

 FAYSAL  
ISLAMIC SAVINGS  
GROWTH FUND



2011



FAYSAL  
ISLAMIC SAVINGS  
GROWTH FUND

Financial Statements for the Year Ended  
June 30, 2011

collective wisdom



faysal funds



**Faysal Islamic Savings Growth Fund**

Faysal Islamic Saving Growth Fund (FISGF) is an open-ended mutual fund. The units of FISGF are listed on the Karachi Stock Exchange and were initially offered to the public on 14 June 2010. FISGF seeks to provide investors maximum presentation of capital and a reasonable rate of return via investing in Shariah compliant money market and debt securities having good quality rating and liquidity.





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## FUND INFORMATION

### Management Company

Faysal Asset Management Limited

### Board of Directors of the Management Company

Mr. Mohammad Abdul Aleem, Chairman  
 Mr. Salman Haider Sheikh, Chief Executive Officer  
 Mr. Feroz Rizvi, Director  
 Syed Majid Ali Esq., Director  
 Mr. Zafar Ahmed Siddiqui, Director  
 Syed Ibad-ur-Rehman Chishti, Director  
 Mr Muhammad Aliuddin Ansari, Director

### CFO of the Management Company

Mr. Shahid Usman Ojha

### Company Secretary

Mr. Mian Ejaz Ahmed

### Audit Committee

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

### Trustee

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

### Bankers to the fund

Standard Chartered Bank-Islamic Branches  
 Dubai Islamic Bank Limited  
 National Bank of Pakistan-Islamic Branches  
 Bank Alfalah Limited - Islamic Branches  
 UBL Ameen - Islamic Branches  
 Al Baraka Bank (Pakistan) Limited

### Auditors

Ford Rhodes Sidat Hyder & Co.,  
 Chartered Accountants

### Legal Advisor

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

### Shariah Advisor

Mufti Muhammad Abu Bakar  
 Mr. Abdul Zahid Farooqi

### Registrar

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

### Distributors

Faysal Asset Management Limited





## MISSION STATEMENT

Faysal Islamic Savings Growth Fund seeks to provide maximum possible preservation of capital and a responsible Shariah compliant return to its units holder.





## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Directors of the Faysal Asset Management Limited, the Management Company of **Faysal Islamic Savings Growth Fund (FISGF)**, are pleased to present the 2<sup>nd</sup> Annual Report on the operations of FISGF along with the audited accounts, Reports of the Trustee and Auditors to the Unit Holders for the year ended June 30, 2011.

### SALE AND REDEMPTION OF UNITS

During the period, units worth Rupees 257 million were issued and units with a value of Rupees 310 million were redeemed (Period ended June 30, 2010 units issued Rupees 397 million and units redeemed Rupees 65 million).

### UNIT HOLDERS

As of June 30, 2011, total unit outstanding were decreased by 14%. As of June 30, 2011, 2,853,803 units with a value of Rs. 295 million were outstanding (period ended June 30, 2010: 3,323,224 units with a value of Rs. 334 million)

### UNIT PRICES

Unit prices are being announced on a daily basis based on the NAV of the underlying portfolio. The highest and lowest offer/redemption prices during the year as well as the prices prevailing as of June 30, 2011 were as below:

	<u>Offer Prices</u>	<u>Redemption Prices</u>
Highest	106.35	106.35
Lowest	100.22	100.22
As of June 30, 2011	103.51	103.51

### PERFORMANCE

Faysal Islamic Savings Growth Fund's (FISGF) was launched on 14 June 2010. The performance of FISGF was exceptional during the year as it yielded 10.33% as compared to the benchmark return of 8.85%.

On asset allocation side, FISGF is highly liquid with our portfolio comprised 61.84% in GoP Ijara Sukuk and 36.06% in cash at bank. Approximately 98% of the portfolio is invested in AA or better rated instruments. We intend to continue our investment strategy to look out for Shariah Compliant opportunities with competitive return at acceptable risk levels.

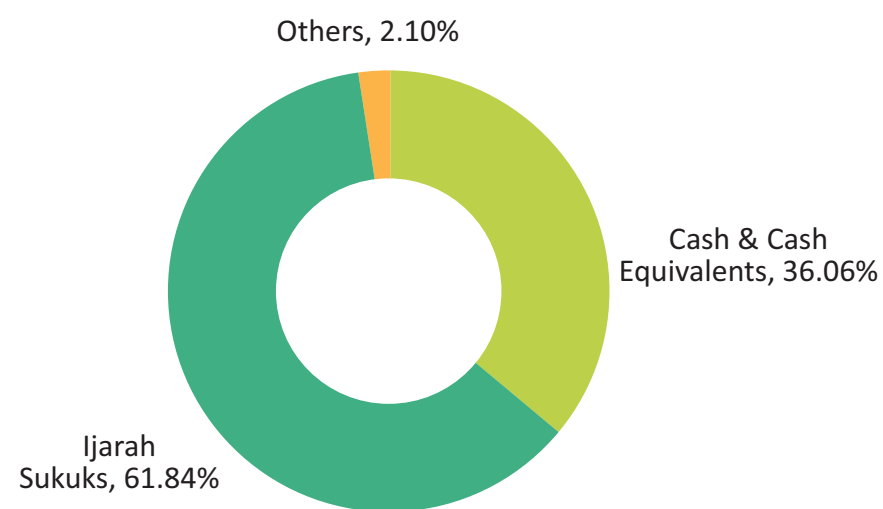




## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

### ASSET ALLOCATION AS ON JUNE 30, 2011

#### Asset Allocation (% of Total Assets)



### INCOME DISTRIBUTION

The Board of directors has approved fund distribution at the rate of 9.75% (Interim 6.65% and final 3.10%) (i.e Rs. 9.75 per unit of par value of Rs.100 each).

### MUTUAL FUND RATING

JCR-VIS has awarded the fund stability rating of "A+(f)" for Faysal Islamic Savings Growth Fund (FISGF). 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.

