	11	69,291,131	42,415,867
Remuneration of the Trustee	12	5,619,409	3,829,972
Brokerage charges		473,562	612,161
Bank charges and guarantee commission		1,127,399	1,110,161
Auditors' remuneration	14	323,051	315,264
SECP annual fee	13.1	3,886,108	2,827,724
Legal and professional charges		220,000	240,000
Fees and subscriptions		-	35,000
Settlement charges and capital value tax		53,904	277,620
Amortisation of preliminary expenses and floatation costs		797,808	802,191
Printing and other expenses		471,404	-
<b>Total expenses</b>		<b>82,263,776</b>	<b>52,465,960</b>
<b>Net income for the year before taxation</b>		<b>648,648,808</b>	<b>350,056,368</b>
<b>Taxation</b>	15	-	-
<b>Net income for the year after taxation</b>		<b>648,648,808</b>	<b>350,056,368</b>
<b>Earnings per unit at the close of the year</b>	16	<b>10.40</b>	<b>8.96</b>

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**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director

# Distribution Statement for the Year Ended June 30, 2009

	June 30, 2009	June 30, 2008
<b>Undistributed income brought forward</b>		
[includes unrealised gain on investments of Rs.6,250,421 (2008: unrealised gain of Rs.725,586)]	<b>139,928,492</b>	15,641,846
Final bonus distribution for the year ended June 30, 2008 @ Rs.3.39 per unit (2007: Rs.1.25 per unit) declared for distribution on July 05, 2008	<b>(69,661,272)</b>	(13,967,281)
Final cash dividend for the year ended June 30, 2008 @ Rs.3.39 per unit (2007: Rs.Nil per unit) declared for distribution on July 05, 2008	<b>(62,715,518)</b>	-
Interim bonus distribution for the year ended June 30, 2009 @ Rs.2.75 per unit (2008: Rs.Nil) declared for distribution on October 17, 2008	<b>(51,207,149)</b>	-
Interim cash dividend for the year ended June 30, 2009 @ Rs.2.75 per unit (2008: Rs.Nil) declared for distribution on October 17, 2008	<b>(59,179,074)</b>	-
Interim bonus distribution for the year ended June 30, 2009 @ Rs.3.20 per unit (2008: Rs.Nil) declared for distribution on February 23, 2009	<b>(65,695,523)</b>	-
Interim cash dividend for the year ended June 30, 2009 @ Rs.3.20 per unit (2008: Rs.Nil) declared for distribution on February 23, 2009	<b>(83,772,811)</b>	-
Interim bonus distribution for the year ended June 30, 2009 @ Rs.4.00 per unit (2008: Rs.6.61 per unit) declared for distribution on April 23, 2009	<b>(103,841,367)</b>	(101,947,410)
Interim cash dividend for the year ended June 30, 2009 @ Rs.4.00 per unit (2008: Rs.6.61 per unit) declared for distribution on April 23, 2009	<b>(105,293,624)</b>	(109,855,031)
Net income for the year after taxation	<b>648,648,808</b>	350,056,368
<b>Undistributed income carried forward</b>		
[includes unrealised loss on investments of Rs.1,599,672 (2008: unrealised gain of Rs.6,250,421)]	<b>187,210,962</b>	139,928,492

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**  
Chief Executive Officer



