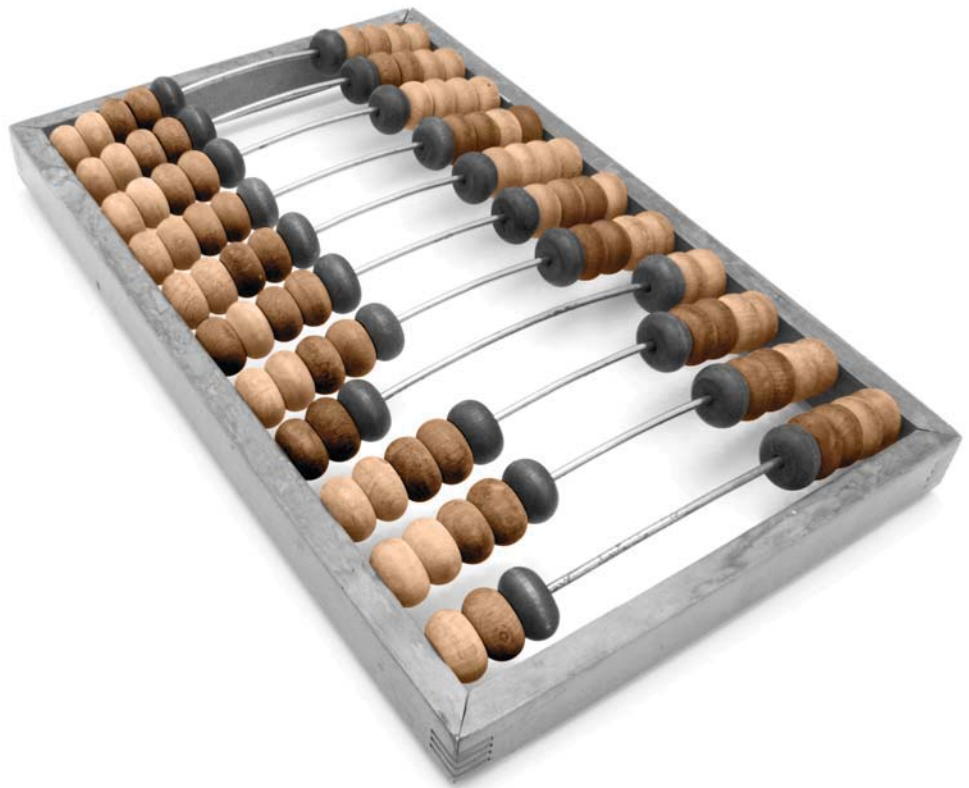


# Faysal Asset Management

## Savings Growth Fund

Financial Statements for the year ended June 30, 2014



### **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.

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## FUND INFORMATION

### Management Company

Faysal Asset Management Limited

### Board of Directors of the Management Company

Mr. Nauman Ansari, Chairman  
Mr. Enamullah Khan, Chief Executive Officer  
Mr. Razi-Ur-Rahman Khan, Director  
Mr. Osman Khan, Director  
Syed Majid Ali, Director  
Syed Ibad-Ur-Rehman Chishti, Director

### Chief Operating & Financial Officer and Company Secretary of the Management Company

Mr. Najm-Ul-Hassan

### Audit Committee

Mr. Razi-Ur-Rahman Khan, Chairman  
Syed Majid Ali, Member  
Mr. Osman Khan, Member

### Trustee to the Fund

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

### Bankers to the fund

NIB Bank Limited  
Soneri Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
The Bank of Punjab  
Askari Bank Limited  
UBL Ameen - Islamic Banking  
Habib Metropolitan Limited  
Allied Bank Limited  
Habib Bank Limited

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants

### Legal Advisor

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

### Registrar

Technology Trade (Pvt.) Limited  
Dagia House, 214-C, Block-2,  
PECHS, Karachi.

## **MISSION STATEMENT**

Faysal Savings Growth Fund 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 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, 2014.

### SALE AND REDEMPTION OF UNITS

During the year, units worth Rupees 1,284.208 million were issued and units with a value of Rupees 828.164 million were redeemed.

### UNIT HOLDERS

As of June 30, 2014, 13,979,857 units with a value of Rs. 1,418.356 million were outstanding (June 30, 2013: 8,772,171 units with a value of Rs. 898.450 million).

### UNIT PRICES

Unit prices are being announced on a daily basis based on the NAV of the underlying portfolio. The highest and lowest offer/redemption prices during the year as well as the prices prevailing as of June 30, 2014 were as below:

	Offer Price	Redemption Price
Highest	103.69	103.69
Lowest	101.45	101.45
As of June 30, 2014	101.46	101.46

### Economic Outlook

The year under review commenced with ambitious plans of the incumbent business friendly government that took charge in May 2013 to improve ailing external account liquidity, expedite revenue collection measures, escalate tax-to-GDP ratio, fill energy demand-supply gap, and spur economic growth. Given Pakistan's low external liquidity buffer and dwindling foreign exchange reserves coupled with depreciating PKR, Pakistan entered into a deal of \$6.8 billion with IMF under Extended Fund Facility (EFF) signed in September 2013 under stringent IMF conditions to put a ceiling on Net Domestic Assets (NDA) of SBP, curb fiscal deficit of the country, bring energy reforms, improve tax administration, build foreign exchange reserves, and privatize State Owned Entities. Under IMF Programme, Pakistan's economy followed a turnaround with GDP growth recorded at 4.3%, the highest level achievement since 2008-2009 coupled with exceptional growth of 27% in foreign exchange reserves to stand at USD 13.99bn in FY14 on account of issuing Eurobond worth USD2bn, CSF payments, IMF's four quarterly tranches, proceeds from 3G/4G auction, loan from World Bank of USD 1bn, and other bilateral and multilateral sources as a result of which PKR appreciated to stabilize at PKR 98.6 which improved sentiments about the economy.

On the external front, current account witnessed widening deficit taking 11MFY14 deficit of USD 2.57bn as compared to USD 2.15bn in the same period last year. However, overseas remittances continued to surge by 13.72% in FY14 to USD 15.83bn providing relief to the external account pressures.

Considering fiscal conditions, the government embarked on an aggressive tax collection target of PKR 2,275bn after having revising it downward twice. The target was missed by a meager figure of PKR 9bn in FY14, however tax collection increased by 16% in FY14 against the same period last year while curbing non development expenditures. Consequently, fiscal deficit stands at 5.8% in FY14. Considering Privatization mandates, Pakistan succeeded in conducting Secondary Public Offering of UBL and PPL in the capital markets along with rigorous privatization plans on board for the next fiscal year.

On a monetary front, CPI for FY14 remained in single digits at an average of 8.62% YoY (vs 7.4% in FY13) owing to uptick in domestic food prices considering cyclical demand/supply factors. The headline inflation remains well within SBP's revised target of 9-10% for FY14 as compared to target of 10-11% at start of the year, keeping real interest rate positive to nearly ~2%. Moreover, monetary growth (M2) remained at 12.2% in FY14 as compared to 15.9% in FY13 driven by limits imposed by IMF on SBP's Net Domestic Assets and government borrowings coupled with strong foreign inflows that kept ratio of NDA/NFA on a lower side.

Having considered weak economic condition along with fragile external account, depreciating rupee, negligible foreign exchange reserves and rising inflation in early 1HFY14, SBP hiked discount rate twice in a year from 9-9.5% and 9.5-10% in Sept and Nov 2013 respectively. However, discount rate was kept unchanged for the later 2HFY14 owing to improving economic conditions while keeping a check on inflation and IMF's stringent conditions to consider a vigilant stance on monetary policy.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

Going forward, GDP growth is expected to grow at 5% next fiscal year owing to improving LSM growth rate, burgeoning foreign exchange reserves from privatization proceeds and IMF tranches, containing inflationary pressures, declining fiscal deficit, and bridging energy supply gap by bringing fiscal reforms.

### MONEY MARKET REVIEW:

Due to increased investor confidence, activity picked up substantially in long term bonds. Total amount accepted during FY14 was approximately PKR 2.037tn in PIBs via 12 auctions conducted by SBP where major concentration was focused towards 3Yr and 5Yr tenor bonds. This trend is expected to continue into FY15 with the latest auction attracting similar strong participation with the government raising PKR210bn against a target of PKR100bn. FY15 is expected to follow a similar trend; participation should remain skewed towards the longer tenor on the back of expectation of stable interest rates. During the year under review 23 T bill auctions were also held through which PKR 6.63tn was raised against the participation of PKR 7.24tn.

Recent policy of re-profiling government's short-term debt into long-term debt by offering long-term bonds at attractive spreads, above the inflation rate and short-term T-bill yields, has created an opportunity for the investors to earn higher real returns by investing in sovereign debt.

Due to substantial interest in long term bonds, the interbank money market remained relatively illiquid throughout the year. In FY14 SBP continued to intervene in the money market by Open Market Operations (OMO) and injected PKR 1.85tn at an average rate of 9.85%.

Owing to completion of 3G & 4G auction, initiation of privatization process and successful launch of dollar bond, government was able to raise country's foreign exchange reserves during the last fiscal year and the country's total FX reserves at the end of FY14 were approximately US\$ 14.0bn up by 26.95% YoY.

