

I am pleased to present the financial performance of the funds under management of NITL for the nine months ended March 31, 2012.

The period under review has been difficult not only for NIT but also for the entire business community affecting Pakistan's economy on core issues like high inflation, low GDP growth, all time high fiscal deficit which continues to add to the overall debt burden along with a fall in the investments. All these factors, coupled with uncertainty linked with the sustainable recovery of world economy and upcoming geo-political issues particularly with Iran have further complicated the issues and economic scenario.

The KSE 100 Index reached the all time highest level of 13,762 on March 30, 2012 in last four years, showing increase of 10.13% from 12,496 levels on June 30, 2011. Heavyweight stocks in the Index like OGDCL dominated this recent upsurge in the KSE-100 Index.

We at NIT, always endeavor to achieve satisfactory and stable results under the dynamic environment. Briefly, our comments on the performance of the funds are as follows:

NATIONAL INVESTMENT (UNIT) TRUST - NI(U)T

The NAV of fund increased by 6.64% i.e. from Rs.28.14 as on June 30, 2011 (Ex-Dividend) to Rs.30.01 on March 31, 2012.

Net realized income of the fund (excluding unrealized gains & impairment losses) stood at Rs.4,335 million against Rs.3,342 million during the corresponding period of last year, showing the marked improvement of 29.71%. Improved dividend income of 36.72% shows the intrinsic strength of the equity portfolio of NI(U)T. Sales of units aggregated to Rs. 3,894 million (incl. CIPs) during the period against Rs. 5,903 million during the corresponding period of last year.

Financial Performance of NIUT

	March 12 (Rs Million)	March 11 (Rs Million)	Change (%)
Net Income *	4,335	3,342	30%
Capital Gains	891	548	63%
Dividend Income	2,148	1,571	37%
Unit holders' Funds	40,225	37,034	9%
NAV (Rs per Unit)	30.01	31.60	(5)%
Earnings Per Unit (Rs)			
Without unrealized appreciation/ (diminution) in the market value of investment classified as held for trading & impairment losses	3.23	2.85	13%
With unrealized appreciation/ (diminution) in the market value of investment classified as held for trading	2.54	2.82	(10)%
Transactions in shares & T-Bills			
Buying – shares	1,130	2,722	(58)%
Selling – shares	1,402	1,747	(20)%
Buying – T Bills	3,033	3,714	(18)%
Selling – T Bills	398	1,078	(63)%
Gross Sales of Units (excl. CIP)	1,920	4,984	(61)%

* Inclusive of capital gains and dividend income but excluding unrealized gains and impairment losses.

NIT STATE ENTERPRISE FUND - NIT SEF

Net income of the Fund stood at Rs.859 million against 2,959 million during the corresponding period of last year. Financial performance of the fund is as follows:

Financial Performance of NIT SEF			
	March 12 (Rs Million)	March 11 (Rs Million)	Change (%)
Net Income *	859	2,959	(71)%
Capital Gains	1,058	851	24%
Dividend Income	1,119	1,034	8%
Unit holders' Funds	21,210	26,528	(20)%
NAV (Rs per Unit)	90.95	94.52	(4)%
Earnings Per Unit (Rs)			
Without impairment losses	2.89	10.21	(72)%
With impairment losses	1.71	10.21	(83)%
Transactions in shares & T-Bills			
Buying – shares	556	1,981	(72)%
Selling – shares	1,804	1,617	12%
Buying – T Bills	10,703	15,462	(31)%
Selling – T Bills	123	1,637	(92)%
Gross Sales of Units	2,370	2,000	19%

** Inclusive of capital gains and dividend income but excluding impairment losses.*

REPAYMENT OF LOAN TO FINANCIER

NIT State Enterprise Fund (NIT SEF) was established three years ago in January 2009 to support the capital market. Financing were obtained by NITL from institutions for the purpose of investments in units of NIT SEF pursuant to establishment of NIT SEF.