**Feroz Rizvi**  
Director



**Syed Majid Ali**  
Director

# Cash Flow Statement for the Year Ended June 30, 2009



	June 30, 2009	June 30, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	648,648,808	350,056,368
<b>Adjustments for non-cash and other items</b>		
Net capital gain on sale of investments 'at fair value through profit or loss'	(814,569)	(3,430,540)
Dividend income	(4,197,820)	-
Income from reverse repurchase transactions of listed securities	(995,107)	(5,657,770)
Profit earned on debt securities	(76,166,750)	(31,855,875)
Return on bank balances and term deposit receipts	(583,923,837)	(277,293,618)
Element of income and capital gains included in prices of units sold less those in units redeemed	(72,410,537)	(78,032,437)
Unrealised loss / (gain) on investments 'at fair value through profit or loss' - net	7,850,093	(6,250,421)
Amortisation of preliminary expenses and floatation costs	797,808	802,191
	<b>(81,211,911)</b>	<b>(51,662,102)</b>
<b>Decrease / (Increase) in assets</b>		
Receivables	161,641,046	(2,524,854)
<b>Increase / (Decrease) in liabilities</b>		
Payable to the Management Company	2,887,327	2,761,197
Remuneration payable to the Trustee	192,489	184,080
Accrued and other liabilities	2,299,596	(5,241,437)
	<b>5,379,412</b>	<b>(2,296,160)</b>
	<b>85,808,547</b>	<b>(56,483,116)</b>
Amounts received against sale / redemption of investments	12,982,431,655	702,699,728
Payments made against purchase of investment	(14,674,860,309)	(587,421,320)
Encashment / (investment) of term deposit receipts	950,000,000	(1,150,000,000)
Dividend received	4,197,820	-
Profit received on debt securities	45,327,005	26,447,624
Return received on bank balances and term deposit receipts	575,776,114	246,417,959
Income received on reverse repurchase transactions of listed securities	1,186,153	5,466,725
<b>Net cash used in operating activities</b>	<b>(30,133,015)</b>	<b>(812,872,400)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received on issue of units	8,077,672,464	9,782,533,948
Payments made against redemption of units	(5,965,615,650)	(7,032,878,666)
Dividend paid	(310,961,027)	(109,855,031)
<b>Net cash generated from financing activities</b>	<b>1,801,095,787</b>	<b>2,639,800,251</b>
Net increase in cash and cash equivalents during the year	1,770,962,772	1,826,927,851
Cash and cash equivalents at the beginning of the year	2,272,365,674	445,437,823
<b>Cash and cash equivalents at the end of the year</b>	<b>4,043,328,446</b>	<b>2,272,365,674</b>

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**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director

# Statement of Movement in Unit Holders' Funds for the Year Ended June 30, 2009



	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
Net asset value per unit at the beginning of the year	<u>103.58</u>	<u>101.40</u>
Net asset value per unit at the end of the year	<u>103.00</u>	<u>103.58</u>
<b>Net assets at the beginning of the year</b>	<b>4,044,851,347</b>	1,133,027,165
Amount received on issue of units *	<b>8,077,672,464</b>	9,782,533,948
Amount paid on redemption of units **	<b>(5,965,615,650)</b>	(7,032,878,666)
	<b>2,112,056,814</b>	2,749,655,282
Element of income and capital gains included in prices of units sold less those in units redeemed	<b>(72,410,537)</b>	(78,032,437)
Final cash dividend @ Rs.3.39 per unit declared for distribution on July 05, 2008	<b>(62,715,518)</b>	-
Interim cash dividend @ Rs.2.75 per unit (2008: Nil) declared for distribution on October 17, 2008	<b>(59,179,074)</b>	-
Interim cash dividend @ Rs.3.20 per unit (2008: Nil) declared for distribution on February 23, 2009	<b>(83,772,811)</b>	-
Interim cash dividend @ Rs.4.00 per unit (2008: Rs.6.61 per unit) declared for distribution on April 23, 2009	<b>(105,293,624)</b>	(109,855,031)
Net income for the year after taxation	<b>648,648,808</b>	350,056,368
<b>Net assets at the end of the year</b>	<b><u>6,422,185,405</u></b>	<u>4,044,851,347</u>
	----- Number of units -----	
* Number of units issued (including 2,874,441 bonus units issued during the year ended June 30, 2009 and 139,464 bonus units issued during the year ended June 30, 2008)	<b>81,533,617</b>	95,109,775
** Number of units redeemed	<b>58,233,343</b>	67,234,399

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**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director

# Notes to the Financial Statements for the Year Ended June 30, 2009



## 1. LEGAL STATUS AND NATURE OF BUSINESS

Faysal Savings Growth Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and has been authorized as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on April 12, 2007. It has been constituted under a Trust Deed, dated December 28, 2006 between Faysal Asset Management Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Fund is an open ended money market 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 Karachi Stock Exchange (Guarantee) Limited (KSE). The fund was launched on May 07, 2007.

The principal activity of the Fund is to make investments in fixed income securities including money market instruments.

## 2. STATEMENT OF COMPLIANCE

2.1 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.

2.2 During the year, the Fund has adopted IFRS 7 "Financial Instruments - Disclosures", which resulted in certain additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 12 "Service Concession Arrangements", IFRIC 13 "Customer Loyalty Programs" and IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" also became effective during the year. However, these interpretations do not affect the Fund's financial statements.

## 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 4.1 and 4.2 below.

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Investments

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

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

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

#### At fair value through profit or loss

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

# Notes to the Financial Statements for the Year Ended June 30, 2009

## Held-to-maturity investments

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

## Loans and receivables

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

## Available-for-sale investments

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

Fair value of investments is determined as follows:

### Listed shares

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

### Debt securities

These are valued at the rates notified by the Mutual Funds Association of Pakistan (MUFAP). However, in case the rates of the securities are not notified by the MUFAP, those securities are valued at discounted cash flow method as allowed by IAS-39.