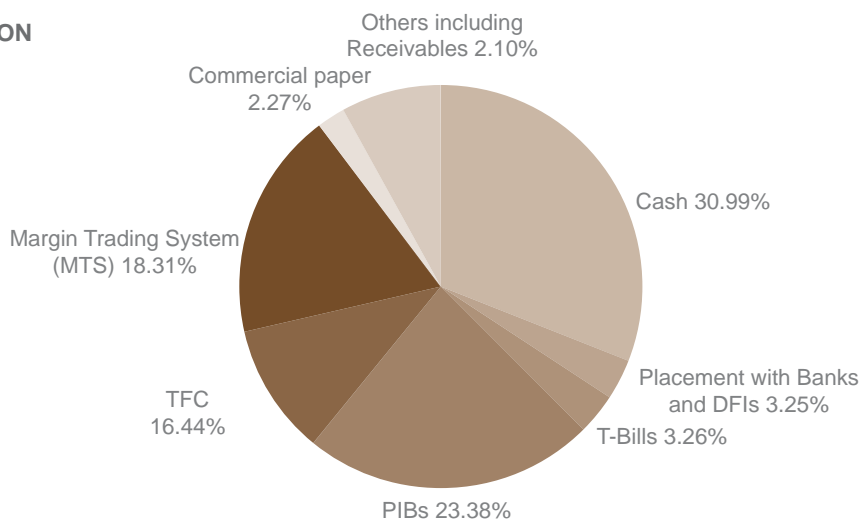
While a major portion of the funding raised was utilized for debt payments, FY15 is expected to remain positive as major repayments to IMF have already been made during FY14.

While food inflation remained on the higher side overall CPI remained close to the government's target of 8.5% and we expected SBP's monetary policy to take its lead from overall CPI figures which are expected to dip marginally over the first quarter of the fiscal and then pick up again for the remainder of the year as the full impact of subsidy removals in gas and power begin to take effect.

### PERFORMANCE

Faysal Saving Growth Fund generated an annualized return of 7.86% over the month of June. This performance allowed YTD return to consolidate at 8.81%, and beat the peer average by 50 basis points. The Fund also portrayed a growth of 57% in AUMs during the outgoing fiscal year against average category peer growth of only 19%. During the year the Management utilized active duration management and investments were strategically aligned with the ongoing monetary landscape. Going forward, the fund shall continue to focus on high credit quality assets and aim to provide competitive returns.

### ASSET ALLOCATION



## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

### INCOME DISTRIBUTION

The Board of directors has not approved Final distribution as the income for year is already distributed via Interims distribution at the rate of 8.57% (i.e Rs. 8.57 per unit of par value of Rs.100 each).

### MUTUAL FUND RATING

JCR-VIS has awarded the fund stability rating of "AA-(f)" for Faysal Savings Growth Fund (FSGF). This rating denotes Moderate degree of stability in Net Asset Value. 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.

### CORPORATE GOVERNANCE

A prescribed under clause xli of the Code of Corporate Governance 2012 Statement of Compliance with the Code of Corporate Governance along with the auditors' report thereon for the year ended June 30, 2014 forms part of this annual report.

1. Statements under clause xvi of the Code:
  - a. The financial statements, prepared by the management of Fund, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
  - b. Proper books of account of the Fund have been maintained;
  - c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
  - d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
  - e. The system of internal control is sound in design and has been effectively implemented and monitored;
  - f. There are no significant doubts upon the Fund's ability to continue as a going concern;
  - g. The details of taxes, duties, levies and charges outstanding, are disclosed in the financial statements;
  - h. The number of board and committees' meetings of the Management Company held during the year and attendance by each director forms part of this Annual Report; and
  - i. The prescribed pattern of unit holding is given as part of this Annual Report.

The sale and repurchase of units of the Fund carried out by the directors, CEO, COO, CFO, Head of Internal Audit, Company Secretary, their spouses and minor children, and the Management Company.

Trades By:	Investment	Redemption
	------(No. of Units)-----	
Management Company	868,370	515,524

### PATTERN OF HOLDING

The Pattern of unit holding as at June 30, 2014 of FSGF is given as part of this Annual Report.

### AUDITORS

The present auditors Messers Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The Board endorses the recommendation of the Audit Committee for re-appointment of Messers Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the auditors for the year ending June 30, 2015.

### 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

**Enamullah Khan**  
Chief Executive Officer

Karachi: 30th September, 2014



## FUND MANAGER'S REPORT

### Economic Outlook for FY14

The year under review commenced with ambitious plans of the incumbent business friendly government that took charge in May 2013 to improve ailing external account liquidity, expedite revenue collection measures, escalate tax-to-GDP ratio, fill energy demand-supply gap, and spur economic growth. Given Pakistan's low external liquidity buffer and dwindling foreign exchange reserves coupled with depreciating PKR, Pakistan entered into a deal of \$6.8 billion with IMF under Extended Fund Facility (EFF) signed in September 2013 under stringent IMF conditions to put a ceiling on Net Domestic Assets (NDA) of SBP, curb fiscal deficit of the country, bring energy reforms, improve tax administration, build foreign exchange reserves, and privatize State Owned Entities. Under IMF Programme, Pakistan's economy followed a turnaround with GDP growth recorded at 4.3%, the highest level achievement since 2008-2009 coupled with exceptional growth of 27% in foreign exchange reserves to stand at USD 13.99bn in FY14 on account of issuing Eurobond worth USD2bn, CSF payments, IMF's four quarterly tranches, proceeds from 3G/4G auction, loan from World Bank of USD 1bn, and other bilateral and multilateral sources as a result of which PKR appreciated to stabilize at PKR 98.6 which improved sentiments about the economy.

On the external front, current account witnessed widening deficit taking 11MFY14 deficit of USD 2.57bn as compared to USD 2.15bn in the same period last year. However, overseas remittances continued to surge by 13.72% in FY14 to USD 15.83bn providing relief to the external account pressures.

Considering fiscal conditions, the government embarked on an aggressive tax collection target of PKR 2,275bn after having revising it downward twice. The target was missed by a meager figure of PKR 9bn in FY14, however tax collection increased by 16% in FY14 against the same period last year while curbing non development expenditures. Consequently, fiscal deficit stands at 5.8% in FY14. Considering Privatization mandates, Pakistan succeeded in conducting Secondary Public Offering of UBL and PPL in the capital markets along with rigorous privatization plans on board for the next fiscal year.

On a monetary front, CPI for FY14 remained in single digits at an average of 8.62% YoY (vs 7.4% in FY13) owing to uptick in domestic food prices considering cyclical demand/supply factors. The headline inflation remains well within SBP's revised target of 9-10% for FY14 as compared to target of 10-11% at start of the year, keeping real interest rate positive to nearly ~2%. Moreover, monetary growth (M2) remained at 12.2% in FY14 as compared to 15.9% in FY13 driven by limits imposed by IMF on SBP's Net Domestic Assets and government borrowings coupled with strong foreign inflows that kept ratio of NDA/NFA on a lower side.

Having considered weak economic condition along with fragile external account, depreciating rupee, negligible foreign exchange reserves and rising inflation in early 1HFY14, SBP hiked discount rate twice in a year from 9-9.5% and 9.5-10% in Sept and Nov 2013 respectively. However, discount rate was kept unchanged for the later 2HFY14 owing to improving economic conditions while keeping a check on inflation and IMF's stringent conditions to consider a vigilant stance on monetary policy.

Going forward, GDP growth is expected to grow at 5% next fiscal year owing to improving LSM growth rate, burgeoning foreign exchange reserves from privatization proceeds and IMF tranches, containing inflationary pressures, declining fiscal deficit, and bridging energy supply gap by bringing fiscal reforms.

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## FUND MANAGER’S REPORT

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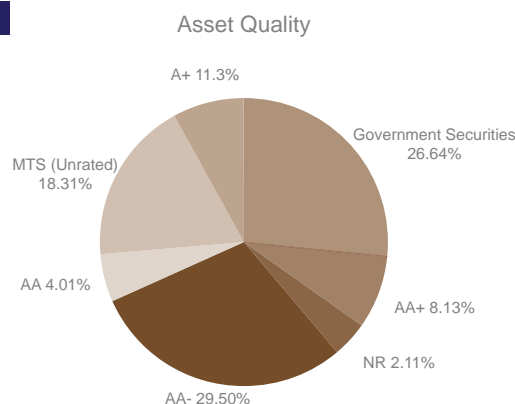
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### FUND INFORMATION

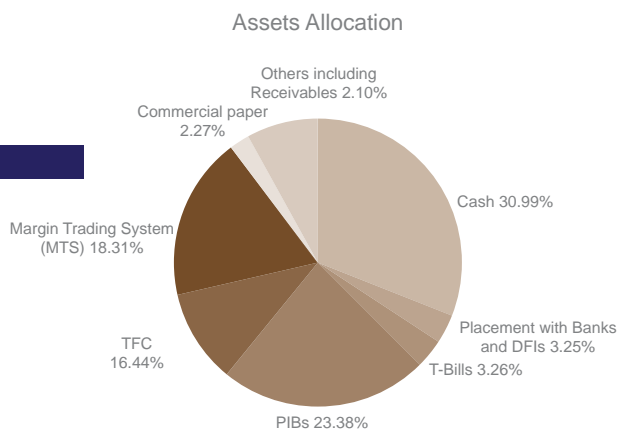
Fund Type	Open Ended
Category	Income scheme
Stability Rating	AA - (f)
Risk Profile	Low
Launch Date	May 12, 2007
Custodian/Trustee	CDC
Auditor	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants

Management Fee	1.50%
Front/Back end Load	Nil
Min Subscription	PKR. 5,000
Benchmark	75% 6M KIBOR & 25% 3M PKRV
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM3+ (JCRVIS)
NAV per Unit (PKR)	101.46
Net Assets(PKR mn)	1418.36
Leverage	Nil



### FUND INFORMATION

	June 14	June 13
YTD	8.81	8.67
Benchmark (YTD)	9.76	9.88



### FSGF

Faysal Savings Growth Fund generated an annualized return of 7.86% over the month of June. This performance allowed YTD return to consolidate at 8.81%, and beat the peer average by 50 basis points. The Fund also portrayed a growth of 57% in AUMs during the outgoing fiscal year against average category peer growth of only 19%. During the year the Management utilized active duration management and investments were strategically aligned with the ongoing monetary landscape. Going forward, the fund shall continue to focus on high credit quality assets and aim to provide competitive returns.

