

NIT ANNOUNCES RESULTS FOR FY13



Karachi: Mr. Manzoor Ahmed, (Acting) MD NIT is declaring results of NIT Funds for 2012-13 in a Press Conference at a Local Hotel

of around Rs. 81.0 billion.

National Investment Trust Limited (NITL), the first and largest Asset Management Company of Pakistan has declared results for all Funds under its management for the year ended 30th June 2013. This was stated by Acting Managing Director – NIT, Mr. Manzoor Ahmed in a press release issued by NITL after its Board of Directors approved the annual results of all Funds under its management. He further stated that as of 30th June 2013, NIT is managing 5 Funds with net assets under management

NI(U)T Fund

NIT has declared a dividend @ Rs. **3.75** per unit for unit holders of NI(U)T for the year ended June 30, 2013 as compared to Rs. 3.50 per unit for the year ended on 30th June 2012. The payment of dividend @ Rs.3.75 per unit would involve a huge cash payout of Rs.4,182 million among its unit holders.

The Acting MD stated that during FY13, the Fund earned a total return of 58.4% where its NAV increased from Rs. 26.77 (Ex-Dividend) as on 30.06.12 to Rs. 42.41 as on 30.06.13 against the benchmark KSE-100 index which increased by 52.2%. Thus the NIUT Fund outperformed its benchmark by a healthy margin of 6.2%.

During FY13, NI(U)T Fund realized capital gains of Rs. 4,448 million against Rs. 1,439 million in FY12, depicting a huge growth of over 209% YoY. The dividend income earned by the Fund grew by 16.6% YoY and stood at Rs. 2,822 million as compared to Rs. 2,421 million in FY12.

With a substantial increase in the stock market, many investors opted to book capital gains by redeeming their units. The Fund witnessed an unprecedented amount of redemption to the tune of Rs. 17.2 billion during the year ended on 30th June 2013. All redemptions were met in a timely manner to the utmost satisfaction of investors. However, NIT expects these investors to reinvest at an opportune time. The accounting treatment of element of income which resulted due to huge redemptions impacted the core earnings of the Fund negatively. However, in spite of all this, the Fund registered a net income of Rs. 1,365 million translating into earning per unit of Rs. 1.22 compared to a net income of Rs. 4,508 million translating into earning per unit of Rs. 3.29 last year. Nevertheless, excluding the element of income, NIUT earned an income of Rs. 7,129 million (EPU of Rs. 6.39) during

FY13 from its operating activities compared to Rs. 2,577 million (EPU of Rs. 1.88) during last year, showing a remarkable growth of 177% YoY in income from operating activities. During FY13, gross sales of units (including CIP) increased by 23% and stood at Rs. 8,974 million, compared to Rs. 7,298 million in FY12.

Mr. Manzoor Ahmed explained that existing accounting policy of recognition and determination of “element of income” causes unnecessary volatility on the bottom line earning of the Fund as it heavily depends upon sale & repurchase of units rather than purely on actual performance of the Portfolio management. It overshadows the core earnings realized through operating activities of the Fund. He further stated that after a thorough study, the issue of “element of income” was discussed in length in the meeting of the Board of Directors in the presence of Auditors wherein it was decided to resolve this issue once for all across all funds under management of NITL. After approval from Board of Directors, an appropriate policy for “element of income”, as per the international accounting standards and worldwide industry practices, has been adopted with effective from 1st July 2013. Thus, in future, the results of the Funds would reflect the core earnings based on quality portfolio management.

NIT-State Enterprise Fund (NIT-SEF)

While referring to the results of NIT-SEF for the year ended June 30, 2013, the MD-NIT stated that NITL has declared a bonus @ **12.92%** on the face value of Rs. 50/- for the unit holders of NIT-SEF.

While presenting a brief on the results of NIT-SEF, the Acting MD said that during FY13, the Fund recorded an impressive growth of 177% in realized capital gains which stood at Rs 4,589 million against capital gains of Rs 1,658 million in FY12. The Fund also earned a dividend income of Rs 1,134 million compared to Rs 1,259 million last year.