### Government securities

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

## 4.2 Derivatives

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

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

## 4.3 Securities under repurchase / resale agreements

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

# Notes to the Financial Statements for the Year Ended June 30, 2009



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

#### 4.4 Impairment of financial assets

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

Impairment is determined as follows:

- (a) for assets carried at amortised cost, impairment is based on estimated cash flows discounted at the original effective interest rate.
- (b) for assets carried at fair value, impairment is the difference between cost and fair value.
- (c) for assets carried at cost, impairment is present value of future cash flows discounted at the current market rate of return for a similar financial asset.

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

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

#### 4.5 Provisions

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

#### 4.6 Issue and redemption of units

Units issued are recorded at the offer price prevalent on the day the investment form complete in all respects is received. The offer price represents the net asset value of units at the end of the preceding 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 preceding day. Redemption of units is recorded on acceptance of application for redemption.

#### 4.7 Cash and cash equivalents

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

#### 4.8 Revenue recognition

Gain or loss on sale of marketable and government securities is accounted for in the year in which it arises.

Dividend income on equity securities is recognised in income statement when the right to receive dividend is established.

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

Mark-up on government securities, Term Finance Certificates, return on certificates of investment, profit on clean placements, return on bank balances and term deposit receipts and income from reverse repurchase agreements are recognised on a

# Notes to the Financial Statements for the Year Ended June 30, 2009



time proportion basis using effective interest rate method.

#### **4.9 Element of income and capital gains included in prices of units sold less those in units redeemed**

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

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

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

#### **4.10 Taxation**

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

#### **4.11 Offsetting of financial assets and liabilities**

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

#### **4.12 Net Asset Value (NAV) per unit**

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

#### **4.13 Proposed dividend and transfer between reserves**

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

#### **4.14 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred till the close of the Initial Public Offering Period. These costs are to be amortized over a period not exceeding sixty months commencing from May 12, 2007.

#### **4.15 Financial assets and financial liabilities**

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

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



# Notes to the Financial Statements for the Year Ended June 30, 2009



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

## 5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes to the financial statements.

## 6. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

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

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS- 1 Presentation of Financial Statements (Revised)	January 01, 2009
IAS- 23 Borrowing Costs (Revised)	January 01, 2009
IAS- 27 Consolidated and Separate Financial Statements (Revised)	July 01, 2009
IAS- 32 Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments	January 01, 2009
IAS- 39 Financial Instruments: Recognition and measurement - Amendments regarding Eligible Hedge items	July 01, 2009
IFRS- 2 Share based payment - Amendments regarding Vesting Conditions and Cancellations	January 01, 2009
IFRS- 3 Business Combinations (Revised)	July 01, 2009
IFRS- 8 Operating Segments	January 01, 2009
IFRIC- 15 Agreements for the Construction of Real Estate	January 01, 2009
IFRIC- 16 Hedges of a Net Investment in Foreign Operation	October 01, 2008
IFRIC- 17 Distributions of Non - Cash Assets to Owners	July 01, 2009
IFRIC- 18 Transfers of Assets from Customers	July 01, 2009

The Fund considers that the above standards and interpretations, are either not relevant or will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after January 01, 2009. The management considers that such amendments and improvements will not have any significant effect on the Fund's financial statements for the ensuing periods.

# Notes to the Financial Statements for the Year Ended June 30, 2009



		June 30, 2009	June 30, 2008
	Note	----- (Rupees) -----	
<b>7. BANK BALANCES AND TERM DEPOSIT RECEIPTS</b>			
Cash at bank - PLS saving accounts	7.1	<b>3,843,328,446</b>	1,672,365,674
Term deposit receipts	7.2	<b>600,000,000</b>	1,950,000,000
		<b>4,443,328,446</b>	3,622,365,674
<b>7.1 These carry mark-up ranging from 11% to 17.25% (2008: 3% to 13.50%) per annum and include balance of Rs.51.63 million (2008: Rs.59.75 million) held with Faysal Bank Limited (a related party).</b>			
<b>7.2 These have tenure from one month to one year (2008: one month to one year) and carry mark-up ranging from 13% to 14.85% (2008: 11% to 15%) per annum and include a term deposit receipt of Rs.200 million (2008: Rs.Nil) of Faysal Bank Limited (a related party).</b>			
<b>8. RECEIVABLES - considered good</b>			
Receivable in respect of reverse repurchase transactions of listed securities - net		-	161,641,046
Security deposit		<b>3,600,000</b>	3,600,000
Profit receivable on debt securities		<b>3,454,349</b>	3,612,784
Return receivable on bank balances and term deposit receipts		<b>48,163,988</b>	40,016,265
Income receivable on reverse repurchase transactions		-	191,046
Prepaid guarantee commission		-	24,854
		<b>55,218,337</b>	209,085,995
<b>9. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
Preliminary expenses and floatation cost		<b>3,088,220</b>	3,890,411
Amortized during the year		<b>(797,808)</b>	(802,191)
		<b>2,290,412</b>	3,088,220
<b>10. INVESTMENTS</b>			
At fair value through profit or loss			
Preference shares	10.1	<b>33,582,560</b>	39,893,540
Government securities	10.2	<b>983,285,696</b>	-
Listed debt securities	10.3	<b>43,590,050</b>	-
Unlisted debt securities	10.4	<b>100,017,558</b>	46,281,937
		<b>1,160,475,864</b>	86,175,477
Held-to-maturity			
Commercial papers	10.6	-	131,981,482
Certificates of investment	10.7	<b>774,097,259</b>	-
		<b>1,934,573,123</b>	218,156,959

