

Dec 17, 2013

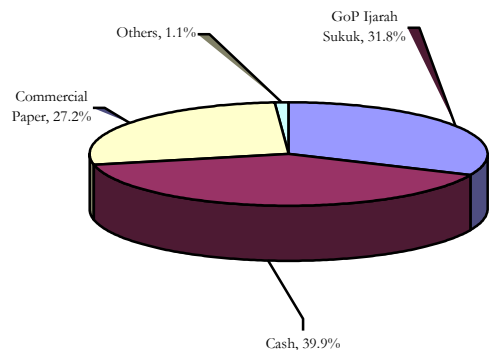
Analysts: *Maimoon Rasheed*
Usman Ali Khan

Investment Objective

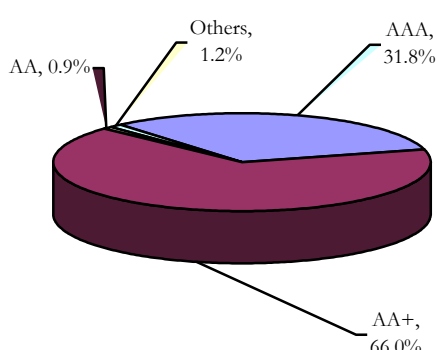
FISGF seeks to provide maximum possible preservation of capital and a reasonable rate of return by investing in Shari’ah compliant money market and debt securities having good credit quality and liquidity.

Faysal Islamic Savings Growth Fund		
Rating Category	Latest	Previous
Fund Stability Rating	AA- (f)	AA- (f)
	<i>Aug 02, '13</i>	<i>Nov 20, '12</i>
Management Company	Faysal Asset Management Limited (FAML)	
External Auditors	Ernst & Young Ford Rhodes Sidat Hyder	
Fund Manager	Mr. Imran Altaf	
Trustee	Central Depository Company	
Management Fee	1.50% per annum	
Front-end Load	Nil	
Benchmark	Average 6M deposit rate of 3 Islamic Banks	

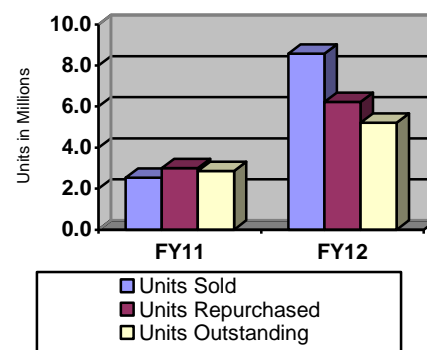
Asset Class Distribution: End Mar'13



Credit Analysis: End Mar'13



Investor Activity (Units in m)



Faysal Islamic Savings Growth Fund (FISGF) was launched in 2010 as an open end Islamic Income fund. Following table presents the avenues in which the fund can invest along with exposure limits as laid down in the latest operational investment policy of the fund:

Table 1: Investment Limits-based on net assets

Instruments	Min Entity/ Instrument Rating	Min-Max Exposure
Shariah compliant Govt. backed securities	AAA	0-100%
Shariah compliant TFC, PPTFCs, Sukuk, Participation	AA-	0-50%

Term Certificates, Certificates of Investment, Commercial Papers based on Shariah compliant structures	A+	0-10%
Bank deposits and TDRs	AA-	0-100%

The credit risk appetite of the fund is further subject to the following conditions:

- At a minimum, 25% of the fund will be maintained in cash and cash equivalents on average monthly basis
- Weighted average maturity/ duration of the fund shall not exceed 180 days.

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Risk Profile of the Fund

Net assets of the fund have depicted growth from end-FY11 onwards while reaching Rs. 785m by end-June'13. Actual asset allocation of the fund on a timeline basis is presented as follows:

Table 2: Actual Asset Allocation of the Fund

Asset Allocation	End FY11	End FY12	End FY13
Govt. debt instruments	62.8%	18.5%	38%
Cash and cash equivalents	36.6%	60.7%	51.3%
Commercial Paper – sukuk certificates	0%	16.2%	9.1%
Sukuks	-	2.8%	-
Others	0.6%	1.8%	1.6%
Net assets (Rs. In Million)	295.4	536.5	785

**As a proportion of total assets*

On average exposure in GoP Ijarah Sukuk remained around 51.6% of net assets during FY13. Cash balances to the tune of Rs. 403m were placed with banks having rating in AA band or higher as at end June-13. Credit quality of exposures in the fund is considered sound. The credit risk profile of assets is in line with operational investment policy, which envisages minimum allocation of 90% to issues/issuers having rating of 'AA-' or higher.

Duration of the fund at end June-13 was 44 days, remaining within the target duration as per approved operational investment policy. In view of the target asset allocation of the fund, liquidity profile of the fund is expected to remain sound.

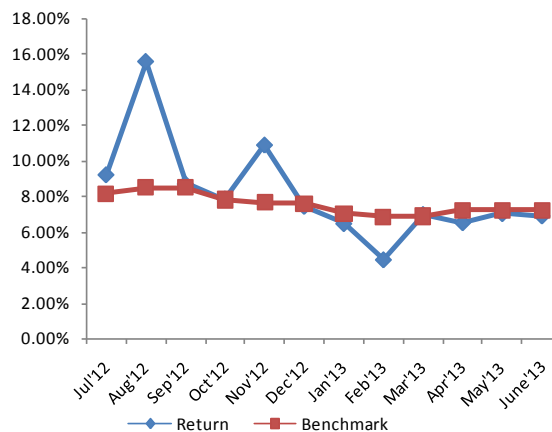
Total number of investors increased to 383 (FY12: 347). Furthermore, unit holder concentration level is better as compared to other income funds managed by the AMC. Holding by top ten investors stood lower at 45.7% as at end Dec-12 (FY12: 59.8%). The largest investor was Faysal Bank Limited with holding of 14.8% of outstanding units.

Performance

Benchmark of the fund is 6 month deposit rates of 3 Islamic banks. The benchmark is not commensurate with the profile of the fund as it also comprises GoP Ijarah Sukuk (profit rates are pegged to t-bill rates) and high-yielding commercial paper.

Month on month returns of the fund are presented in Figure 1:

Figure 1: Month on Month Performance



Annual performance of the fund is given in the following table:

Table 3: Annual Performance

Performance	FY12	FY13
Return (%)	11.2%	8.3%
Benchmark (%)	8.7%	7.3%

In comparison to peers, the fund's performance does not compare very favorably. However, given the profile of assets, downside side risk associated with the fund is considered low^{JCR-VIS}

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