### MEETINGS OF THE DIRECTORS

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

### CORPORATE GOVERNANCE

1. A prescribed statement by the management along with the auditors' report thereon for the period ended June 30, 2011 forms part of this annual report.
2. Statements under clause xix of the Code:
  - i. The financial Statements, prepared by the Management presents fairly the state of affairs of the Fund and result of its operations, cash flows and movement in unit holder's fund.





## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

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

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

Trades By:	Investment	Redemption
	------(No. of Units)-----	
Mr. Shahid Usman Ojha (Chief Financial Officer)	1,947	1,947
Mr. Mansoor Bughio (Fund Manager)	9,851	9,851
Mr. Ayaz Mustafa Zuberi (Fund Manager)	2,437	Nil

### PATTERN OF HOLDING

The Pattern of Holding of FISGF as at June 30, 2011 is given as part of this Annual Report.

### AUDITORS

The present auditors Messers Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The Board endorses the recommendation of the Audit Committee for re-appointment of Messers Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as the auditors for the financial year 2012.

### ACKNOWLEDGEMENT

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

For and on behalf of the Board

Karachi: September 24, 2011

**Salman Haider Sheikh**  
Chief Executive Officer





## FUND MANAGER'S REPORT

### Macro Economic Analysis

In FY10-11 Pakistan faced continuous and intensified security challenges. In addition, the country was challenged with multiple adverse shocks of commodity and oil prices and the fallout of the global financial crisis and calamity of the great floods. Considering these challenges the growth rate of 2.4% during the year 2010-11 seems reasonable. The floods wiped out about 2% points from the growth as well as inflicted a massive damage of \$10 billion on country's economic structure. Some 20 million people were displaced as more than 50,000 Sq. Km area was submerged in water.

Despite many challenges, the overall performance of the economy has been moderately satisfactory. The most significant development during the year was the performance of the external sector, which posted a current account surplus of \$ 437mn due to significant growth in exports, remittance and slower growth in import bill. Exports, crossing the \$20 billion mark for the first time, registered a growth of 28% compared to same period reaching \$25.4 billion. Remittances have also recorded a strong performance by crossing the double digit mark and are set to reach the historic level of more than \$11.2 billion. The combined effect of these positive developments was reflected in the growth of external reserves which also touched a historic high of \$17.1 billion at the end of April, 2011.

On fiscal side a deficit of 4% of GDP was posted in FY10-11. Part of the increase in the fiscal deficit is explainable on account of higher security related expenditures and the floods, however significant contribution to this increase came from higher subsidies, delay in adoption of tax measures, non-realization of auction of 3-G license and several petroleum related incomes which were affected due to non-resolution of circular debt problem in full. The emerging fiscal situation has reinforced the urgent need to broaden the tax base, rationalize expenditure and to better insulate the economy from shocks.

Pakistan's per capita real income has risen by 0.7% in 2010-11 as against 2.9 % last year. Per capita income in dollar term rose from \$ 1073 last year to \$ 1254 in 2010-11. The total investment has declined from 22.5% of GDP in 2006-07 to 13.4% of GDP in 2010-11. The national savings rate has decreased to 13.8% of GDP in 2010-11 as against 15.4 percent of GDP last year. Domestic savings has also declined substantially from 16.3 percent of GDP in 2005-06 to 9.5 percent of GDP in 2010-11. A low and declining tax-to-GDP ratio and increasing public debt stock has imposed a constraint on the size of fiscal stimulus to support revival of growth momentum needed for the economy.

### Money Market Review

Treasury yields showed a downturn since the third auction of 1QFY12 due to the unanticipated cut in discount rate by 50bps. The Cutoff Yields of 3 months, 6 months and 12 months T-bills dipped by 46bps, 50bps and 54bps respectively. Government's reliance on domestic borrowing to finance the deficit has been increasing due to the insignificant support from the external sources. In 1QFY12 the target amount of T-bill auction is PKR 750bn against the maturity of PKR 701bn. In 1st quarter FY12 the target amount for T-Bill auction was PKR 702bn where total amount accepted was PKR 939bn. Significant participation was witnessed in the 12 month paper. The cutoff for 3, 6 and 12 months paper at the beginning of the quarter stood at 13.485%, 13.7586% and 13.9074%. The unanticipated cut in the discount rate by 50bps in Monetary Policy statement in July 2011 led to a significant dip in the T-Bill yields as the cutoff for 3, 6 and 12 months paper in the last auction stood at 13.07%, 13.23% and 13.31% respectively.



## FUND MANAGER'S REPORT

Auction Date	Settlement Date	Maturing Amount	Target Amount	Accepted Amount
13-Jul-11	14-Jul-11	61,270	90,000	125,524.85
27-Jul-11	28-Jul-11	106,278	120,000	138,199.24
10-Aug-11	11-Aug-11	176,044	170,000	201,191.48
24-Aug-11	25-Aug-11	90,990	190,000	128,279.96
7-Sep-11	8-Sep-11	150,266	150,000	178,131.16
21-Sep-11	22-Sep-11	116,859	130,000	167,778.57
<b>Total Q1-FY12 Amounts</b>		<b>701,707</b>	<b>750,000</b>	<b>939,105</b>

### Investment Objective

FISGF seeks to provide maximum possible preservation of capital and a reasonable rate of return via investing in Shariah Compliant money market and debt securities having good credit quality rating and liquidity.