# Notes to the Financial Statements for the Year Ended June 30, 2009



## 10.1 Preference shares

Name of the investee company	Number of shares					Market value as at June 30, 2009 (Rupees)	Investments as % of	
	As at July 01, 2008	Purchased during the year	Bonus / right received during the year	Disposed off during the year	As at June 30, 2009		Net Assets	Total Investments
Pakistan International Container Terminal Limited (Face value of Rs.10 per share)	4,199,320	-	-	1,500	4,197,820	33,582,560	0.52%	1.74%
	<u>4,199,320</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>4,197,820</u>	<u>33,582,560</u>	<u>0.52%</u>	<u>1.74%</u>

June 30, 2009      June 30, 2008

## 10.2 Government securities

	Note	June 30, 2009 (Rupees)	June 30, 2008
Market Treasury Bills (MTBs)	10.2.1	958,203,464	-
Pakistan Investment Bond (PIB)	10.2.2	25,082,232	-
		<u>983,285,696</u>	<u>-</u>

10.2.1 These have face value of Rs.1,050 million. The Fund's yield on these MTB's ranges from 11.65% to 13.29% per annum with maturities upto June 2010.

10.2.2 This has face value of Rs.25 million. The Fund's yield on this PIB is 12.57% per annum with maturity in August 2018.

## 10.3 Listed Debt Securities \*

Name of the investee company	Number of shares					Market value as at June 30, 2009 (Rupees)	Investments as % of	
	As at July 01, 2008	Purchased during the year	Fully redeemed during the year	Disposed during the year	As at June 30, 2009		Net Assets	Total Investments
* Term Finance Certificates (TFCs)								
<b>Technology and Communication</b>								
Pakistan Mobile Communication Limited	-	10,000	-	-	10,000	43,590,050	0.68%	2.25%
	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>43,590,050</u>	<u>0.68%</u>	<u>2.25%</u>

## 10.4 Unlisted Debt Securities \*

* Term Finance Certificates (TFCs)								
Bank Al- Habib limited	-	20,000	-	-	20,000	100,017,558	1.56%	5.17%
Pak American Fertilizer Limited	1	-	-	1	-	-	-	-
	<u>1</u>	<u>20,000</u>	<u>-</u>	<u>1</u>	<u>20,000</u>	<u>100,017,558</u>	<u>1.56%</u>	<u>5.17%</u>

## 10.5 Significant terms and conditions of Debt Securities are as follows:

Name of security	Number of certificates	Face value per certificate (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Rating
<b>Listed Debt Securities</b>						
Pakistan Mobile Communication Limited	10,000	5,000	6 months KIBOR + 1.3%	October 2010	Un-Secured	AA-
<b>Unlisted Debt Securities</b>						
Bank Al-Habib Limited	20,000	5,000	15.50%	June 2017	Un-Secured	AA

10.6 Commercial papers of Azgard Nine Limited and Pak American Fertilizer Limited matured during the year.

# Notes to the Financial Statements for the Year Ended June 30, 2009



	June 30, 2009	June 30, 2008	Investment % of Net assets	Total investment
	----- (Rupees) -----			
<b>10.7 Certificates of Investment (COIs) - unsecured</b>				
Pak Oman Investment Company Limited	257,917,807	-	4.02%	13.33%
Pak Libya Holding Company	258,412,329	-	4.02%	13.36%
Saudi Pak Industrial and Agricultural Investment Company Limited	103,106,849	-	1.61%	5.33%
Saudi Pak Industrial and Agricultural Investment Company Limited	154,660,274	-	2.41%	7.99%
	<u>774,097,259</u>	<u>-</u>	<u>12.06%</u>	<u>40.01%</u>

10.7.1 Face value of these COIs amounted to Rs.750 million. They carry mark-up ranging from 13.35% to 13.6% per annum with maturities upto 6 months.