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED****Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS****FAYSAL SAVINGS GROWTH FUND****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**

We Central Depository Company of Pakistan Limited, being the Trustee of Faysal Savings Growth Fund (the Fund) are of the opinion that Faysal Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi: October 10, 2014

## **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 Limited where the Fund is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2014.

Further, we highlight below an instance of non-compliance with the requirements of the Code as reflected in the paragraph reference where it is stated in the Statement:

Paragraph Reference	Description
22	The absence of a mechanism for annual evaluation of the Board's performance as per the requirements of the Code of Corporate Governance, on which the Board is currently working.

Chartered Accountants  
Date: 30th September, 2014  
Karachi

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FAYSAL SAVINGS GROWTH FUND

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The Board of Directors (the Board) of Faysal Asset Management Limited (the Management Company), an unlisted public company, manages the affairs of **Faysal Savings Growth Fund** (the Fund). The Fund being a unit trust open end scheme does not have its own Board of Directors. The Management Company has applied the principles contained in the Code to the Fund in the following manner:

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

Category	Names
Independent Director	Mr. Osman Khan
Non-Executive Director	Mr. Nauman Ansari Syed Majid Ali Mr. Razi-Ur-Rahman Khan Syed Ibad-Ur-Rehman Chishti
Executive Director	Mr. Enamullah Khan (CEO)

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them are serving as a director in more than seven listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, have been declared as a defaulter by that stock exchange.
4. Casual vacancy occurring on the board on 27 November 2013 and 21 April 2014 respectively were filled up by the directors within ninety days, however the board is in process to fill the casual vacancy occurred on 27 June 2014.
5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, an overall corporate strategy and significant policies for the Fund. A complete record of particulars of significant policies along with the dates on which these 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, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive and non-executive directors has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter during the year. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors of the Management Company are well-conversant with the relevant laws applicable to the Fund and Management Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Compliance with the requirement of certification of directors under clause (xi) of the code shall be ensured during the year ending June 30, 2015.
10. The Directors' report relating to the Fund for the year ended June 30, 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

## **STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FAYSAL SAVINGS GROWTH FUND**

11. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.
12. The Directors, CEO, and executives do not hold any interest in the units of the Fund other than that disclosed in the Directors' report.
13. The Management Company has complied with all the applicable corporate and financial reporting requirements of the Code.
14. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors of the Management Company including the chairman of the Committee.
15. The meetings of the Audit Committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Committee have been approved in the meeting of the Board of Directors and the Committee has been advised to ensure compliance with those terms of reference.
16. The Board has formed an HR and Compensation Committee. It comprises of five members of whom four are non-executive directors and the chairman of the Committee is an independent director.
17. The Management Company has outsourced its internal audit function to KPMG Taseer Hadi & Co. Chartered Accountants (the Firm) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund. The Head of internal audit had resigned in the month of June 2014, the management company is in the process of appointing a suitable candidate for this position.
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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company or units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Funds' units, was determined and intimated to directors, employees and stock exchange.
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
22. We confirm that all other applicable material principles enshrined in the Code have been complied with except that the Board is working to put in place a mechanism for its annual evaluation at the year end.

Karachi  
Dated: 30th September, 2014

Enamullah Khan  
Chief Executive Officer

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS**

### ***REPORT ON THE FINANCIAL STATEMENTS***

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 2014, 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 approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***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 misstatements.

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 2014, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

## **INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS**

### ***REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS***

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

**Chartered Accountants**

**Audit Engagement Partner:** Shabbir Yunus

**Date:** 30th September, 2014

**Karachi**



## STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2014

	Note	June 30, 2014 ----- (Rupees) -----	June 30, 2013 -----
<b>Assets</b>			
Bank balances and term deposit receipts	7	505,730,319	305,873,331
Investments	8	665,065,146	638,853,868
Receivable against Margin Trading System (MTS)		270,454,389	-
Prepayments, deposits and other receivables	9	35,741,817	7,275,145
<b>Total assets</b>		<u>1,476,991,671</u>	<u>952,002,344</u>
<b>Liabilities</b>			
Payable to the Management Company	10	1,811,367	1,681,983
Remuneration payable to the Trustee	11	157,669	151,056
Accrued and other liabilities	12	56,666,781	51,719,350
<b>Total liabilities</b>		<u>58,635,817</u>	<u>53,552,389</u>
<b>Net assets</b>		<u>1,418,355,854</u>	<u>898,449,955</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>1,418,355,854</u>	<u>898,449,955</u>
<b>Commitments</b>			
	13	----- (Number of units) -----	
<b>Number of units in issue</b>		<u>13,979,857</u>	<u>8,772,171</u>
----- (Rupees) -----			
<b>Net asset value per unit</b>		<u>101.46</u>	<u>102.42</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013
		----- (Rupees) -----	-----
<b>Income</b>			
Profit earned on debt and government securities classified as 'At fair value through profit or loss' - held-for-trading		62,572,510	95,181,623
Mark-up earned on clean placements and COI classified as 'held to maturity'		10,919,341	43,655,091
Return on certificates of musharika - classified as 'held-to-maturity'		231,781	-
Income from Margin Trading System (MTS)		4,358,277	-
Return on bank balances and term deposit receipts		19,755,806	18,750,552
Other income		718,400	-
Net gain on investments classified as 'At fair value through profit or loss' - held-for-trading			
- Net capital gain on sale of investments		1,207,601	3,936,115
- Net unrealised (loss)/gain on revaluation of investments	8.7	(402,992)	335,246
		804,609	4,271,361
<b>Total income</b>		99,360,724	161,858,627
<b>Expenses</b>			
Remuneration of the Management Company		13,786,526	22,799,495
Provision for indirect taxes and duties	12.4	2,558,779	134,020
Sales tax on management fee		2,205,844	3,667,904
Remuneration of the Trustee		1,521,926	2,141,929
Brokerage charges		189,449	785,918
Bank charges		77,955	187,158
Auditors' remuneration	14	597,700	530,000
SECP annual fee	12.1	689,293	1,123,539
Legal and professional charges		30,575	60,000
Fees and subscription		274,465	250,000
Settlement charges and federal excise duty		630,026	155,102
Printing charges and other expenses		327,377	420,999
Provision for Workers' Welfare Fund	12.3	1,691,162	2,294,500
<b>Total expenses</b>		24,581,077	34,550,564
<b>Net income from operating activities</b>		74,779,647	127,308,063
<b>Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net</b>		8,087,283	(14,877,559)
<b>Net income for the year before taxation</b>		82,866,930	112,430,504
Taxation	15	-	-
<b>Net income for the year after taxation</b>		82,866,930	112,430,504
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		82,866,930	112,430,504

The annexed notes from 1 to 20 form an integral part of these financial statements.

For Faysal Asset Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Undistributed income brought forward</b> [includes unrealised gain on investments of Rs.335,246 (2012: unrealised loss of Rs.223,169)]	<b>43,081,328</b>	70,716,647
Final bonus distribution for the year ended June 30, 2013 @ Rs.1.05 (2012: Rs.2.55) per unit declared for distribution on July 05, 2013	<b>(7,952,913)</b>	(32,272,039)
Final cash distribution for the year ended June 30, 2013 @ Rs.1.05 (2012: Rs.2.55) per unit declared for distribution on July 05, 2013	<b>(1,257,865)</b>	(10,362,460)
Interim bonus distribution for the month of July 31, 2013 @ Re.0.50 (2012: Rs.Nil) per unit declared for distribution on August 01, 2013	<b>(3,968,352)</b>	-
Interim cash distribution for the month of July 31, 2013 @ Re.0.50 (2012: Rs.Nil) per unit declared for distribution on August 01, 2013	<b>(598,976)</b>	-
Interim bonus distribution for the month of August 31, 2013 @ Re.0.45 (2012: Rs.Nil) per unit declared for distribution on September 02, 2013	<b>(3,612,825)</b>	-
Interim cash distribution for the month of August 31, 2013 @ Re.0.45 (2012: Rs.Nil) per unit declared for distribution on September 02, 2013	<b>(539,072)</b>	-
Interim bonus distribution for the quarter ended September 30, 2013 @ Re.0.75 (2012: Rs.2.20) per unit declared for distribution on October 29, 2013	<b>(4,812,969)</b>	(26,998,954)
Interim cash distribution for the quarter ended September 30, 2013 @ Re.0.75 (2012: Rs.2.20) per unit declared for distribution on October 29, 2013	<b>(847,165)</b>	(8,922,636)
Interim bonus distribution for the month of October 31, 2013 @ Re.0.40 (2012: Rs.Nil) per unit declared for distribution on November 01, 2013	<b>(2,509,502)</b>	-
Interim cash distribution for the month of October 31, 2013 @ Re.0.40 (2012: Rs.Nil) per unit declared for distribution on November 01, 2013	<b>(451,821)</b>	-
Interim bonus distribution for the month of November 30, 2013 @ Re.0.40 (2012: Rs.Nil) per unit declared for distribution on December 02, 2013	<b>(2,655,389)</b>	-
Interim cash distribution for the month of November 30, 2013 @ Re.0.40 (2012: Rs.Nil) per unit declared for distribution on December 02, 2013	<b>(451,815)</b>	-
Interim bonus distribution for the quarter ended December 31, 2013 @ Re.0.95 (2012: Rs.2.20) per unit declared for distribution on February 24, 2014	<b>(6,425,722)</b>	(23,011,366)
Interim cash distribution for the quarter ended December 31, 2013 @ Re.0.95 (2012: Rs.2.20) per unit declared for distribution on February 24, 2014	<b>(933,877)</b>	(8,922,470)
Interim bonus distribution for the month of January 31, 2014 @ Re.0.65 (2013: Rs.Nil) per unit declared for distribution on February 03, 2014	<b>(4,395,053)</b>	-
<b>Balance c/f.</b>	<b>1,668,012</b>	<b>(39,773,278)</b>