### Fund Information

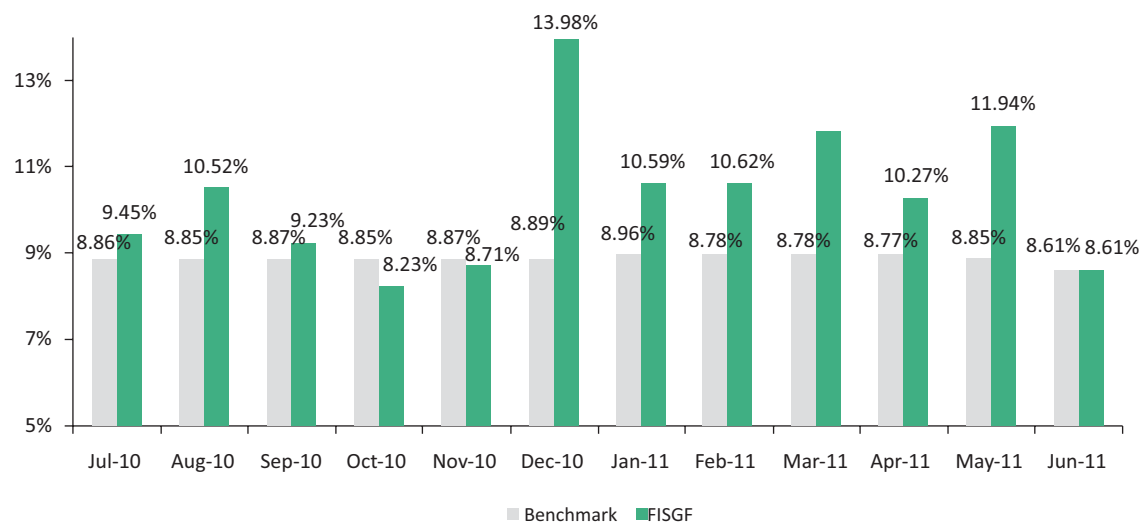
Fund Type	Open Ended
Category	Islamic Income Scheme
Stability Rating (JCRVIS)	A+(f)
Risk Profile	low
Launch Date	14-Jun-10
Custodian/Trustee	CDC
Auditor	Ernst & Young Ford Rhodes Sidat Hyder
Management Fee	1.50%
Front/Back end Load	-
Min Subscription	PKR 5000
Benchmark	Average 6M deposit rate of 3 Islamic Banks
Pricing Mechanism	Forward
Dealing Days	Monday-Friday
Cut-Off Timing	9am-5pm
AMC Rating	AM2- (JCRVIS)
Registrar	Gangjees Registrar Services (Pvt.) Ltd.

<b>Risk-quant</b>	Alpha	0.014%
	Skewness	1.639%
	Sharpe	-5.9242
	Std. Dev.	0.037%
	VAR	0.062%
	Weighted Average Days	89
	Sortino	-1.9064
	Kurtosis	21.0471

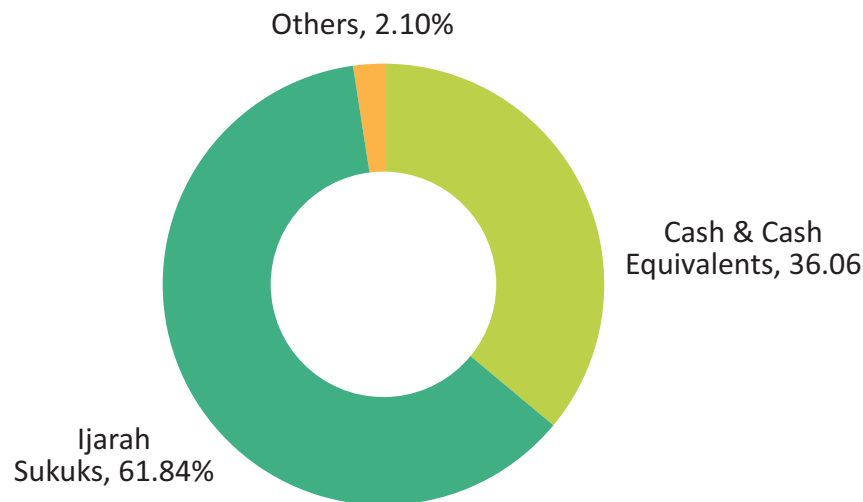
<b>Funds Return</b>	FY11 Return	10.33
	Since Inception	10.51
	Benchmark YTD Return	8.85
	Average Market YTD Return	10.51



**FUND MANAGER'S REPORT**



**Asset Allocation (% of Total Assets)**



**Performance Review**

The performance of FISGF was exceptional during the year as it yielded 10.33% as compared to the benchmark return of 8.85%, outperforming the benchmark by 1.48%. Comparing peer group, FISGF underperformed from its peer group by 18bps as it yielded a return of 10.33% vs the industry average of 10.51%.

FISGF started the year at an ex-NAV/unit of PKR 100.03 and closed the year at a NAV/unit of PKR 103.51 after giving an aggregate payout of PKR 9.75 per unit to its valued investors during the year under review. On asset allocation side, the fund is highly liquid with our portfolio comprised 36.06% in cash at bank and 61.84% in GoP Ijara Sukuk. Approximately 98% of the portfolio is invested in AA or better rated instruments. We intend to continue our investment strategy to look out for Shariah Compliant opportunities with competitive return at acceptable risk levels.





بسم الله الرحمن الرحيم  
الحمد لله رب العالمين، والصلاة والسلام على خاتم النبيين وسيد المرسلين،  
وعلى آله واصحابه اجمعين. آمين.

## REPORT OF THE SHARIAH ADVISOR FAYSAL ISLAMIC SAVINGS GROTH FUND

Karachi  
September 13, 2011

By the blessing of ALLAH, the year ended June 30, 2011 under analysis was the second year of operations of Faysal Islamic Savings Growth Fund (FISGF). We, as the Shariah Advisors of fund are issuing the report in accordance with clause 7.2.4 of the trust deed of the fund. The scope of the report is to express an opinion on the Shariah compliance of the fund's activities.

In the capability of Shariah Advisors, we have set out criteria and guideline to be followed in ensuring Shariah Compliance in the each and every transaction.

It is the responsibility of the management of the fund to establish and maintain a system of internal control to ensure Shariah Compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. 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 prescribed criteria.

In the light of above, we hereby certify that:

- " We have reviewed and approved the modes of investments of FISGF in light of the Shariah guidelines.
- " All the provisions of the scheme and investments made on account of FISGF by FAML Fund Managers are Shariah compliant and in accordance with the criteria established.
- " On the basis of information provided by the management, all operations of FISGF for the year ended June 30, 2011 have been in compliance with the Shariah principles.