	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
<b>10.8 Net unrealized (loss) / gain on investment at fair value through profit or loss</b>		
Market value of investments 'at fair value through profit or loss'	1,160,475,864	86,175,477
Cost of investments 'at fair value through profit or loss'	(1,162,121,449)	(79,925,056)
Net unrealised gain on investment 'at fair value through profit or loss' at the beginning of year	(6,250,421)	(725,586)
Realised on disposal during the year	45,913	725,586
	(6,204,508)	-
	<u>(7,850,093)</u>	<u>6,250,421</u>

## 11. PAYABLE TO THE MANAGEMENT COMPANY

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 percent of such assets. During the current year, the Management Company has claimed its remuneration at the rate of 1.5% (2008: 1.5%) of the average annual net assets 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, 2009	June 30, 2008
		----- (Rupees) -----	
SECP annual fee payable	13.1	3,886,108	2,827,724
Accrued liabilities		1,710,373	446,331
Settlement charges payable		-	19,995
Zakat payable		6,210	-
Withholding taxes payable		-	9,045
		<u>5,602,691</u>	<u>3,303,095</u>

13.1 This represents annual fee payable to the SECP in accordance with the NBFC Regulations, 2008, whereby the Fund is required to pay SECP annually an amount equal to 0.075% of Net Asset Value of the Fund with effect from November 21, 2008. Previously it was charged under the NBFC Regulations, 2007 at the rate of one tenth of 1% of the average annual net assets of the Fund.

# Notes to the Financial Statements for the Year Ended June 30, 2009



	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
<b>14. AUDITORS' REMUNERATION</b>		
Audit fee	<b>165,313</b>	143,750
Half yearly review fee	<b>66,125</b>	57,500
Review of statement of compliance with Code of Corporate Governance	<b>33,063</b>	28,750
Other certification	<b>25,000</b>	63,140
Out of pocket expenses	<b>33,550</b>	22,124
	<b><u>323,051</u></b>	<u>315,264</u>

## 15. TAXATION

The income of the Fund for the year is exempt from tax under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, as the Fund intends to distribute more than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, among its unit holders.

## 16. 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.

	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash at banks - PLS savings account	<b>3,843,328,446</b>	1,672,365,674
Term deposit receipts	<b>200,000,000</b>	600,000,000
	<b><u>4,043,328,446</u></b>	<u>2,272,365,674</u>

## 18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

### 18.1 Transactions during the year

#### Faysal Asset Management Limited (Management Company)

Remuneration of Management Company	<b>69,291,131</b>	42,415,867
Issue of 1,040,829 units (2008: 547,491 units)	<b>106,238,466</b>	155,760,000
Issue of 197,674 bonus units (2008: 39,347 units)	<b>19,978,045</b>	3,969,168
Redemption of 1,023,586 units (2008: 483,094 units)	<b>104,480,465</b>	49,332,037

#### Faysal Asset Management Limited - Staff Provident Fund

Issue of 3,566 units (2008: Nil units)	<b>362,000</b>	-
Issue of 594 bonus units (2008: 177 units)	<b>60,130</b>	17,870

#### Faysal Asset Management Limited - Staff Gratuity Fund

Issue of 763 units (2008: Nil units)	<b>77,500</b>	-
Issue of 235 bonus units (2008:95 units)	<b>23,731</b>	9,535

#### Faysal Balanced Growth Fund (Common Management)

Issue of bonus units: Nil (2008:6,241 units)	-	625,000
Redemption of units: Nil (2008:506,241 units)	-	50,846,810