The financing facilities were due for payment on January 1, 2012 as Government Guarantee was expiring on December 31, 2011. However, on getting the in principle consent from Government for extension of guarantee, in order to continuously support the capital market, it was decided to continue the operations of the fund. However, in order to gradually make repayment to lenders, NITL paid Rs.5.375 billion to one of the lenders on March 26, 2011, thereby reducing the Government Guarantee of principal facility from Rs.20 billion to Rs.12.2 billion.



NIT EQUITY MARKET OPPORTUNITY FUND - NIT EMOF

The net income of the Fund (excluding impairment losses) stood at Rs.557 million against Rs.439 million during the corresponding period of last year. Financial performance of the fund is as follows:

Financial Performance of NIT EMOF

	March 12 (Rs Million)	March 11 (Rs Million)	Change (%)
Net Income *	557	439	27%
Capital Gains	198	147	35%
Dividend Income	329	253	30%
Unit holders' Funds	6,062	5,779	5%
NAV (Rs per unit)	133.98	123.05	9%
Earnings/(loss) per unit (Rs)			
Without impairment losses	11.56	9.34	24%
With impairment losses	1.79	7.36	(76)%
Transactions in shares & T-Bills			
Buying – shares	560	1,221	(54)%
Selling – shares	614	881	(30)%
Buying – T Bills	829	97	755%

* Inclusive of capital gains and dividend income but excluding impairment losses.

In terms of clause 19.9.1 of the Trust Deed and in line with clause 7.5 of the Concept Paper of the Fund 10% redemptions of unit holding were offered and Rs.551 million were paid to unit holders during the period. So far, unit holders have been offered 50% of their respective unit holding since inception of the Fund.

NIT GOVERNMENT BOND FUND - NIT GBF

Net income of the Fund stood at Rs.197 million for the period ended March 31, 2012, whereas, the annualized return stood at 9.51%. The fund continued investing in short and medium tenor treasury bills to generate superior returns with minimum risk for its unit holders. Financial performance of the fund is as follows:

Financial Performance of NIT GBF

	March 12 (Rs Million)	March 11 (Rs Million)	Change (%)
Net Income	197	215	(8)%
Unit holders' Funds	2,526	2,876	(12)%
NAV (Rs per unit)	10.8204	10.8185	0.02%
Earnings per unit (Rs)	0.7700	0.7218	7%
Transactions in T-Bills			
Purchases	2,418	6,613	(63)%
Sales	734	2,593	(72)%
Gross Sales of Units	657	2,062	(68)%

NIT INCOME FUND - NIT IF

The fund earned a net income of Rs.185 million for the period ended March 31, 2012, whereas it earned an annualized return of 12.69% for unit holders.

NIT IF will continue to build portfolio within the admissible investment avenues available to maximize the returns of the portfolio, while remaining cautious of risk factor. Financial performance of the fund is as follows:

Financial Performance of NIT IF			
	March 12 (Rs Million)	March 11 (Rs Million)	Change (%)
Net Income	185	155	19%
Unit holders' Funds	2,224	2,015	10%
NAV (Rs per Unit)	11.1151	10.8817	2%
Earnings Per Unit (Rs)	0.9814	0.7955	23%
Transactions in T-Bills			
Purchases	2,011	2,782	(28)%
Sales	560	768	(27)%
Gross Sales of Units	514	833	(38)%

FUTURE PROSPECTS

I see NIT continuing to play a dominating role in promoting a broad based participation in the country's capital markets in the years to come. I remain optimistic that NIT will provide superior returns to its unit holders in the future as well.

CONCLUSION

I would like to thank our unit holders for demonstrating their faith in NIT's management and its employees for their commitment and hard work. I would also like to thank our Trustees - National Bank of Pakistan & Central Depository Company of Pakistan Limited, the Securities & Exchange Commission of Pakistan, State Bank of Pakistan and the Ministry of Finance for their continued cooperation and support.

Yours truly,

Wazir Ali Khoja
Chairman & Managing Director

Date: April 11, 2012