May Allah make us successful and accept efforts of the management company for developing of Islamic Finance system.

وصلى الله على حبيبه محمد صلى الله عليه وسلم



Mufti Muhammad Abubaker  
Shariah Advisor  
Faysal Asset Management limited



Abdul Zahid Farooqi  
Shariah Advisor  
Faysal Asset Management limited





## INDEPENDENT ASSURANCE REPORT TO THE UNIT HOLDERS OF THE FUND IN RESPECT OF THE FUND'S COMPLIANCE WITH THE SHARIAH RULES AND PRINCIPLES

We have performed an independent assurance engagement of **Faysal Islamic Savings Growth Fund (the Fund)** to ensure that the Fund has complied with the Shariah rules and principles prescribed by the Shariah Board of the Fund during the year ended 30 June 2011, in accordance with clause 7.4 of the Trust Deed of the Fund.

### 2. Management's responsibility for Shariah compliance

It is the responsibility of the management of the Fund to ensure that the financial arrangements, contracts and transactions entered into by the Fund are, in substance and in their legal form, in compliance with the requirements of the Shariah rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

### 3. Our responsibility

- 3.1. We planned and performed our evidence gathering procedures to obtain a basis for our conclusion in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) "Assurance Engagements other than Audits or Reviews of Historical Financial information". This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter i.e. the Fund's compliance with the Shariah rules and principles as determined by the Shariah Board.
- 3.2. The "Assurance Procedures" selected by us for the engagement were dependent on our judgment, including the assessment of the risks of material non-compliance with the Shariah rules and principles. In making those risk assessments, we considered internal controls relevant to the Fund's compliance with the Shariah rules and principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.
- 3.3. Our responsibility is to express an opinion, based on the procedures performed on the Fund's financial arrangements, contracts and transactions having Shariah implications, on a test basis, as to whether such financial arrangements, contracts and transactions are in line with the Shariah rules and principles as prescribed by Shariah Board of the Fund.

### 4. Our opinion

In our opinion, the Fund was, in all material respects, in compliance with the Shariah rules and principles as determined by Shariah Board of the Fund during the year ended 30 June 2011.

CHARTERED ACCOUNTANTS

KARACHI:





## TRUSTEE REPORT TO THE UNIT HOLDERS

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

The Faysal Islamic Savings Growth Fund (the Fund), an open-end fund was established under a trust deed dated April 22, 2009, executed between Faysal Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

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

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

Karachi: October 17, 2011





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

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

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

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

1. The Management Company encourages representation of independent non-executive directors. At present the Board includes six non-executive Directors, including three independent Directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the resident directors of the Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred during the year due to the resignation of Mr. Salman Ahmed Usmani on April 1, 2011 which was filled up by the Board of Directors of FAML by appointing Mr. Ali Uddin Ansari with effect from April 4, 2011.
5. The Management Company has prepared and circulated 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Management Company for the current year.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board. There is no other executive director of the Company besides the CEO.
8. The meetings of the Board were presided over by the chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the period. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated to all concerned.
9. The Directors of the Faysal Asset Management Limited are professionally qualified persons with rich experience in financial sector and are well aware of their duties and responsibilities under Companies Ordinance 1984, NBFC (Establishment & Regulations) Rules, 2003, NBFCs and Notified Entities Regulations, 2008 and Memorandum and Articles of FAML.





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

10. The Board has approved the appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of the share holdings (units).
14. The Fund has complied with all the material corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Management Company has outsourced its internal audit function to KPMG Taseer Hadi & Co. , Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and they (or their representatives) are involved in the internal audit function on a full time basis. The remuneration, terms and conditions including scope of work is approved by the Board of Directors.
18. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors. All transactions with related parties are carried out on terms equivalent to arm's length transactions.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi

**Salman Haider Sheikh**  
Chief Executive Officer







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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Faysal Asset Management Limited (the Management Company) of **Faysal Islamic Savings Growth Fund** (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited where the Fund is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange(Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2011.

Chartered Accountants

Date: 24, September 2011

Karachi





## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **Faysal Islamic Savings Growth Fund (the Fund)**, which comprise the statement of assets and liabilities as at 30 June 2011, and the related statements of income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2011 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### *Other matters*

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

### **Chartered Accountants**

**Audit Engagement Partner:** Shabbir Yunus

Date: 24, September 2011

Karachi



## STATEMENT OF ASSETS AND LIABILITIES

<b>AS AT JUNE 30, 2011</b>	<b>Note</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
		----- (Rupees) -----	
<b>Assets</b>			
Bank balances	7	<b>108,118,782</b>	333,254,080
Deposits and other receivables	8	<b>4,116,997</b>	2,589,647
Preliminary expenses and floatation costs	9	<b>2,183,340</b>	2,735,834
Investments	10	<b>185,419,750</b>	-
<b>Total assets</b>		<b>299,838,869</b>	338,579,561
<b>Liabilities</b>			
Payable to the Management Company	11	<b>3,115,965</b>	3,007,748
Remuneration payable to the Trustee	12	<b>49,315</b>	29,812
Accrued and other liabilities	13	<b>1,271,354</b>	1,962,774
<b>Total liabilities</b>		<b>4,436,634</b>	5,000,334
<b>Net assets</b>		<b>295,402,235</b>	333,579,227
<b>Unit holders' fund</b>		<b>295,402,235</b>	333,579,227
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>2,853,803</b>	3,323,224
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<b>103.51</b>	100.38
Contingencies and commitments	14		

