

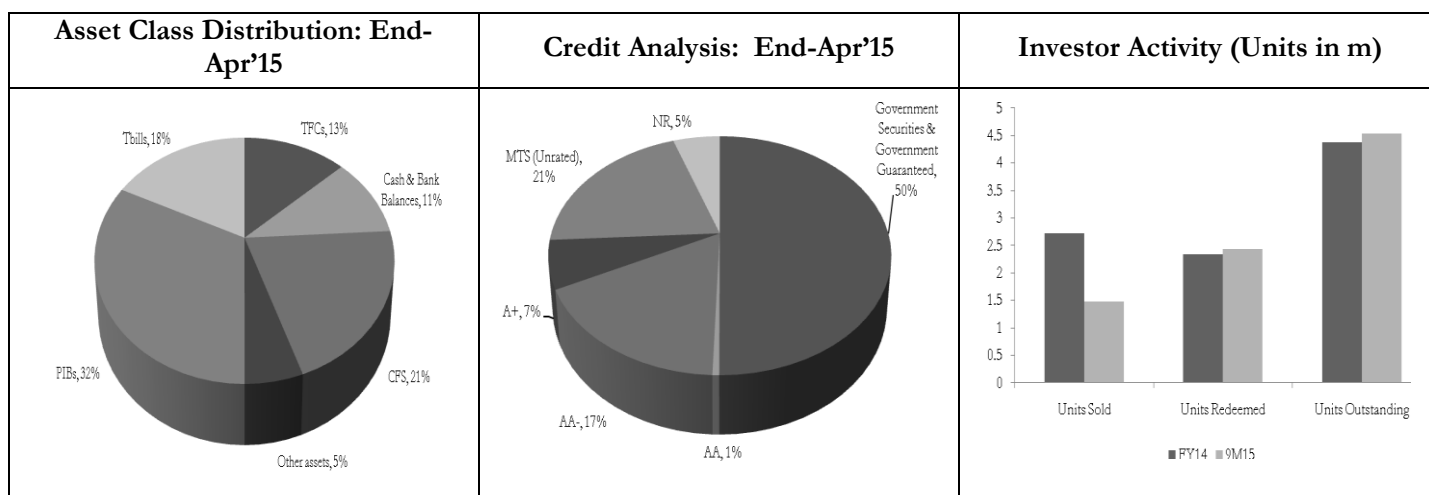
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### Investment Objective

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	A(f)	A+(f)
	Jun 29, 2015	Aug 02, 2013
Management Company	Faysal Asset Management Ltd.	
External Auditor – Fund	Ernst & Young Ford Rhodes Sidat Hyder & Company	
Chief Executive	Mr. Enamullah Khan	
Fund Manager		
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	



Faysal Income and Growth Fund (FIGF) was launched as an open-end aggressive fixed income scheme on October 10, 2005. As per its mandate, FIGF is primarily designed to provide competitive returns to its investors through active investments in a blend of short, medium and long term money market instruments. Net assets of FIGF depicted volatility during period ending April 2015. Net assets of the fund declined to Rs. 460.1m (FY13: Rs.565.6m) by end-FY14; though increasing to Rs. 540m by end-April 2015.

Table 1: Operational Investment Policy

Description	Internal Minimum Entity/Instrument Rating	Internal Exposure Limit
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Government Securities (Pakistan Investment Bonds, Federal Investment Bonds, Treasury Bills and other Government Securities)	AAA	0%-100%
Cash & Cash Equivalent (excluding TDRs) with banks and other financial institutions	AA-	0%-100%
TDRs/COIs/LOPs/CODs/Commercial Papers, Debt securities including, term finance certificates, Sukuks etc	AA-	0%-50%
	A+	0%-10%
	A	0%-10%
Government backed debt securities including TFCs and SUKUKs	AAA	0-100%

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According to the investment policy, the fund is allowed to take exposure in a combination of Term Finance Certificates (TFCs), Sukuks, government securities, cash and cash equivalents. Overall risk appetite of the fund is further governed by the caveat that a minimum 10% of the fund should be maintained in cash and cash equivalents on average monthly basis. As per the fund's investment policy, a maximum of 10% of assets can be placed in instruments rated in 'A' band.

Unit-holding pattern features concentration with top 10 investors holding 63% of outstanding units at end-March 2015. There were a total number of 216 (FY14: 207, FY13: 278) investors in the fund at end-March 2015. Proportion of investment by retail investors was at 31%. Improving granularity in unit-holder profile is considered important though as such the fund does not face liquidity concerns, given the asset composition JCR-VIS

**Table 2: Asset Allocation of FIGF**

	Apr-15	Average FY14	Jun-14	Jun-13
Sukuks/TFCs	13%	31%	35%	29%
Term Deposits	0.0%	7.7%	10.4%	0.0%
Cash & Bank Balances	10.8%	11.1%	6.3%	14.2%
MTS	20.6%	10.5%	7.3%	0.0%
Placements	0.0%	5.6%	0.0%	0.0%
Commercial Paper	0.0%	6.7%	10.1%	0.0%
Other assets	5.3%	6.7%	5.2%	12.0%
PIBs	32.2%	9.8%	20.2%	9.0%
T-bills	17.8%	10.3%	5.2%	35.7%

In line with the policy, more than 30% of assets were deployed in Sukuks and TFCs along with 21% assets in government securities, on month-end average of FY14. In a declining interest rate scenario, FIGF started building its exposure in PIBs, rather aggressively, from November 2014 onwards. Remaining funds was placed in cash, cash equivalents, term deposit receipts and commercial paper. The fund invested in Margin Trading System (MTS), with the maximum exposure recorded at 24% in July 2014. However, the operational investment policy for the fund does not contain any provision for deployment in MTS.

Benchmark for the fund is defined as the weighted average of 90% 1-Year KIBOR & 10% average of 3 months deposit rate of top 3 banks (by deposit size). The fund outperformed its benchmark during FY14. Relative ranking of FIGF remained unchanged for the same period.