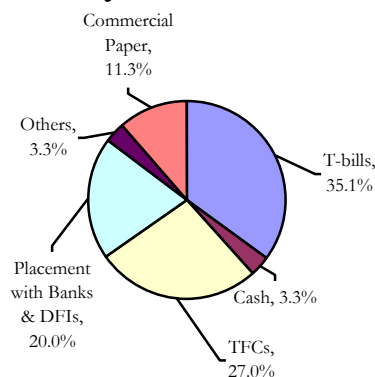
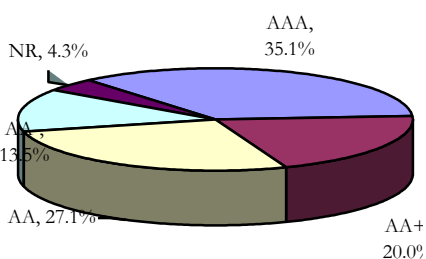
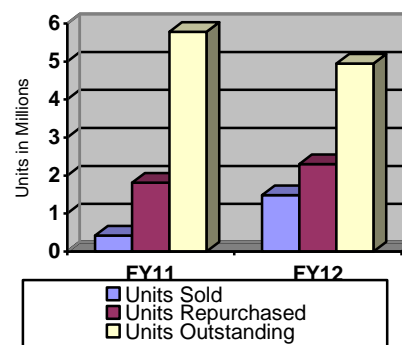


Dec 17, 2013

 Analysts: *Maimoon Rasheed*  
*Usman Ali Khan*
**Investment Objective**

FIGF seeks to provide its investors with optimal yields through a diversified portfolio consisting of both long-term instruments as well as short-term money market securities.

Faysal Income and Growth Fund (FIGF)		
Rating Category	Latest	Previous
Fund Stability Rating	<b>A+(f)</b>	<b>A+(f)</b>
	Aug 02, 2013	Nov 20, 2012
Management Company	Faysal Asset Management Ltd.	
External Auditor – Fund	Ernst & Young Ford Rhodes Sidat Hyder & Company	
Chief Executive	Mr. Enamullah Khan	
Fund Manager	Mr. Imran Altaf	
Trustee	Central Depository Company Ltd.	
Front-end Load	Nil	
Back-end Load	Nil	
Management Fee	1.5% per annum	
Benchmark	90% 1Yr KIBOR & 10% average of 3 month deposit rate of top 3 banks by deposit size	

**Asset Class Distribution: End Jun'13**

**Credit Analysis: End Jun'13**

**Investor Activity (Units in m)**


Faysal Income and Growth Fund (FIGF) is categorized as an open end aggressive income scheme. The fund can take exposure in the following investment avenues subject to specific exposure limits:

Table 1: Investment Limits - based on net assets

Instrument	Min Entity/ Instrument Rating	Min-Max Exposure
Govt. securities/Govt. backed debt securities	AAA	0-100%
Cash and cash equivalents (excluding TDRs)	AA-	0-100%
TDRs/ COIs/ LOPs/ CODs/Commercial Papers, debt securities including TFCs and sukuks	AA- A+ A	0-50% 0-10% 0-10%

While categorized as an aggressive income fund, the operational investment policy of the fund is designed to maintain moderate exposure to credit & interest rate risks.

Overall risk appetite of the fund is further governed by the following caveats:

- Minimum 10% of the fund will be maintained in cash and cash equivalents on average monthly basis
- Weighted average duration shall not exceed 180 days

**Risk profile of the Fund**

Net assets of the fund stood at Rs. 566m at end-June'13, only slightly higher than Rs. 530.54m at end-June'12. The fund had achieved larger net assets during the course of the year, with significant reduction witnessed in last month of the year. Asset allocation of the fund is presented in the following table:

**Table 2: Actual asset allocation of the fund**

Asset Allocation	End-FY11	End-FY12	End-FY13
Govt. securities	51.3%	30.3%	35.1%
Commercial Paper	0.0%	16.0%	11.3%
TFCs/ Sukuk	5.8%	7.0%	27%
Cash	21.8%	13.0%	3.3%
Placements/TDRs/COIs	16.6%	27.7%	20%
Listed Preference shares	3.5%	0.0%	0.0%
Others	1.1%	7.3%	3.3%
Net Assets (Rs. In Million)	604	531	566

Anticipating high interest rate risk and in search of higher yields, FIGF enhanced exposure in floating rate bonds issued by commercial banks with high credit ratings. Exposure in TFCs is planned to be maintained around 25% of net assets. The proportion of T-bills is expected to remain in the band of 40-50%. Rest of the funds will be allocated to placements with banks and DFIs.

Apart from investment in the TFC of Kohat Cement Company Limited, which had been restructured and is now performing, financial risk profile of the remaining instruments held by the fund is considered sound. Prior to FY12, the fund had investments in non-performing TFCs of Telecard Limited, to the tune of Rs. 3.71m. The fund had recognized provisioning of Rs. 2.45m against the aforementioned TFC in FY12. With the sale of this TFC during FY13, the fund realized provisioning reversal.

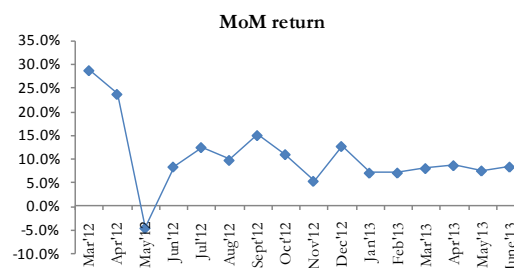
Around 95.7% of the fund was deployed in 'AA-' and higher rated exposures at end Jun'13, indicating low exposure to credit risk.

Target duration of the fund is under 180 days. At end-Jun'13, duration of the fund was within the internal policy limit at 60 days. WAM of the fund increased to 1.30 years as at end Jun-13, on account of higher investment in TFCs and T-bills. However, lower duration depicts low exposure to interest rate risk.

Number of investors in the fund increased to 207 (FY12: 177) as at end Dec-12. The unit holder profile of the fund exhibits concentration with top ten investors having an aggregate holding of 74% of units outstanding at end Dec-12 (Dec-11: 93%). Faysal Bank Limited has considerable holding of 30.9% in the fund.

**Performance**

During FY12, despite the impact of provisioning, performance of the fund improved as compared with FY11. The fund also outperformed the peer group average during FY12 mainly due to capitalization of higher yields offered by financial institutions across COIs and TDRs. Performance of fund weekend during FY13 and was slightly below the benchmark and average return of the funds in peer group. Performance weekend mainly due to tilt of overall exposure towards short-term treasuries on average during the year on account of perceived steepening in yield curve, whereas the interest rates declined over this period. Fund's performance on a month on month basis is depicted in the following graph:

**Figure 1: Month on Month Performance**

Fund's performance on an annual basis is depicted in the following table:

**Table 3: Annualized Performance of the fund**

	FY12	FY13
<b>Return</b>	13.55%	9.50%
<b>Benchmark</b>	12.24%	9.92%
JCR-VIS		

## JCR-VIS Credit Rating Company Limited

Technical Partner – IIRA, Bahrain | JV Partner – CRISL, Bangladesh

Rating Date	Medium to Long Term	Outlook	Short Term	Rating Action
<u>RATING TYPE: Fund Stability</u>				
02-Aug-13	A+(f)			Reaffirmed
20-Nov-12	A+(f)			Upgrade
31-Jan-11	A(f)			Downgrade