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

**Salman Haider Sheikh**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director



## INCOME STATEMENT

<b>FOR THE YEAR ENDED JUNE 30, 2011</b>	<b>Note</b>	<b>June 30, 2011</b>	<b>For the period From June, 17, 2010 to June 30, 2010</b>
		----- (Rupees) -----	
<b>Income</b>			
Profit earned on government securities		9,398,651	-
Return on certificates of musharika		1,354,429	-
Return on bank balances		17,560,193	1,882,012
Net gain on investments 'at fair value through profit or loss'			
- Net capital gain on sale of investments		130,261	-
- Net unrealised gain on revaluation of investments	10.2	279,494	-
		<b>409,755</b>	<b>-</b>
<b>Element of loss and capital losses included in prices of units sold less those in units redeemed</b>		<b>(262,325)</b>	<b>(197,920)</b>
<b>Total income</b>		<b>28,460,703</b>	<b>1,684,092</b>
<b>Expenses</b>			
Remuneration of the Management Company	11	3,444,926	222,118
Remuneration of the Trustee	12	650,411	29,812
Brokerage charges		10,325	-
Bank charges		18,345	290
Auditors' remuneration	15	382,779	120,852
SECP annual fee		172,246	11,105
Legal and professional charges		127,813	3,332
Annual rating fee		150,015	-
Settlement charges, federal excise duty and capital value tax		8,000	-
Amortisation of preliminary expenses and floatation costs	9	552,494	19,796
Printing charges and other expenses		366,948	20,006
Provision for Workers' Welfare Fund		476,161	-
<b>Total expenses</b>		<b>6,360,463</b>	<b>427,311</b>
<b>Net income for the year / period before taxation</b>		<b>22,100,240</b>	<b>1,256,781</b>
Taxation	16	-	-
<b>Net income for the year / period after taxation</b>		<b>22,100,240</b>	<b>1,256,781</b>
Other comprehensive income for the year / period		-	-
<b>Total comprehensive income for the year / period</b>		<b>22,100,240</b>	<b>1,256,781</b>
<b>Earnings per unit</b>	17	<b>7.74</b>	<b>0.38</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

**Salman Haider Sheikh**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director



## DISTRIBUTION STATEMENT

<b>FOR THE YEAR ENDED JUNE 30, 2011</b>	<b>June 30, 2011</b>	For the period From June, 17, 2010 to June 30, 2010
	----- (Rupees) -----	
<b>Undistributed income brought forward</b>	<b>1,256,781</b>	-
Final bonus distribution for the period ended June 30, 2010 @ Rs.0.35 per unit declared for distribution on July 07, 2010	<b>(778,128)</b>	-
Final cash dividend for the period ended June 30, 2010 @ Rs.0.35 per unit declared for distribution on July 07, 2010	<b>(385,000)</b>	-
Interim bonus distribution for the half year ended December 31, 2010 @ Rs.4 per unit declared for distribution on February 19, 2011	<b>(3,165,130)</b>	-
Interim cash dividend for the half year ended December 31, 2010 @ Rs.4 per unit declared for distribution on February 19, 2011	<b>(4,400,000)</b>	-
Interim bonus distribution for the quarter ended March 31, 2011 @ Rs.2.65 per unit declared for distribution on April 23, 2011	<b>(1,956,738)</b>	-
Interim cash dividend for the quarter ended March 31, 2011 @ Rs.2.65 per unit declared for distribution on April 23, 2011	<b>(2,650,000)</b>	-
<b>Net income for the year / period</b>	<b>22,100,240</b>	1,256,781
<b>Undistributed income carried forward</b> [includes unrealised gain on investments of Rs.279,494]	<b>10,022,025</b>	1,256,781

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

**Salman Haider Sheikh**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director



## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED JUNE 30, 2011**

For the period  
From June, 17, 2010  
to June 30,  
2010

	Note	June 30, 2011	(Rupees)	June 30, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the year / period before taxation		22,100,240		1,256,781
<b>Adjustments for non-cash and other items:</b>				
Net capital gain on sale of investments 'at fair value through profit or loss'		(130,261)		-
Net unrealised gain on revaluation of investments 'at fair value through profit or loss'		(279,494)		-
Profit earned on government securities		(9,398,651)		-
Return on certificates of musharika		(1,354,429)		-
Return on bank balances		(17,560,193)		(1,882,012)
Element of loss and capital losses included in prices of units sold less those in units redeemed		262,325		197,920
Amortisation of preliminary expenses and floatation costs		552,494		19,796
		<u>(5,807,969)</u>		<u>(407,515)</u>
<b>Increase in assets</b>				
Deposits and other receivables		(100,000)		-
<b>Increase / (decrease) in liabilities</b>				
Payable to the Management Company		108,217		252,118
Remuneration payable to the Trustee		19,503		29,812
Accrued and other liabilities		(691,420)		1,255,139
		<u>(563,700)</u>		<u>1,537,069</u>
		<u>(6,471,669)</u>		<u>1,129,554</u>
Proceed from sale / redemption of investments		196,135,005		-
Payment against purchase of investments		(381,145,000)		-
Profit received on government securities		6,219,132		-
Profit received on certificates of musharika		1,354,429		-
Return received on bank balances		19,312,362		-
<b>Net cash (used in) / generated from operating activities</b>		<u>(164,595,741)</u>		<u>1,129,554</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amounts received against issue of units		257,081,155		397,339,000
Payments made against redemption of units		(310,185,712)		(65,214,474)
Dividend paid		(7,435,000)		-
<b>Net cash (used in) / generated from financing activities</b>		<u>(60,539,557)</u>		<u>332,124,526</u>
Net (decrease) / increase in cash and cash equivalents during the year / period		(225,135,298)		333,254,080
Cash and cash equivalents at the beginning of the year / period		333,254,080		-
<b>Cash and cash equivalents at the end of the year / period</b>	7	<u>108,118,782</u>		<u>333,254,080</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