# Notes to the Financial Statements for the Year Ended June 30, 2009



	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
<b>Faysal Bank Limited (Group Company)</b>		
Profit on deposit account	45,281,187	218,233
Redemption of units: Nil (2008: 431,203 units)	-	43,894,673
Cash dividend	28,014,000	13,881,000
<b>Faysal Bank Limited - Staff Provident Fund</b>		
Issue of 29,651 bonus units (2008: 15,616 units)	2,996,558	1,574,487
<b>Faysal Bank Limited - Staff Gratuity Fund</b>		
Issue of 29,651 bonus units (2008: 15,616 units)	2,996,558	1,574,487
<b>Mybank Limited (Group Company)</b>		
Issue of units: Nil (2008: 2,414,293 units)	-	250,000,000
<b>Directors of the Management Company</b>		
<b>Salman Haider Sheikh (Chief Executive Officer)</b> (including close relative)		
Issue of 144,691 units (2008: 46,795 units)	14,833,042	4,895,000
Redemption of 15,539 units (2008: Nil units)	1,618,769	-
Issue of 10,683 bonus units (2008: 1,930 units)	1,081,279	194,812
<b>Mr. Mohammad Iqbal (Ex-Director)</b>		
Issue of bonus units: Nil (2008: 78 units)	-	7,835
Redemption of units: Nil (2008: 98 units)	-	10,197
<b>Mr. Khalid Siddiq Tirmizey (Ex-Director)</b>		
Issue of units: Nil (2008: 194,994 units)	-	20,064,000
Issue of bonus units: Nil (2008: 624 units)	-	62,500
Redemption of units: Nil (2008: 50,624 units)	-	5,216,553
<b>Mir Shahid Waqar Mahmood (Ex-Director)</b>		
Issue of units: Nil (2008: 1,934 units)	-	200,000
Issue of bonus units: Nil (2008: 388 units)	-	39,085
<b>Mr. Farook Bengali (Ex-Director)</b>		
Issue of units: Nil (2008: 5,782,600 units)	-	593,668,323
Issue of bonus units: Nil (2008: 116,175 units)	-	11,727,870
Redemption of units: Nil (2008: 4,737,062 units)	-	490,366,565
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration of the Trustee	5,619,409	3,829,972
Settlement charges	21,802	235,852
<b>18.2 Outstanding balances</b>		
<b>Faysal Asset Management Limited (Management Company)</b>		
Remuneration of Management Company	7,068,778	4,181,451
Units in issue 1,585,131 units (2008: 543,747 units)	163,789,905	141,931,203
<b>Faysal Asset Management Limited - Staff Provident Fund</b>		
Units in issue 6,587 units (2008: 2,278 units)	678,461	251,422
<b>Faysal Asset Management Limited - Staff Gratuity Fund</b>		
Units in issue 2,292 units (2008: 1,215 units)	236,076	134,092

# Notes to the Financial Statements for the Year Ended June 30, 2009



	June 30, 2009	June 30, 2008
	----- (Rupees) -----	
<b>Faysal Bank Limited (Group Company)</b>		
Balance in PLS savings account	51,632,876	59,754,138
Units in issue 2,100,000 units (2008: 2,100,000 units)	216,300,000	217,524,734
Term deposit receipt	200,000,000	-
<b>Faysal Bank Limited - Staff Provident Fund</b>		
Units in issue 243,503 units (2008: 213,852 units)	25,080,858	22,151,477
<b>Faysal Bank Limited - Staff Gratuity Fund</b>		
Units in issue 243,503 units (2008: 213,852 units)	25,080,585	22,151,477
<b>Directors of the Management Company</b>		
<b>Salman Haider Sheikh (Chief Executive Officer) (including close relative)</b>		
Units in issue 187,327 units (2008: 48,975 units)	19,294,707	5,072,831
<b>Mir Shahid Waqar Mahmood (Ex-Director)</b>		
Units in issue units: Nil (2008: 7,242 units)	-	750,193
<b>Mr. Mohammad Iqbal (Ex-Director)</b>		
Units in issue: Nil (2008: 966 units)	-	100,032
<b>Mr. Khalid Siddiq Tirmizey (Ex-Director)</b>		
Units in issue: Nil (2008: 194,996 units)	-	20,198,347
<b>Central Depository Company of Pakistan Limited (Trustee of the Fund)</b>		
Remuneration of the Trustee	553,444	360,955
Settlement charges	-	19,995

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

## 19. FINANCIAL RISK MANAGEMENT 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, credit risk and liquidity risk arising from the financial instruments it holds.

### 19.1 Market price risk

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

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate due to changes in the market interest rates. As of June 30, 2009, the Fund is exposed to such risk in respect of bank balances and investment in debt / Government securities. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. The debt / Government securities are subject to floating interest rates but valued at MUFAP / PKRV rates. 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.0.5 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 for the Year Ended June 30, 2009

2009	Exposed to yield / interest rate risk				Not exposed to yield / interest rate risk	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year		
Rupees.....						
<b>Financial Assets</b>						
Bank balances and term deposit receipts	4,043,328,446	400,000,000	-	-	-	4,443,328,446
Receivables	-	-	-	-	55,218,337	55,218,337
Investments	-	1,385,305,633	515,684,930	-	33,582,560	1,934,573,123
	4,043,328,446	1,785,305,633	515,684,930	-	88,800,897	6,433,119,906
<b>Financial Liabilities</b>						
Payable to the Management Company	-	-	-	-	7,068,778	7,068,778
Remuneration payable to the trustee	-	-	-	-	553,444	553,444
Accrued and other liabilities	-	-	-	-	1,716,583	1,716,583
	-	-	-	-	(9,338,805)	(9,338,805)
<b>On statement of assets and liabilities gap</b>	<u>4,043,328,446</u>	<u>1,785,305,633</u>	<u>515,684,930</u>	<u>-</u>	<u>79,462,092</u>	<u>6,423,781,101</u>