The Fund’s NAV increased by 40.90% from Rs. 84.67 (Ex-Dividend) as on 30.06.12 to Rs. 119.3 as on 30.6.13 against an increase of 52.2% in the benchmark KSE-100 Index. However, since inception, the Fund has massively outperformed its benchmark by 33.94%.

Mr. Manzoor Ahmad further stated that as per the instructions of Government of Pakistan to gradually repay the loans obtained for NIT – State Enterprise Fund, NIT has repaid an amount of Rs 13.7 billion to the financiers of SEF till 30th June 2013 out of the total loans of Rs. 17.2 billion. Thus, the borrowing now stands at just Rs. 3.5 billion. As a result of redemption of units to repay to the financiers of the Fund, NIT-SEF also witnessed a negative element of income. Despite the negative element of income, the Fund earned a net income of Rs. 958 million in FY13 translating into earning per unit of Rs. 4.67 against Rs. 1,201 million translating into earning per unit of Rs. 4.27 during FY12, showing over 9% growth in earning per unit.

NIT – Equity Market Opportunity Fund (NIT-EMOF)

While unveiling the results of NIT-EMOF, MD-NIT informed that the Board has declared a bonus of Rs. **20** per unit for its unit holders for the year ended June 30, 2013.

Referring to the result of NIT-EMOF, the Acting MD said that during the period under review, the Fund earned a net income of Rs. 849 million (earning per unit of Rs. 18.81) compared to Rs. 337 million (earning per unit of Rs. 7.10), a growth of 152% YoY in the net income. During FY13, the Fund earned a dividend income of Rs. 341 million compared to Rs. 357 million in FY12 whereas, the capital gains realized by the Fund during FY13 stood at Rs. 782 million compared to Rs. 433 million in FY12, a huge growth of 80.7% YoY.

The Fund's NAV increased by 41.85% from Rs. 127.37 (Ex-Dividend) as on 30.06.12 to Rs. 180.68 as on 30.06.13 against an increase of 52.20% in the benchmark KSE-100 Index. However, since its start, NIT-EMOF has outperformed its benchmark by a healthy margin of 21.39%. During the period under review, further redemptions of 15% holdings of units were offered to the investors of the Fund. Since inception to date, the Fund has offered total redemptions of 65% to its unit holders.

NIT Government Bond Fund (NIT-GBF):

Acting MD – NIT informed that NIT has declared a per unit distribution of Rs. **0.8803** for unit holders of NIT GBF. Those who have opted for growth units with the option to receive bonus will be allocated **8.7303** units per 100 units at the ex-dividend NAV.

During FY13, the Fund has earned a net income of Rs. 385 million as compared to Rs. 315 million in FY12. Net income translates into a per unit earning of Rs. 0.98 as compared to Rs. 1.21 per unit last year.

The NAV of NIT GBF increased from Rs. 9.9729 (Ex dividend) as on June 30, 2012 to Rs. 10.9636 as on June 30, 2013, thus yielding an annualized return of 9.93% compared to the benchmark return of 8.80% hence outperformance by a good margin of 1.13%. As of June 30, 2013 the net assets of NIT Government Bond Fund have increased by almost 53% in the current fiscal year and stood at Rs. 4.8 billion.

NIT Income Fund (NIT-IF):

For NIT IF, NIT declared a per unit distribution of Rs. **1.0590** Those who have opted for growth units with the option to receive bonus will be allocated **10.3668** number of units per 100 units at the ex-dividend NAV.

During FY13, the Fund earned a net income of Rs. 346 million as compared to Rs.283 million the previous year. This net income translates into per unit earning of Rs. 1.16 as compared to Rs. 1.46 per unit last year.

The NAV of NIT IF increased from Rs. 10.2901 (Ex-Dividend) as on 30th June 2012 to Rs. 11.2743 as on June 30, 2013, thus, yielding an annualized return of 9.56% compared to the benchmark return of 9.92% hence underperformance by margin of 0.36%. As of June 30, 2013 the net assets of NIT Income Fund increased by about 40% over the current fiscal year and stood at Rs. 3.7 billion which reflects the growing confidence of investors.