**Salman Haider Sheikh**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director



## STATEMENT OF MOVEMENT IN UNIT HOLDERS FUND

<b>FOR THE YEAR ENDED JUNE 30, 2011</b>	<b>June 30, 2011</b>	For the period From June, 17, 2010 to June 30, 2010
	----- (Rupees) -----	
Net asset value per unit at the beginning of the year / period	<u>100.38</u>	<u>100.00</u>
Net asset value per unit at the end of the year / period	<u>103.51</u>	<u>100.38</u>
<b>Net assets at the beginning of the year / period</b>	<b>333,579,227</b>	-
Amounts received on issue of units *	<u>257,081,155</u>	397,339,000
Amounts paid on redemption of units **	<u>(310,185,712)</u> (53,104,557)	(65,214,474) 332,124,526
Element of loss and capital losses included in prices of units sold less those in units redeemed	<b>262,325</b>	197,920
Final cash dividend for the year period June 30, 2010 @ Rs.0.35 per unit declared for distribution on July 07, 2010	<b>(385,000)</b>	-
Interim cash dividend for the half year ended December 31, 2010 @ Rs.4 per unit declared for distribution on February 19, 2011	<b>(4,400,000)</b>	-
Interim cash dividend for the quarter ended March 31, 2011 @ Rs.2.65 per unit declared for distribution on April 23, 2011	<b>(2,650,000)</b>	-
Net income for the year / period after taxation	<u>22,100,240</u>	1,256,781
Other comprehensive income for the year / period	<u>-</u>	-
Total comprehensive income for the year / period	<u>22,100,240</u>	1,256,781
<b>Net assets as at the end of the year / period</b>	<u><b>295,402,235</b></u>	<u>333,579,227</u>
	----- (Number of units) -----	
* Number of units issued (including 57,960 bonus units issued during the year ended June 30, 2011 and Nil bonus units issued during the period ended June 30, 2010)	<u>2,534,118</u>	3,973,288
** Number of units redeemed	<u>3,003,540</u>	650,064

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

**Salman Haider Sheikh**  
Chief Executive Officer

**Feroz Rizvi**  
Director

**Syed Majid Ali**  
Director



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2011

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

Faysal Islamic 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 June 04, 2009. It has been constituted under a Trust Deed, dated April 22, 2009, between Faysal Asset Management Limited (the Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

The Fund is a Shariah Compliant open ended Islamic income fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Karachi Stock Exchange (Guarantee) Limited (KSE). The Fund was launched on June 14, 2010.

The principal activity of the Fund is to invest in Shariah Compliant money market and debt securities having good credit quality rating and liquidity.

#### 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 investments and derivatives which are accounted for as stated in notes 4.2 and 4.3.
- 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 and amended standards and interpretations





## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

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

IFRS 8 – Operating Segments

IAS 1 – Presentation of Financial Statements

IAS 7 – Statement of Cash flows

IAS 17 – Leases

IAS 36 – Impairment of Assets

IAS 39 – Financial Instruments : Recognition and Measurement

Issued in April 2010

IFRS 3 – Business Combinations

IAS 27 – Consolidated and Separate Financial Statements

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

### 4.2 Investments

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

### At fair value through profit or loss

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

### Held-to-maturity investments

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

### Loans and receivables

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

### Available-for-sale investments

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

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 06 January 2009, read with Regulation 66(b) of the NBFC Regulations.



## NOTES TO THE FINANCIAL STATEMENTS

### Government securities

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

### 4.3 Derivatives

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

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

### 4.4 Securities under repurchase / resale agreements

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

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

### 4.5 Impairment of financial assets

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

Impairment is determined as follows:

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

## NOTES TO THE FINANCIAL STATEMENTS

(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 holder's fund.

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

### 4.6 Provisions

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

### 4.7 Issue and redemption of units

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

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

### 4.8 Cash and cash equivalents

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

### 4.9 Revenue recognition

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

### 4.11 Taxation

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

### 4.12 Offsetting of financial assets and liabilities

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

### 4.13 Net asset value (NAV) per unit

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

### 4.14 Proposed dividend and transfer between reserves

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

## NOTES TO THE FINANCIAL STATEMENTS

### 4.15 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represents expenditures incurred till the close of the Initial Public Offering (IPO) period. These costs are to be amortised over a period not exceeding sixty months commencing from June 17, 2010.

### 4.16 Financial assets and financial liabilities

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

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

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

## 5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

		<b>June 30, 2011</b>	June 30, 2010
<b>7. BANK BALANCES</b>	<b>Note</b>	----- (Rupees) -----	
Cash at bank - PLS saving accounts	7.1	<u><b>108,118,782</b></u>	<u>333,254,080</u>
7.1	These carry mark-up ranging from 5% to 13.1% (June 30, 2010: 5% to 11.2%) per annum.		



## NOTES TO THE FINANCIAL STATEMENTS

		June 30, 2011	June 30, 2010
		----- (Rupees) -----	
<b>8. DEPOSITS AND OTHER RECEIVABLES - considered good</b>	<b>Note</b>		
Security deposit - Central Depository Company of Pakistan Limited		<b>100,000</b>	-
Profit receivable on government securities		<b>3,179,520</b>	-
Return receivable on bank balances		<b>837,477</b>	2,589,647
		<b>4,116,997</b>	2,589,647
<b>9. PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
Preliminary expenses and floatation costs		<b>2,735,834</b>	2,755,630
Amortisation during the year / period	9.1	<b>(552,494)</b>	(19,796)
		<b>2,183,340</b>	2,735,834
<p>9.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund as incurred by the Management Company and are being amortised over a period of five years commencing from June 17, 2010.</p>			
<b>10. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
<b>Designated 'at fair value through profit or loss'</b>			
Government securities-	10.1	<b>185,419,750</b>	-
<p>10.1 These represent Ijara Sukuks having a face value of Rs.185 million (June 30, 2010: Rs.Nil) and tenure of three years. The Fund's yield on these ranges from 13.45% to 13.71% (June 30, 2010: Nil) per annum, maturing latest by March 2014.</p>			
<b>10.2 Net unrealised gain on revaluation of investments at fair value through profit or loss</b>			
Market value of investments at fair value through profit or loss		<b>185,419,750</b>	-
Cost of investments at fair value through profit or loss		<b>(185,140,256)</b>	-
		<b>279,494</b>	-
<b>11. PAYABLE TO THE MANAGEMENT COMPANY</b>			
Management fee payable	11.1	<b>330,335</b>	222,118
Preliminary expenses and floatation costs		<b>2,755,630</b>	2,755,630
Others		<b>30,000</b>	30,000
		<b>3,115,965</b>	3,007,748





## NOTES TO THE FINANCIAL STATEMENTS

11.1 The Management Company is entitled to a remuneration for services rendered to the Fund under the NBFC Regulations during the first five years of a Fund's existence, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets. The Management Company has charged its remuneration at the rate of 1.5% (June 30, 2010: 1.5%) of per annum of the daily net assets value of the Fund.