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Balance b/f.</b>	<b>1,668,012</b>	<b>(39,773,278)</b>
Interim cash distribution for the month of January 31, 2014 @ Re.0.65 (2013: Rs.Nil) per unit declared for distribution on February 03, 2014	<b>(638,967)</b>	-
Interim bonus distribution for the month of February 28, 2014 @ Re.0.62 (2013: Rs.Nil) per unit declared for distribution on March 03, 2014	<b>(3,966,416)</b>	-
Interim cash distribution for the month of February 28, 2014 @ Re.0.62 (2013: Rs.Nil) per unit declared for distribution on March 03, 2014	<b>(609,475)</b>	-
Interim bonus distribution for the month of March 31, 2014 @ Re.0.85 (2013: Rs.Nil) per unit declared for distribution on April 02, 2014	<b>(6,748,811)</b>	-
Interim cash distribution for the month of March 31, 2014 @ Re.0.85 (2013: Rs.Nil) per unit declared for distribution on April 02, 2014	<b>(835,548)</b>	-
Interim bonus distribution for the quarter ended March 31, 2014 @ Re.0.25 (2013: Rs.1.85) per unit declared for distribution on April 28, 2014	<b>(2,114,015)</b>	<b>(15,472,841)</b>
Interim cash distribution for the quarter ended March 31, 2014 @ Re.0.25 (2013: Rs.1.85) per unit declared for distribution on April 28, 2014	<b>(245,750)</b>	<b>(7,502,929)</b>
Interim bonus distribution for the month of April 30, 2014 @ Re.0.85 (2013: Rs.Nil) per unit declared for distribution on May 05, 2014	<b>(9,279,117)</b>	-
Interim cash distribution for the month of April 30, 2014 @ Re.0.85 (2013: Rs.Nil) per unit declared for distribution on May 05, 2014	<b>(835,543)</b>	-
Interim bonus distribution for the month of May 31, 2014 @ Re.0.40 (2013: Re.0.55) per unit declared for distribution on June 02, 2014	<b>(4,835,053)</b>	<b>(4,369,556)</b>
Interim cash distribution for the month of May 31, 2014 @ Re.0.40 (2013: Re.0.55) per unit declared for distribution on June 02, 2014	<b>(393,192)</b>	<b>(2,230,572)</b>
Interim bonus distribution for the period ended June 27, 2014 @ Rs.1.50 (2013: Rs.Nil) per unit declared for distribution on June 27, 2014	<b>(16,670,898)</b>	-
Interim cash distribution for the period ended June 27, 2014 @ Rs.1.50 (2013: Rs.Nil) per unit declared for distribution on June 27, 2014	<b>(2,278,084)</b>	-
Net income for the year after taxation	<b>82,866,930</b>	<b>112,430,504</b>
<b>Undistributed income carried forward</b>	<b><u>35,084,073</u></b>	<b><u>43,081,328</u></b>
[includes unrealised loss on investments of Rs.402,992 (2013: unrealised gain on investments of Rs.335,246)]		

The annexed notes from 1 to 20 form an integral part of this financial statement.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
Note	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	82,866,930	112,430,504
<b>Adjustments for non-cash and other items:</b>		
Net capital gain on sale of investments classified as 'at fair value through profit or loss' - held-for-trading	(1,207,601)	(3,936,115)
Net unrealised (loss) / gain on revaluation of investments classified as 'at fair value through profit or loss' - held-for-trading	402,992	(335,246)
Profit earned on debt and government securities	(62,572,510)	(95,181,623)
Mark-up earned on clean placements and COI - classified as 'held-to-maturity'	(10,919,341)	(43,655,091)
Return on certificates of musharika - classified as 'held-to-maturity'	(231,781)	-
Income from Margin Trading System (MTS)	(4,358,277)	-
Return on bank balances and term deposit receipts	(19,755,806)	(18,750,552)
Other income	(718,400)	-
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net	(8,087,283)	14,877,559
	(24,581,077)	(34,550,564)
<b>(Increase) / decrease in assets</b>		
Prepayments, deposits and other receivables	(1,219,179)	100,049
	(1,219,179)	100,049
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	129,384	(1,195,296)
Remuneration payable to the Trustee	6,613	(65,727)
Accrued and other liabilities	2,669,348	(3,694,114)
	2,805,345	(4,955,137)
	(22,994,911)	(39,405,652)
Proceeds from sale / redemption of investments	4,106,894,799	10,847,455,151
Payments made against purchase of investment	(4,136,581,284)	(10,118,403,618)
Payments made against Margin Trading System (MTS)	(270,454,389)	-
Income received on Margin Trading System (MTS)	3,013,796	-
Profit received on debt and government securities	55,773,801	153,720,139
Return received on bank balances and term deposit receipts	16,800,840	20,761,604
<b>Net cash (used in) / generated from operating activities</b>	(247,547,348)	864,127,624
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts received against issue of units	1,284,207,529	548,694,745
Payments made against redemption of units	(828,164,127)	(1,466,062,385)
Dividend paid	(8,639,066)	(37,941,067)
<b>Net cash generated / (used in) financing activities</b>	447,404,336	(955,308,707)
Net increase / (decrease) in cash and cash equivalents during the year	199,856,988	(91,181,083)
Cash and cash equivalents at the beginning of the year	305,873,331	397,054,414
<b>Cash and cash equivalents at the end of the year</b>	505,730,319	305,873,331

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
Net asset value per unit at the beginning of the year	<u>102.42</u>	<u>103.26</u>
Net asset value per unit at the end of the year	<u>101.46</u>	<u>102.42</u>
<b>Net assets at the beginning of the year</b>	<b>898,449,955</b>	1,726,450,599
Amount received on issue of units *	<b>1,284,207,529</b>	548,694,745
Amount paid on redemption of units **	<b>(828,164,127)</b>	(1,466,062,385)
	<b>456,043,402</b>	(917,367,640)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	<b>(8,087,283)</b>	14,877,559
Final cash distribution for the year ended June 30, 2013 @ Rs.1.05 (2012: Rs.2.55) per unit declared for distribution on July 05, 2013	<b>(1,257,865)</b>	(10,362,460)
Interim cash distribution for the month of July 31, 2013 @ Re.0.50 (2012: Rs.Nil) per unit declared for distribution on August 01, 2013	<b>(598,976)</b>	-
Interim cash distribution for the month of August 31, 2013 @ Re.0.45 (2012: Rs.Nil) per unit declared for distribution on September 02, 2013	<b>(539,072)</b>	-
Interim cash distribution for the quarter ended September 30, 2013 @ Re.0.75 (2012: Rs.2.20) per unit declared for distribution on October 29, 2013	<b>(847,165)</b>	(8,922,636)
Interim cash distribution for the month of October 31, 2013 @ Re.0.40 (2012: Rs.Nil) per unit declared for distribution on November 01, 2013	<b>(451,821)</b>	-
Interim cash distribution for the month of November 30, 2013 @ Re.0.40 (2012: Rs.Nil) per unit declared for distribution on December 02, 2013	<b>(451,815)</b>	-
Interim cash distribution for the quarter ended December 31, 2013 @ Re.0.95 (2012: Rs.2.20) per unit declared for distribution on February 24, 2014	<b>(933,877)</b>	(8,922,470)
Interim cash distribution for the month of January 31, 2014 @ Re.0.65 (2013: Rs.Nil) per unit declared for distribution on February 03, 2014	<b>(638,967)</b>	-
Interim cash distribution for the month of February 28, 2014 @ Re.0.62 (2013: Rs.Nil) per unit declared for distribution on March 03, 2014	<b>(609,475)</b>	-
Interim cash distribution for the month of March 31, 2014 @ Re.0.85 (2013: Rs.Nil) per unit declared for distribution on April 02, 2014	<b>(835,548)</b>	-
Interim cash distribution for the quarter ended March 31, 2014 @ Re.0.25 (2013: Rs.1.85) per unit declared for distribution on April 28, 2014	<b>(245,750)</b>	(7,502,929)
<b>Balance c/f.</b>	<b>1,338,995,743</b>	788,250,023