2008	Exposed to yield / interest rate risk				Not exposed to yield / interest rate risk	Total
	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year		
Rupees.....						
<b>Financial Assets</b>						
Bank balances and term deposit receipts	2,072,365,674	200,000,000	1,350,000,000	-	-	3,622,365,674
Receivables	-	-	-	-	209,085,995	209,085,995
Investments	82,080,662	-	96,182,757	-	39,893,540	218,156,959
	2,154,446,336	200,000,000	1,446,182,757	-	248,979,535	4,049,608,628
<b>Financial Liabilities</b>						
Payable to the Management Company	-	-	-	-	4,181,451	4,181,451
Remuneration payable to the trustee	-	-	-	-	360,955	360,955
Accrued and other liabilities	-	-	-	-	475,371	475,371
	-	-	-	-	(5,017,777)	(5,017,777)
<b>On statement of assets and liabilities gap</b>	<u>2,154,446,336</u>	<u>200,000,000</u>	<u>1,446,182,757</u>	<u>-</u>	<u>243,961,758</u>	<u>4,044,590,851</u>

- (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 Fund does not have any equity instrument and it is not exposed to such risk.

## 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 redemption of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

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



# Notes to the Financial Statements for the Year Ended June 30, 2009



2009	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
Rupees.....					
<b>Financial Assets</b>					
Bank balances and term deposit receipts	4,043,328,446	400,000,000	-	-	4,443,328,446
Receivables	124,124	49,730,309	1,763,904	3,600,000	55,218,337
Investments	-	1,418,888,193	515,684,930	-	1,934,573,123
	4,043,452,570	1,868,618,502	517,448,834	3,600,000	6,433,119,906
<b>Financial Liabilities</b>					
Payable to the Management Company	7,068,778	-	-	-	7,068,778
Remuneration payable to the trustee	553,444	-	-	-	553,444
Accrued and other liabilities	1,226,371	4,376,320	-	-	5,602,691
	(8,848,593)	(4,376,320)	-	-	(13,224,913)
	4,034,603,977	1,864,242,182	517,448,834	3,600,000	6,419,894,993

2008	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
Rupees.....					
<b>Financial Assets</b>					
Bank balances and term deposit receipts	2,072,365,674	200,000,000	1,350,000,000	-	3,622,365,674
Receivables	183,154,292	3,013,699	19,293,150	3,600,000	209,061,141
Investments	35,798,725	86,175,477	96,182,757	-	218,156,959
	2,291,318,691	289,189,176	1,465,475,907	3,600,000	4,049,583,774
<b>Financial Liabilities</b>					
Payable to the Management Company	4,181,451	-	-	-	4,181,451
Remuneration payable to the trustee	360,955	-	-	-	360,955
Accrued and other liabilities	467,713	2,835,382	-	-	3,303,095
	(5,010,119)	(2,835,382)	-	-	(7,845,501)
	2,286,308,572	286,353,794	1,465,475,907	3,600,000	4,041,738,273

### 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:

	2009	2008
	----- (Rupees) -----	
Bank balances and term deposit receipts	4,443,328,446	3,622,365,674
Investment in debt securities	143,607,608	46,281,937
Investment in commercial papers	-	131,981,482
Investment in certificates of investment	774,097,259	-
Profit receivable on debt securities	2,443,390	3,612,784
Return receivable on bank balances and term deposit receipts	48,163,988	40,016,265
	5,411,640,691	3,844,258,142

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 Fund's exposure:

Rating category	2009	2008
	----- (%) -----	
AA	67.09	63.75
A	32.84	36.16
BBB	0.07	0.09
	100.00	100.00

# Notes to the Financial Statements for the Year Ended June 30, 2009

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

	2009	2008
	% of assets exposed to credit risk	
Investment banks / Companies & leasing companies	14.3	-
Commercial banks	84.86	95.27
Textile composite	-	2.5
Technology and communication	0.84	-
Fertilizer	-	2.23
	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 holder's fund and an optimum rate of return by investing investment avenues having good credit rating and liquidity and to maintain a strong capital base to support the development of the investment activities of the Fund.

## 20. 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. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on July 06, 2009 have declared bonus issue at the rate of 2.8% (i.e. Rs.2.8 per unit). The financial statements of the Fund for the year ended June 30, 2009 do not include the effect of the bonus issue which will be accounted for in the financial statements of the Fund subsequent to the year end.