### 12. REMUNERATION PAYABLE TO THE TRUSTEE

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

	Note	June 30, 2011	June 30, 2010
<b>13. ACCRUED AND OTHER LIABILITIES</b>		----- (Rupees) -----	
Payable to Pre-IPO Investors		-	1,807,478
SECP annual fee payable	13.1	<b>172,245</b>	11,105
Accrued liabilities		<b>622,948</b>	144,191
Provision for Workers' Welfare Fund	13.2	<b>476,161</b>	-
		<b>1,271,354</b>	<b>1,962,774</b>

13.1 This represents annual fee payable to the SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP annually an amount equal to 0.075% (2010: 0.075%) per annum of the daily net assets value of the Fund.

13.2 Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

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

However, on prudent basis, the Board of Directors of the Management Company in their meeting held on October 02, 2010 has decided to make provision for Workers' Welfare Fund (WWF) in the financial statements of the Fund and, accordingly, adjusted the net asset value of the fund in October 02, 2010, and record WWF onwards on a daily basis.



## NOTES TO THE FINANCIAL STATEMENTS

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

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

### 14. CONTINGENCIES AND COMMITMENTS

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

	<b>June 30, 2011</b>	June 30, 2010
<b>15. AUDITORS' REMUNERATION</b>	<b>Note</b>	(Rupees)
Audit fee	<b>200,000</b>	75,000
Review and other certifications	<b>182,779</b>	45,852
	<b>382,779</b>	120,852

### 16. TAXATION

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

### 17. EARNINGS PER UNIT

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

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



## NOTES TO THE FINANCIAL STATEMENTS

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

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

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
<b>18.1 Transactions during the year/period</b>		
<b>Faysal Asset Management Limited (Management Company)</b>		
Remuneration of Management Company	3,444,926	222,118
<b>Faysal Asset Management Limited (Management Company)</b>		
Issue of 5,248 bonus units (2010: 1,500,000 units)	525,000	150,000,000
Redemption of 1,505,248 units (2010: Nil units)	153,131,021	-
<b>Faysal Bank Limited (Group/Associated company)</b>		
Issue of Nil units (2010: 1,000,000 units)	-	100,000,000
Cash dividend paid	7,000,000	-
<b>Directors and Executives of the Management Company</b>		
<b>Mr. Shahid Usman Ojha (Chief Financial Officer)</b>		
Issue of 1,947 units (2010: Nil units)	200,000	-
Redemption of 1,947 units (2010: Nil units)	206,728	-
<b>Mr. Mansoor Bughio (Fund Manager)</b>		
Issue of 9,851 units (2010: Nil units)	1,000,000	-
Redemption of 9,851 units (2010: Nil units)	1,016,740	-
<b>Mr. Ayaz Mustafa Zuberi (Fund Manager)</b>		
Issue of 2,437 units (2010: Nil units)	254,000	-
Issue of 64 bonus units (2010: Nil units)	6,459	-
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Remuneration of Trustee	650,411	29,812
Settlement charges	8,000	-
<b>18.2 Outstanding balances</b>		
<b>Faysal Asset Management Limited (Management Company)</b>		
Remuneration of Management Company	330,335	222,118
Units in issued nil units (2010: 1,500,000 units)	-	150,000,000
Preliminary expenses and floatation cost payable	2,755,630	2,755,360
Others	30,000	30,000
<b>Faysal Bank Limited (Group/Associated company)</b>		
Units in issue 1,000,000 units (2010: 1,000,000 units)	103,510,000	100,000,000
<b>Directors and Executives of the Management Company</b>		
Mr. Ayaz Mustafa Zuberi (Fund Manager)		
Units in issue 2,501 units (2010: Nil units)	258,875	-



## NOTES TO THE FINANCIAL STATEMENTS

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
<b>Central Depository Company of Pakistan Limited - (Trustee of the Fund)</b>		
Remuneration of Trustee	49,315	29,812
Deposit	100,000	-

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

### 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

#### 19.1 Market risk

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

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2011, the Fund's exposure to the risk of changes in market interest rates relates primarily to bank balances and investment in government securities. The bank balances are subject to interest rates as declared by the respective banks on periodic basis. The government securities are subject to floating interest rates and valued by reference to the quotations obtained from Reuters page. As at June 30, 2011, approximately 98.62% (June 30, 2010: 99.23%) of the Fund's financial assets are subject to floating rate of interest. Management of the Fund estimates that an increase of 100 basis points in the market interest rate, with all other factors remaining constant, would increase the Fund's income by Rs.2.94 (June 30, 2010: Rs.3.33) million and a decrease of 100 basis points would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

##### (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.



## NOTES TO THE FINANCIAL STATEMENTS

### (iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Fund does not have any equity instrument and it is not exposed to such risk.