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Balance b/f.</b>	<b>1,338,995,743</b>	<b>788,250,023</b>
Interim cash distribution for the month of April 30, 2014 @ Re.0.85 (2013: Rs.Nil) per unit declared for distribution on May 05, 2014	<b>(835,543)</b>	-
Interim cash distribution for the month of May 31, 2014 @ Re.0.40 (2013: Re.0.55) per unit declared for distribution on June 02, 2014	<b>(393,192)</b>	(2,230,572)
Interim cash distribution for the period ended June 27, 2014 @ Rs.1.50 (2013: Rs.Nil) per unit declared for distribution on June 27, 2014	<b>(2,278,084)</b>	-
Net capital gain on sale of investments	<b>1,207,601</b>	3,936,115
Net unrealised (loss) / gain on revaluation of investments	<b>(402,992)</b>	335,246
Other net income for the year	<b>82,062,321</b>	108,159,143
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>82,866,930</b>	<b>112,430,504</b>
<b>Net assets at the end of the year</b>	<b>1,418,355,854</b>	<b>898,449,955</b>
	----- (Number of units) -----	
* Number of units issued (including 784,675 bonus units issued during the year ended June 30, 2014 and 742,464 bonus units issued during the year ended June 30, 2013)	<b>13,081,625</b>	<b>6,338,774</b>
** Number of units redeemed	<b>7,873,939</b>	<b>14,286,015</b>

The annexed notes from 1 to 20 form an integral part of these financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

### **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 authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on February 27, 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 a company incorporated under the Companies Ordinance, 1984

The Fund is an open-ended income fund and is listed on the Karachi Stock Exchange Limited. Units are offered for public subscription on a continuous basis and the units are transferable and can be redeemed by surrendering them to the Fund. The Fund was launched on May 07, 2007.

The objective of the Fund is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market and debt securities having good credit rating and liquidity.

The Fund is categorised as an "Income Scheme" as per the circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan.

The JCR - VIS Credit Rating Company Limited (JCR - VIS) has assigned a "AA-(f)" fund ranking to Faysal Savings Growth Fund as of August 02, 2013.

JCR - VIS has awarded an "AM3+" asset manager rating to the Management Company as of December 27, 2013

### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

### **3. BASIS OF MEASUREMENT**

**3.1** These financial statements have been prepared under the historical cost convention, except for certain investments and derivatives which are accounted for as stated in notes 4.3 and 4.4 below.

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

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described in note 4.1.

#### **4.1 New / Revised Standards, Interpretations and Amendments**

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:



## NOTES TO THE FINANCIAL STATEMENTS

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

### **Improvements to Accounting Standards Issued by the IASB**

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

### **4.2 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed**

An equalisation account called the "Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" (the Element) is created in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Element is arrived at by comparing the unit prices with opening Ex - NAV at the beginning of the financial year. The Element so computed is recognised in the income statement except to the extent that the amount represented by unrealised appreciation / diminution arising on available-for-sale securities is included in distribution statement.

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.

### **4.3 Investments**

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

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

All regular way purchases / sales of investments that require delivery 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".

## **NOTES TO THE FINANCIAL STATEMENTS**

### **At fair value through profit or loss**

This category has two sub-categories, namely; financial instruments held-for-trading, and those designated at fair value through profit or loss upon initial recognition.

Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short-term profit taking are classified as held-for-trading.

Investments designated at fair value through profit or loss upon initial recognition include those group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with the documented risk management / investment strategy.

These investments are initially recognised at fair value, being the cost of the consideration given.

After initial measurement, investment at fair value through profit or loss are carried at fair value and the gains or losses on revaluation are recognised in the income statement.

### **Held-to-maturity investments**

Investment securities with fixed maturities and fixed or determinable payments are classified as 'held-to-maturity investments' when management has both the intention and ability to hold to maturity. After initial measurement, such investments are carried at amortised cost less any provision for impairment except for in case of debt securities and government securities, which are carried at fair value in accordance with the requirements of the NBFC Regulations.

### **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.

### **Fair value of investments is determined as follows:**

#### **Debt securities**

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

#### **Government securities**

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4.4 Derivatives

Derivative instruments held by the Fund generally comprise of future contracts, options and forward contracts etc. in the capital market. These are initially recognised at cost and are subsequently remeasured at their fair value. The fair value of derivative instruments is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the instrument. Derivative with positive market values (un-realised gains) are included in other assets and derivatives with negative market values (un-realised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gains and losses are included in income currently.

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

### 4.5 Securities under repurchase / resale agreements

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

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

### 4.6 Provisions

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

### 4.7 Issue and redemption of units

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4.8 Cash and cash equivalents

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

### 4.9 Revenue recognition

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

### 4.10 Taxation

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 is distributed amongst the unit holders.

### 4.11 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 in issue at the year end.

### 4.12 Distribution to unit holders

Distribution to unit holders 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 and approved by the Board of Directors of the Management Company.

### 4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred in connection with incorporation, registration, establishment and authorisation of the Fund till the close of the Initial Public Offering Period. These costs are to be amortised over a period not exceeding sixty months in accordance with the Trust deeds.

### 4.14 Financial assets and financial liabilities

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

Financial assets carried in the statement of assets and liabilities include bank balances, term deposits receipts, return receivable on bank balances and term deposit receipts, profit receivable on debt and government securities, deposits, investments and receivable against sale of investments.

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

## NOTES TO THE FINANCIAL STATEMENTS

### Impairment of financial assets

**4.15** 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.

### 4.16 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.

### 4.2 Receivable against Margin Trading System (MTS)

Transactions for purchase of marketable securities under Margin Trading System (MTS) are entered into at contracted rates for specified period of time. Securities purchased under the MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreement is recognised as "Receivable against Margin Trading System (MTS)". Profit is recognised on accrual basis using the effective interest rate method. Cash releases are adjusted against the receivable as reduction in the amount of receivable. The maximum maturity of a MTS contract is 60 calendar days and 25% of the exposure is released automatically at the expiry of every 15th calendar day.

## 5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in note 4.3 and 4.14 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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

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

<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 16 & 38 - Clarification of Acceptable Method of Depreciation and Amortization	January 01, 2016
IAS 16 & 41 - Agriculture: Bearer Plants	January 01, 2016
 <b>Standard, interpretation or amendment</b>	
IAS 19 - Employee Contributions	July 01, 2014
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	January 01, 2014
IAS 36 - Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - Amortization	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

The Fund is currently evaluating the impact of the above standards and interpretation on the Fund's financial statements in the period of initial application.

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

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

#### **Standard**

IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

## NOTES TO THE FINANCIAL STATEMENTS

		June 30, 2014	June 30, 2013
Note	-----	(Rupees)	-----
<b>7. BANK BALANCES AND TERM DEPOSIT RECEIPT</b>			
Cash at bank - PLS saving accounts	7.1	<b>457,730,319</b>	205,873,331
Term Deposit Receipt	7.2	<b>48,000,000</b>	100,000,000
		<b><u>505,730,319</u></b>	<b><u>305,873,331</u></b>

**7.1** These carry mark-up ranging between 7.00% from 9.55% (June 30, 2013: 6% to 9.25%) per annum and include balance of Rs.1.54 million (June 30, 2013: Rs.3.38 million) held with Faysal Bank Limited, a related party.

**7.2** This carries mark-up at the rate of 10.15% per annum (2013: 9.90%) having maturity up to July 08, 2014.

## 8. INVESTMENTS

### At fair value through profit or loss - held-for-trading

Debt securities	8.1	<b>238,110,381</b>	70,545,386
Government securities	8.2	<b>393,466,141</b>	345,596,846

### Held-to-maturity

Commercial papers - Sukuk certificates	8.3	<b>33,488,624</b>	147,654,306
Certificates of investment	8.4	-	75,057,330
Letters of placement	8.5	-	-
Certificate of Musharika	8.6	-	-
		<b><u>33,488,624</u></b>	<b><u>222,711,636</u></b>
		<b><u>665,065,146</u></b>	<b><u>638,853,868</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 8.1 Debt securities \* - held-for-trading

Name of Investee Company	Number of Certificate				Balance as at June 30, 2014			Market value as percentage of total investments	Market value as percentage of net assets	Market value as percentage of size of issue
	As at July 01, 2013	Purchased during the year	Disposed / redeemed during the year	As at June 30, 2014	Carrying value	Market value	Unrealised gain on revaluation			
<b>* Term Finance Certificates - Unlisted</b>										
<b>Banks</b>										
Bank Al Falah Limited - IV - Fixed	-	5,600	-	5,600	29,926,064	30,147,864	221,800	4.53%	2.13%	0.60%
<b>* Term Finance Certificates - Listed</b>										
<b>Banks</b>										
NIB - March 2008	-	8,092	8,092	-	-	-	-	-	-	-
Bank Al Falah Limited - V	10,000	-	1,000	9,000	45,386,020	45,577,787	191,767	6.85%	3.21%	0.91%
Bank Al Habib Limited - II	3,668	-	3,668	-	-	-	-	-	-	-
NIB -II	-	16,600	-	16,600	83,000,000	83,000,000	-	-	-	-
<b>Electricity</b>										
KE Azam Sukuk III	-	15,800	-	15,800	79,000,000	79,384,730	384,730	11.94%	5.60%	5.28%
<b>* Sukuk Certificates</b>										
WAPDA 3rd Sukuk	-	16,000	16,000	-	-	-	-	-	-	-
	13,668	62,092	28,760	47,000	237,312,084	238,110,381	798,297	23.32%	10.94%	6.80%