## 22. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

## 23. GENERAL

Figures are rounded off to the nearest rupee.

## 24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 16 September, 2009 by the Board of Directors of the Management Company.

**For Faysal Asset Management Limited**  
(Management Company)



**Salman Haider Sheikh**  
Chief Executive Officer



**Feroz Rizvi**  
Director



**Syed Majid Ali**  
Director

(i) PATTERN OF UNIT HOLDING

ANNEXURE-1

Category	No. of Investors	Units Held	%
Associated companies and Directors	15	4,369,828	7.02
Insurance companies	4	587,052	0.94
Banks and DFIs	8	27,540,095	44.17
Retirement Funds	29	2,955,838	4.74
Public Limited Cos	18	15,251,331	24.46
Individuals	676	7,203,481	11.55
Others	14	4,441,849	7.12
	<b>764</b>	<b>62,349,474</b>	<b>100.00</b>

(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name	%
JS Global Capital Limited	29.10
IGI Finex Securities Limited	15.97
Alfalah Securities Limited	12.57
AMZ Securities (Private) Limited	9.20
Akhai Capital Management Limited	5.32
Elixir Securities Limited	1.42
Global Securities Pakistan Limited	1.06
BMA Capital Management Limited	0.58
KASB Securities Limited	0.48

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

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

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

**Mr. Salman Haider Sheikh**

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

## Supplementary Non Financial Information as Required Under Rules 6(D), (F), (G), (H), (I) and (J) of the 5<sup>th</sup> Schedule to the Non Banking Finance Companies and Notified Entities Regulations, 2008



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

### **Mr. Tahir Sohail**

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

### **Mr. Shahid Usman Ojha**

Mr. Shahid Usman Ojha has over 14 years of experience in Mutual Fund industry and Financial Institutions including organizations like Dawood Capital Management Limited, Pak Asian Fund Limited and Standard Chartered Bank Limited. Mr. Ojha is an associate member of Institute of Cost & Management Accountant of Pakistan and Pakistan Institute of Public Finance Accountants. He has also completed his Masters in Economics from University of Karachi. Mr. Ojha possesses 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. Omar Ehtisham Anwar**

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

### **Mr. Ayaz Mustafa Zuberi**

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

### **Mr. Qamar Abbas**

Mr. Abbas is currently Head of Research and Product Development at FAML. Mr. Abbas earned his MSc. in Finance from Cass Business School London and MSc. in Physics from University of Karachi. He has over eight years experience in fields of Capital Market Research, Investment Advisory and Product Development with over three years association with UBL Fund Managers as a Manager Research and Product Development. He played an instrumental role in launching of Fixed Income, Equity and Islamic Funds at UBL Fund Managers. Mr. Abbas started his career in 1997 with Eastern Capital Limited and has worked with other top tier brokerage houses since then before joining UBL Fund Managers. He also taught in a renowned business school of Karachi in both graduate and undergraduate programs.

(iv) PARTICULARS OF FUND MANAGERS

**Mr. Omar Ehtisham Anwar**

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

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

**Mr. Ayaz Mustafa Zuberi**

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

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

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) Meetings of the Board of 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	Meeting held on							
	Meetings Attended	05 July 2008	24 Sept. 2008	17 Oct. 2008	12 Nov. 2008	23 Feb. 2009	23 April 2009	19 June 2009
Mr. Khalid Tirmizey (Resigned w.e.f. December 02, 2008)	4	1	1	1	1	-	-	-
Salman Haider Sheikh	7	1	1	1	1	1	1	1
Mr. Feroz Rizvi	6	1	1	1	1	1	-	1
Mr. Mohammad Iqbal (Resigned w.e.f. August 02, 2008).	1	1	-	-	-	-	-	-
Mr. Sanaullah Qureishi (Resigned w.e.f. March 12, 2009)	5	1	1	1	1	1	-	-
Syed Majid Ali (Appointed w.e.f. September 26, 2008)	4	-	-	1	1	-	1	1
Mr. Mohammad Abdul Aleem (Appointed w.e.f. January 21, 2009)	3	-	-	-	-	1	1	1
Mr. Masroor Ahmed Qureshi (Appointed w.e.f. February 11, 2009 & resigned on June 02, 2009)	2	-	-	-	-	1	1	-

(vi) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The JCR - VIS Credit Rating Company Limited (JCR - VIS) has assigned a " A (f) " fund rating to Faysal Saving Growth Fund.

JCR - VIS has awarded an " AM3+ " asset manager rating to the Management Company.