### 19.2 Liquidity risk

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

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

June 30, 2011	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
(Rupees)					
<b>Financial liabilities</b>					
Payable to the Management Company	330,335	-	-	2,785,630	3,115,965
Remuneration payable to the Trustee	49,315	-	-	-	49,315
Accrued and other liabilities	622,948	-	-	-	622,948
	<u>1,002,598</u>	<u>-</u>	<u>-</u>	<u>2,785,630</u>	<u>3,788,228</u>

June 30, 2010	Upto one month	More than one month and upto three months	More than three months and upto one year	More than one year	Total
(Rupees)					
<b>Financial liabilities</b>					
Payable to the Management Company	222,118	-	-	2,785,630	3,007,748
Remuneration payable to the Trustee	29,812	-	-	-	29,812
Accrued and other liabilities	1,951,669	-	-	-	1,951,669
	<u>2,203,599</u>	<u>-</u>	<u>-</u>	<u>2,785,630</u>	<u>4,989,229</u>



## NOTES TO THE FINANCIAL STATEMENTS

### 19.3 Credit risk

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

	June 30, 2011	June 30, 2010
	----- (Rupees) -----	
Security deposits	<b>100,000</b>	-
Bank balances	<b>108,118,782</b>	333,254,080
Return receivables on bank balances	<b>837,477</b>	2,589,647
	<b><u>109,056,259</u></b>	<b><u>335,843,727</u></b>

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, 2011	June 30, 2010
	----- % -----	
Rating category		
AA, AA-, AA+, AAA	<b>99.86</b>	30.00
A, A-, A+	<b>0.05</b>	70.00
Unrated	<b>0.09</b>	-
	<b><u>100.00</u></b>	<b><u>100.00</u></b>

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

	June 30, 2011	June 30, 2010
	% of assets exposed to credit risk	
Banks	<b>99.91</b>	100
Others	<b>0.09</b>	-
	<b><u>100.00</u></b>	<b><u>100.00</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

### 19.4 Capital management

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

### 19.5 Fair value hierarchy

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

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2011, the Fund held the following financial instruments measured at fair value:

	June 30, 2011			Total
	Level 1	Level 2	Level 3	
	----- (Rupees) -----			
<b>Investments designated 'at fair value through profit or loss'</b>				
<b>Government securities</b>				
- Ijara Sukuks	-	185,419,750	-	185,419,750

## 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.



## NOTES TO THE FINANCIAL STATEMENTS

### 21. SUBSEQUENT EVENT

The Board of Directors of the Management Company in their meeting held on July 09, 2011 have declared a payout at the rate of 3.10% i.e. Rs.3.10 per unit (2010: 0.35% i.e. Rs.0.35 per unit). The financial statements of the Fund for the year ended June 30, 2011 do not include the effect of the payout which will be accounted for in the financial statements of the Fund subsequent to the year end.

### 22. SUPPLEMENTARY NON FINANCIAL INFORMATION

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

### 23. GENERAL

23.1 Figures are rounded off to nearest rupee.

23.2 The corresponding figure in these financial statements are for the period from June 17, 2010 to June 30, 2010, hence are not comparable.

### 24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 24, 2011 by the Board of Directors of the Management Company.

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

**Salman Haider Sheikh**  
*Chief Executive Officer*

**Feroz Rizvi**  
*Director*

**Syed Majid Ali**  
*Director*







**SUPPLEMENTARY NON FINANCIAL INFORMATION  
AS REQUIRED UNDER RULES 6(D), (F), (G), (H), (I) AND (J)  
OF THE 5TH SCHEDULE TO THE NON BANKING FINANCE COMPANIES  
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(i) PATTERN OF UNIT HOLDING	No. of investors	Units held	%
<b>Category</b>			
Individuals	223	1,539,052	54%
Associated companies and directors (including close relatives)	1	1,000,000	35%
Bank and DFIs	3	314,750	11%
	<u>227</u>	<u>2,853,802</u>	<u>100%</u>

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

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

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

**Mr. Salman Haider Sheikh**

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

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

**Mr. Shahid Usman Ojha**

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





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

Economics from University of Karachi. Mr. Ojha possesses 5 years experience of working in the asset management industry in various capacities. In his last served job, Mr. Ojha worked in a similar position in Dawood Capital Management Limited where his core responsibilities included Financial Management and Reporting, Taxation, Finalization of Accounts and Budgeting.

### **Mr. Asad Iqbal**

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

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

### **Mr. Omar Ehtisham Anwar**

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

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

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

### **Mr. Mansoor Bughio**

Mr. Bughio has over 15 years of experience in the areas of Treasury, Money market & FX, Capital markets, Islamic Banking, Structured derivatives, Sukuk & TFCs, Project financing and Investment banking along with Asset management. He has been working with couple of highly reputed organizations in Pakistan and abroad at leading roles. Prior to joining FAML, Mr Bughio was working in the capacity of Head of Islamic Products at Al Rajhi Bank, Saudi Arabia. He has also served as chief dealer-Treasury at Saudi-Pak Investment





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

and CEO of NAIML. Mr Bughio has also worked with KASB Securities as Head on Debt markets and SVP-Head of brokerage division at First Dawood Investment Bank Ltd. He completed his Diploma in Financial Management from Maastricht School of Management, Netherlands in 1999 and MBA-Finance from Quaid-e-Azam University, Islamabad, Pakistan in 1996.

### Mr. Qamar Abbas

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

#### (iv) PERFORMANCE TABLE

	June 30, 2011	June 30, 2010	June 30, 2009
	(Rupees)		
Net assets	295,402,235	333,579,227	-
Net asset value per unit	103.51	100.38	-
Offer price	103.51	100.38	-
Repurchase price per unit	103.51	100.38	-
Highest offer price per unit	106.35	100.38	-
Highest repurchase price per unit	106.35	100.38	-
Lowest offer price	100.22	100.00	-
Lowest repurchase price per unit	100.22	100.00	-
Total return:	10.13%	9.90%	
- capital growth	0.38%	9.11%	0%
- income distribution	9.75%	0.79%	0%
Average annual return: (Launch date: June 17, 2010)			
- one year	10.13%	9.90%	0%
- two years	10.02%	0.00%	
Distribution per unit:			
- Interim distribution per unit	6.65%	0.00%	0%
- Final distribution per unit	3.10%	0.35%	0%
	9.75%	0.35%	0%

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





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

### (v) PARTICULARS OF FUND MANAGERS

#### **Mr. Omar Ehtisham Anwar**

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

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

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

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

Presently Mr. Zuberi is looking after Fixed Income Investment area of Faysal Income & Growth Fund and Faysal Islamic Savings Growth Fund.

#### **Mr. Mansoor Bughio**

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

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





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**(vi) MEETING OF THE DIRECTORS**

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

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

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

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

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