#### 8.1.1 Significant terms and conditions of debt securities are as follows:

Name of Security	Number of Certificates	Face value (Rupees)	Mark-up rate (per annum)	Maturity	Secured / unsecured	Rating
<b>Term finance certificates-Listed</b>						
Bank Al Falah Limited - V	9,000	4,998	1.25%+6 months KIBOR	February, 2021	Un secured	AA-
KE Azam Sukuk III	15,800	5,000	2.75% + 3 months KIBOR	March, 2019	Secured	A+
NIB -II	16,600	5,000	1.15% + 6 months KIBOR	June, 2022	Un secured	A+
<b>Term finance certificates-Unlisted</b>						
Bank Al Falah Limited - IV - Fixed	5,600	4,991	15.00%	December, 2017	Secured	AA-

### 8.2 Government securities - held-for-trading

Name of security	Rate of Return per annum	Face value				As at June 30, 2014	Balance as at June 30, 2014			Market value as percentage of total investments	Market value as percentage of net assets
		As at July 01, 2013	Purchased during the year	Sold during the year	Matured during the year		Carrying value	Market value	Unrealised loss on revaluation		
Rupees											
<b>Market treasury bills</b>											
Market treasury bills - 3 months (note 8.2.1)	9.94%	-	2,008,300,000	1,140,000,000	820,000,000	48,300,000	48,182,731	48,184,419	1,688	7.25%	3.40%
Market treasury bills - 6 months	-	150,000,000	200,000,000	350,000,000	-	-	-	-	-	-	-
Market treasury bills - 1 year	-	-	150,000,000	150,000,000	-	-	-	-	-	-	-
<b>Pakistan Investment Bonds</b>											
Pakistan Investment Bonds - 3 years	-	-	600,000,000	250,000,000	-	350,000,000	346,223,974	345,281,722	(942,252)	51.93%	24.34%
Pakistan Investment Bonds - 10 years	-	-	50,000,000	50,000,000	-	-	-	-	-	-	-
<b>GoP Ijara Sukuk</b>											
Government of Pakistan Ijara Sukuk - 3 years	-	200,000,000	-	200,000,000	-	-	-	-	-	-	-
		350,000,000	3,008,300,000	2,140,000,000	820,000,000	398,300,000	394,406,705	393,466,141	(940,564)	59.17%	27.74%



## NOTES TO THE FINANCIAL STATEMENTS

8.2.1 This investment includes securities with face value aggregating to Rs.48.30 million which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

### 8.3 Commercial papers - Sukuk certificates (secured) - held to maturity

Name of investee company	Rate of return per annum	Face value				Carrying value as at June 30, 2014	Maturity	Rating	Face value as percentage of total investments	Face value as percentage of net assets	Face value as percentage of issue size
		As at July 01, 2013	Purchased during the year	Matured during the year	As at June 30, 2014						
----- Rupees -----											
Hub Power Company Limited	-	143,000,000	-	143,000,000	-	-	-	-	-	-	-
Lalpir Power Company Limited	-	-	70,000,000	70,000,000	-	-	-	-	-	-	-
PAIR Investment Company Limited	11.92%	-	35,000,000	-	35,000,000	33,488,624	18-Nov-14	AA	5.26%	2.47%	7.00%
		<u>143,000,000</u>	<u>105,000,000</u>	<u>213,000,000</u>	<u>35,000,000</u>	<u>33,488,624</u>			<u>5.26%</u>	<u>2.47%</u>	<u>7.00%</u>

### 8.4 Certificates of investment - held to maturity

Name of the investee company	Rate of return per annum	Face value				Carrying value as at June 30, 2014	Maturity	Rating	Face value as percentage of total	Face value as percentage of net assets
		As at July 01, 2013	Purchased during the year	Matured during the year	As at June 30, 2014					
----- Rupees -----										
Pak Brunei Investment Company Limited	-	75,000,000	-	75,000,000	-	-	-	-	-	-
		<u>75,000,000</u>	<u>-</u>	<u>75,000,000</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>

### 8.5 Letters of Placement - held to maturity

Name of the investee company	Rate of return per annum	Face value				Carrying value as at June 30, 2014	Maturity	Rating	Face value as percentage of total	Face value as percentage of net assets
		As at July 01, 2013	Purchased during the year	Matured during the year	As at June 30, 2014					
----- Rupees -----										
PAIR Investment Company Limited	-	-	197,000,000	197,000,000	-	-	-	-	-	-
Habib Bank Limited	-	-	140,000,000	140,000,000	-	-	-	-	-	-
Pak Oman Investment Company Limited	-	-	55,000,000	55,000,000	-	-	-	-	-	-
		<u>-</u>	<u>392,000,000</u>	<u>392,000,000</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>

### 8.6 Certificate of Musharika - held to maturity

Name of the investee company	Rate of return per annum	Face value				Carrying value as at June 30, 2014	Maturity	Rating	Face value as percentage of total	Face value as percentage of net assets
		As at July 01, 2013	Purchased during the period	Matured during the period	As at June 30, 2014					
----- Rupees -----										
Meezan Bank Limited	-	-	60,000,000	60,000,000	-	-	-	-	-	-
		<u>-</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>-</u>	<u>-</u>			<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

	Note	June 30, 2014	June 30, 2013
		----- (Rupees) -----	
<b>8.7 Net unrealised (loss) / gain on revaluation of investments - designated 'at fair value through profit or loss'</b>			
Market value of investments		631,576,522	416,142,232
Less: cost of investments		<u>(631,718,789)</u>	<u>415,806,986</u>
		(142,267)	335,246
Net unrealised gain on investments at the beginning of the year		<span style="border: 1px solid black; padding: 2px;">(335,246)</span>	<span style="border: 1px solid black; padding: 2px;">(223,169)</span>
Realised on disposal during the year		<span style="border: 1px solid black; padding: 2px;">74,521</span>	<span style="border: 1px solid black; padding: 2px;">223,169</span>
		<u>(260,725)</u>	<u>-</u>
		<u>(402,992)</u>	<u>335,246</u>
<b>9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES - considered good</b>			
Prepayments		169,179	-
Security deposits			
- National Clearing Company of Pakistan Limited		<span style="border: 1px solid black; padding: 2px;">3,750,000</span>	<span style="border: 1px solid black; padding: 2px;">3,500,000</span>
- Central Depository Company of Pakistan Limited		<span style="border: 1px solid black; padding: 2px;">100,000</span>	<span style="border: 1px solid black; padding: 2px;">100,000</span>
		3,850,000	3,600,000
Income receivable on Margin Trading System (MTS)		1,344,481	-
Profit receivable on debt securities		25,253,001	2,304,955
Return receivable on bank balances and term deposit receipts	9.1	4,325,156	1,370,190
Receivable against issue of units		<u>800,000</u>	<u>-</u>
		<u>35,741,817</u>	<u>7,275,145</u>
<b>9.1</b>	This includes return receivable amounting Rs.8,386 (June 30, 2013: Rs.31,844) on balance held with Faysal Bank Limited (a related party).		
<b>10. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee payable	10.1	1,561,523	1,432,758
Sales tax on management fee payable		<u>249,844</u>	<u>249,225</u>
		<u>1,811,367</u>	<u>1,681,983</u>
<b>10.1</b>	The Management Company is entitled to a remuneration for services rendered to the Fund under the provisions of the NBFC Regulations during the first five years of a Fund's existence of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two per cent of such assets. The Management Company has charged its remuneration at the rate of 1.5% per annum of the daily net asset value of the Fund (June 30, 2013: 1.5%).		
<b>11. REMUNERATION PAYABLE TO THE TRUSTEE</b>		<u>157,669</u>	<u>151,056</u>

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 asset value of the Fund.

## NOTES TO THE FINANCIAL STATEMENTS

		June 30, 2014	June 30, 2013
12. ACCRUED AND OTHER LIABILITIES	Note	----- (Rupees) -----	
SECP annual fee payable	12.1	689,293	1,140,047
Accrued liabilities		2,579,196	2,541,326
Zakat payable		31,603	31,603
Dividend payable	12.2	2,278,083	-
Provision for Workers' Welfare Fund	12.3	49,563,559	47,872,354
Provision for indirect taxes and duties	12.4	1,525,047	134,020
		<b>56,666,781</b>	<b>51,719,350</b>

**12.1** This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP annually an amount equal to 0.075% (June 30, 2013: 0.075%) per annum of the daily net asset value of the Fund.

**12.2** This includes dividend payable amounting to Rs.2,274,329 (June 30, 2013: Rs.Nil) to Faysal Bank Limited (a related party).

**12.3** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Honorable Lahore High Court (LHC), in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013, a larger bench of the Honorable High Court of Sindh (SHC) has passed an order declaring that the amendments introduced in the WWF Ordinance through Finance Acts, 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. However, as mentioned above, the constitutional petition challenging the applicability of WWF on mutual funds is still pending adjudication and not yet decided. The Management Company has considered the implications of the above judgment of SHC and is of the view that the matter will eventually be settled in its favor and WWF will not be levied on the Fund.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

As the matter relating to the levy of WWF is currently pending in the SHC, the Management Company, as a matter of prudence, has decided to retain and continue with the provision for WWF amounting to Rs.49.56 million (June 30, 2013: Rs.47.87 million) in these financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Rs.3.55 (3.49%) per unit (June 30, 2013: Rs.5.46 (5.33%) per unit).

**12.4** As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been

## NOTES TO THE FINANCIAL STATEMENTS

collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax on service thereon in its financial statements with effect from June 13, 2013.

	June 30, 2014	June 30, 2013
Note	----- (Rupees) -----	
<b>13. COMMITMENTS</b>		
<b>13.1 Commitments</b>		
Margin Trading System (MTS) transactions entered into by the Fund which have not been settled as at June 30, 2014		
Purchase transactions	<u>113,538,622</u>	-
Sale transactions	<u>57,493,995</u>	-
<b>14. AUDITORS' REMUNERATION</b>		
Audit fee	367,500	350,000
Review and other certifications	189,000	180,000
Other	13,400	-
	<u>569,900</u>	530,000
Sales tax	27,800	-
	<u>597,700</u>	530,000
<b>15. TAXATION</b>	<u>-</u>	<u>-</u>

The income of the Fund is exempt from income tax under Clause (99) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (Clause 99) subject to the condition that not less than 90 percent of the accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed amongst the unit holders. The Management Company has distributed not less than 90 percent of its annual accounting income to avail the tax exemption. Accordingly, no provision for current and deferred tax has been made in this financial statements.

### 16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

**16.1** Connected persons / related parties include Faysal Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, Faysal Asset Management Limited - Staff Provident Fund, Faysal Asset Management Limited - Staff Gratuity Fund, Faysal Bank Limited, Faysal Bank Limited - Staff Provident Fund, Faysal Bank Limited - Staff Gratuity Fund and other entities under common management and / or directorship and the directors and officers of the Management Company and the Trustee.

**16.2** The transactions with connected persons are in the normal course of business, at contracted rates.

## NOTES TO THE FINANCIAL STATEMENTS

**16.3** The details of significant transactions carried out by the Fund with connected persons / related parties and balances with them at year end are as follows:

Transactions during the year	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Faysal Asset Management Limited (Management Company)</b>		
Remuneration of Management Company	13,786,526	22,799,495
Sales tax on management fee	2,205,844	3,667,904
Issue of 868,370 units (2013: Nil units)	88,800,000	-
Issue of bonus units 33,294 (2013: Nil units)	3,404,326	-
Redemption of 515,524 units (2013: Nil units)	52,800,000	-
FED paid during the year	867,967	-
<b>Faysal Bank Limited (Group / Associated Company)</b>		
Profit on PLS savings accounts	394,762	1,578,815
Redemption of 214,819 units (2013: 2,865,509 units)	21,965,438	293,145,589
Bank charges	5,553	71,822
Cash dividend paid	10,892,408	37,914,794
Issue of 535,749 units (2013: Nil units)	55,000,000	-
<b>Faysal Asset Management Limited - Staff Provident Fund</b>		
Bonus issue of 1,455 bonus units (2013: 1,182 units)	148,455	142,802
Redemption of 2,461 units (2013: Nil units)	250,000	-
Issue of Nil units (2013: 2,418 units)	-	250,000
<b>Faysal Asset Management Limited - Staff Gratuity Fund</b>		
Bonus issue of 509 bonus units (2013: 332 units)	51,929	33,686
Issue of Nil units (2013: 4,838 units)	-	500,000
<b>Directors and Key Management Personnel of the Management Company</b>		
Issue of 248 bonus units (2013: 622 units)	25,329	116,467
Redemption of Nil units (2013: 25,509 units)	-	2,624,715
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Remuneration of the Trustee	1,521,926	2,141,929
Settlement charges	51,673	5,500
<b>Unit holders having 10% or more of the units in issue</b>		
<b>Habib Metropolitan Bank Limited</b>		
Profit on deposit account	136,412	399
Issue of 772,275 units (2013: 1,447,691 units)	80,000,000	150,164,819
Bonus issue of 84,433 bonus units (2013: 158,783 units)	8,612,071	16,080,935
Redemption of 1,846,089 units (2013: 2,326,974 units)	189,693,917	240,357,989
<b>Attock Cement Pakistan Limited</b>		
Issue of 1,459,671 units (2013: Nil units)	150,423,929	-
Bonus issue of 45,045 bonus units (2013: Nil units)	4,594,794	-

## NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
<b>Bulk Management Pakistan (Pvt) Limited</b>		
Issue of 1,425,286 units (2013: Nil units)	145,000,000	-
Bonus issue of 9,273 bonus units (2013: Nil units)	946,807	-
	June 30, 2014	June 30, 2013
<b>Outstanding balances</b>	----- (Rupees) -----	
<b>Faysal Asset Management Limited (Management Company)</b>		
Remuneration payable to the Management Company	1,561,523	1,432,758
Sales tax on management fee payable	249,844	249,225
Units in issue 386,140 units (June 30, 2013: Nil units)	39,177,720	-
<b>Faysal Asset Management Limited - Employees Provident Fund</b>		
Units in issue 15,821 units (June 30, 2013: 16,827 units)	1,605,225	1,723,421
<b>Faysal Asset Management Limited - Staff Gratuity Fund</b>		
Units in issue 5,678 units (June 30, 2013: 5,170 units)	576,125	529,511
<b>Faysal Bank Limited (Group / Associated Company)</b>		
Balance in PLS saving accounts	1,537,880	3,383,769
Profit receivable on savings account	8,386	31,844
Units in issue 1,516,219 units (June 30, 2013: 1,195,289 units)	153,835,585	122,421,499
Dividend payable	2,274,329	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to the Trustee	157,669	151,056
Security deposit	100,000	100,000
<b>Directors and Key Management Personnel of the Management Company</b>		
Units in issue Nil units (June 30, 2013: 91 units)	-	9,320
<b>Unit holders having 10% or more of the units in issue</b>		
<b>Habib Metropolitan Bank Limited</b>		
Balance in PLS savings account	120,025,046	55,509
Units in issue 523,082 units (June 30, 2013: 1,512,463 units)	53,071,879	154,906,460
<b>Attock Cement Pakistan Limited</b>		
Units in issue 1,504,716 units (June 30, 2013: Nil units)	152,668,508	-
<b>Bulk Management Pakistan (Pvt) Ltd.</b>		
Units in issue 1,434,559 units (June 30, 2013: Nil units)	145,550,345	-

## NOTES TO THE FINANCIAL STATEMENTS

### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

#### 17.1 Market risk

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

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2014, the Fund's exposure to the risk of changes in market interest rates relates primarily to bank balances, term deposit receipts, certificates of investment, commercial papers, debt securities and general securities. The bank balances, certificates of investment and commercial papers and term deposit receipts are subject to rates as declared by the respective banks / institutions on periodic basis. Debt securities and Ijara sukuk are subject to floating profit rate. The Debt securities are valued at the rates quoted by MUFAP while Ijara sukuk are valued at brokers average rate. The treasury bills are subject to fixed interest rates and valued by reference to the quotations obtained from Reuters page. As at June 30, 2014, approximately 97.58% (June 30, 2013: 98.26%) of the Fund's financial assets are subject to interest rates.

Management of the Fund estimates that an increase of 100 basis points in the floating interest rate, with all other factors remaining constant, would increase the Fund's income and increase in the net assets of the Fund by Rs.5.83 million (June 30, 2013: Rs.7.92 million) and a decrease of 100 basis points would result in a decrease in the Fund's income and decrease in the net assets of the Fund by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

Management of the Fund estimates that an increase of 100 basis points in the fixed interest rate, with all other factors remaining constant, would decrease the Fund's income and decrease in the net assets of the Fund by Rs.6.088 million (June 30, 2013: Rs.0.52 million) and a decrease of 100 basis points would result in an increase the Fund's income and increase the net assets of the Fund by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

##### (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 equity price risk exposure arises from the Fund's investment in equity securities. The Fund does not have any equity instrument and it is not exposed to such risk.

## NOTES TO THE FINANCIAL STATEMENTS

### 17.2 Liquidity risk

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

The table below summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted payments.

June 30, 2014	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees) -----				
<b>Financial liabilities</b>				
Payable to the Management Company	1,811,367	-	-	1,811,367
Remuneration payable to the Trustee	157,669	-	-	157,669
Accrued and other liabilities	4,857,279	-	-	4,857,279
	<u>6,826,315</u>	<u>-</u>	<u>-</u>	<u>6,826,315</u>

June 30, 2013	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees) -----				
<b>Financial liabilities</b>				
Payable to the Management Company	1,681,983	-	-	1,681,983
Remuneration payable to the Trustee	151,056	-	-	151,056
Accrued and other liabilities	2,541,326	-	-	2,541,326
	<u>4,374,365</u>	<u>-</u>	<u>-</u>	<u>4,374,365</u>

### 17.3 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:



## NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2014	June 30, 2013
	----- (Rupees) -----	
Bank balances and term deposit receipts	505,730,319	305,873,331
Term finance certificates - listed	128,577,787	70,545,386
Term finance certificates - unlisted	30,147,864	-
Commercial papers	33,488,624	147,654,306
Sukuk certificates	79,384,730	-
Certificates of investment	-	75,057,330
Security deposits	3,850,000	3,600,000
Profit receivable on debt securities	7,561,219	2,052,149
Return receivable on bank balances and term deposit receipts	4,325,156	1,370,190
Deposits and other receivables	-	7,022,465
	<u>793,065,699</u>	<u>613,175,157</u>

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

	June 30, 2014	June 30, 2013
	----- (%) -----	
<b>Rating category</b>		
AAA	-	0.68
AA+, AA, AA-	87.55	98.73
A+, A, A-	10.47	0.00
Unrated	1.98	0.59
	<u>100.00</u>	<u>100.00</u>

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

	June 30, 2014	June 30, 2013
	<u>% of assets exposed to credit risk</u>	
Commercial banks	83.78	50.69
Financial services	4.22	24.36
Electricity	10.02	24.36
Others	1.98	0.59
	<u>100.00</u>	<u>100.00</u>

### 17.4 Unit Holders' Fund

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



## NOTES TO THE FINANCIAL STATEMENTS

During the period ended June 30, 2014, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

### 18. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

### 19. GENERAL

Figures are rounded off to the nearest rupee.

### 20. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on 30th September, 2014 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**SUPPLEMENTARY NON FINANCIAL INFORMATION  
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS  
SUB CLAUSE (D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE  
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

**Annexure I**

**(i) PATTERN OF UNIT HOLDING**

Category	No. of investors	Units held	%
Associated company	2	1,902,359	13.61
Insurance company	3	116,944	0.84
Retirement Funds	18	836,132	5.98
Individuals	584	4,576,731	32.74
Banks and DFIs	1	523,082	3.74
NBFCs	-	-	-
Other	24	6,024,609	43.09
	<u>632</u>	<u>13,979,856</u>	<u>100.00</u>

**(ii) TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**

Name	June 30, 2014 %
Invest Capital Markets Limited	49.63%
Invest & Finance Limited	14.57%
Invest One Market Limited	8.49%
JS Global Capital Limited	7.89%
Elixir Securities Pakistan (Pvt) Limited	6.64%
Global Securities Pakistan Limited	4.75%
Icon Securities (Pvt) Limited	3.76%
BMA Capital Limited	1.92%
KASB Securities Limited	1.82%
C & M Management Limited	0.54%

Name	June 30, 2013 %
Invest Capital Markets Limited	53.29%
JS Global Capital Limited	12.40%
Invest & Finance Limited	9.96%
C & M Management Ltd	5.91%
Global Securities Pakistan Limited	5.28%
KASB Securities Limited	5.00%
Invest One Market Limited	3.85%
Icon Securities (Pvt) Limited	2.38%
Alfalah Securities (Pvt.) Limited	1.54%
BMA Capital Limited	0.22%
Elixir Securities Pakistan (Pvt) Limited	0.16%

**SUPPLEMENTARY NON FINANCIAL INFORMATION  
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NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

**(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE**

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

<b>Name</b>	<b>Qualification</b>	<b>Experience</b>
Mr. Enamullah Khan	B. Eco , FSA, Accreditations	Over 22 years
Mr. Najm-Ul-Hassan	MBA, ACMA, CFA I	Over 19 years
Mr. Vasseh Ahmed	Master in Science	Over 6 years
Mr. Ayub Khuhro	BSC Economics, CFA I	Over 6 years
Syed Shahid Iqbal	B. COM	Over 24 years
Mr. Hassan Bin Nasir	MBA	Over 6 years
Mr. Muhammad Faraz Khan	MBA, M.A (Eco)	Over 8 years

**(iv) PARTICULARS OF FUND MANAGERS**

<b>Name</b>	<b>Qualification</b>	<b>Other Collective Investment Schemes Managed</b>		
Syed Shahid Iqbal	B. COM	Faysal Money Market Fund Faysal Financial Sector Opportunity Fund		
		<b>June 30, 2014</b>	<b>June 30, 2013</b>	<b>June 30, 2012</b>
		----- (Rupees) -----		

**(v) PERFORMANCE TABLE**

Net assets	1,418,355,854	898,449,955	1,726,450,599
Net asset value per unit	101.46	102.42	103.26
Offer price	101.46	102.42	103.26
Repurchase price per unit	101.46	102.42	103.26
Highest offer price per unit	103.69	103.89	105.08
Highest repurchase price per unit	103.69	103.89	105.08
Lowest offer price	101.45	100.97	100.95
Lowest repurchase price per unit	101.45	100.97	100.95
Total return:	8.81%	8.45%	10.81%
- capital growth	0.24%	0.60%	0.06%
- income distribution	8.57%	7.85%	10.75%
Average annual return: (Launch date: July 05, 2013)			
- one year	8.81%	8.45%	10.81%
- two years	8.63%	9.63%	10.89%
- three years	9.36%	10.07%	10.92%
Distribution per unit:			
- Interim distribution (Rs. per unit)	8.57%	6.80%	8.20%
- Final distribution (Rs. per unit)	-	1.05%	2.55%
	<u>8.57%</u>	<u>7.85%</u>	<u>10.75%</u>

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

**SUPPLEMENTARY NON FINANCIAL INFORMATION  
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS  
SUB CLAUSE (D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE  
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

**(vi) 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	Meetings Attended	Meetings held on									
		Jul 05 2013	Sep 24 2013	Sep 26 2013	Oct 04 2013	Oct 29 2013	Feb 10 2014	Feb 24 2014	Apr 28 2014	Jun 27 2014	
Mr. Nauman Ansari, Chairman	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Mr. Naved A. Khan, Ex-Chairman***	2	N/A	N/A	N/A	N/A	N/A		1	1	N/A	N/A
Mr. Mohammad Abdul Aleem, Ex-Chairman**	4	1	1	1	1	0	N/A	N/A	N/A	N/A	
Mr. Feroz Rizvi, Director**	4	0	1	1	1	1	N/A	N/A	N/A	N/A	
Mr. Zafar Ahmed Siddiqui, Director*	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Mr. Nadeem Karamat, Director****	2	N/A	N/A	N/A	N/A	N/A	1	0	1	N/A	
Syed Majid Ali, Director	7	1	1	1	0	1	1	1	1	0	
Mr. Osman Khan, Director	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	
Syed Ibad ur Rahman Chishti, Director *****	1	0	0	0	0	0	0	1	0	0	
Mr. Razi ur Rahman, Director	9	1	1	1	1	1	1	1	1	1	
Mr. Enamullah Khan, Chief Executive Officer	8	1	1	1	0	1	1	1	1	1	

\* Resigned effective from September 24, 2013.

\*\* Resigned effective from November 27, 2013 after SECP approval for new directors.

\*\*\* Resigned effective from April 02, 2014.

\*\*\*\* Resigned effective from June 27, 2014.

\*\*\*\*\* Granted leave of absences for 8 meetings out of 9 held.

**SUPPLEMENTARY NON FINANCIAL INFORMATION  
DISCLOSURE REQUIREMENTS UNDER CLAUSE 6 - NOTES TO THE ACCOUNTS  
SUB CLAUSE (D), (F), (G), (H), (I) AND (J) OF THE 5TH SCHEDULE TO THE  
NON BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008**

**(vii) MEETINGS OF THE AUDIT COMMITTEE**

Following is the analysis of the attendance in the meetings of the Audit Committee of the Management Company during the year:

Name of Member	Meetings Attended	Meetings held on			
		Sep 23 2013	Oct 28 2013	Feb 21 2014	Apr 8 2014
Mr. Razi ur Rehman, Chairman	4	1	1	1	1
Mr. Feroz Rizvi, Ex-Chairman	2	1	1	N/A	N/A
Syed Majid Ali, Director	3	1	0	1	1
Mr. Zafar Ahmed Siddiqui, Director	0	0	N/A	N/A	N/A
Mr. Nadeem Karamat, Director	2	N/A	N/A	1	1

**(viii) MEETINGS OF THE BOARD HR COMMITTEE**

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

Name of Directors	Meetings Attended	Meetings held on		
		July 05 2013	Feb 21 2014	April 25 2014
Mr. Nadeem Karamat, Chairman	2	N/A	1	1
Mr. Zafar Ahmed Siddiqui, Ex-Chairman	1	1	N/A	N/A
Syed Majid Ali, Director	3	1	1	1
Mr. Razi ur Rahman Khan, Director	3	1	1	1
Syed Ibad ur Rahman Chishti, Director	0	N/A	0	0
Mr. Enamullah Khan, Chief Executive Officer	3	1	1	1

**(ix) RATING OF THE FUND AND THE MANAGEMENT COMPANY**

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned a "AA-(f)" fund rating to Faysal Savings Growth Fund as of June 30, 2014 and has awarded an "AM3+" asset manager rating to the Management Company as of December 27, 2013.

Head Office  
8th Floor, Tower A, Saima Trade Tower  
I.I. Chundrigar Road, Karachi-Pakistan

Karachi  
**U** 92 21 111329725  
**F** 92 21 32277301

Lahore  
**T** 92 42 35785558  
**F** 92 42 35755196

Islamabad  
**T** 92 51 2605721 / 23  
**F** 92 51 2275252

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