

Director's Report

I am pleased to present financial performance of collective investment schemes and pension funds being managed by National Investment Trust Limited (NITL) for the third quarter ended 31st March 2022.

Macroeconomic Overview

Russia – Ukraine conflict and its implication on global commodities have fueled global inflation and downgraded the growth outlook across the globe including Pakistan. Economic growth evident by sectorial performance, corporate earnings and Large-Scale Manufacturing Index (up 7.6% during 7MFY22) remained strong during 9MFY22. However, elevated current account deficit, rising inflation, declining foreign exchange reserves and rupee devaluation are building macroeconomic imbalances.

Current account deficit (CAD) surged to US\$ 12.1 billion in 8MFY22 from current account surplus of US\$ 994 million in the corresponding period last year. This huge jump in CAD was led by 73% YoY increase in trade deficit during the period. The country exports increased 24.7% to USD 23.298 billion in 9MFY22 compared to USD 18.687 billion in same period last year. However, imports outpaced exports during the period by increased 48.6% to USD 58.691 billion in 9MFY22 compared to USD 39.489 billion in 9MFY21.

Pakistan foreign exchange reserves of the country declined to USD 18,555 million as of March 25, 2022 from USD 24,776 million as of July 2022. As a result of declining reserves, Pak Rupee devalued to 183.72/USD as of March 31st, 2020 from 157.49/USD as of June 30th, 2022. Inflation in nine months of the current fiscal year 2001-22 averaged at 10.8% against 8.3% during the same period of last year.

Capital Market review

Pakistan equity bourse posted a negative return of 5% (-2,482 points) during 9MFY22 to close at 47,356 points as of March 31, 2022. During 9MFY22, KSE100 index traded in a range of 5,500 points marked by several days of swift dips and rallies alike. Political noise coupled with macroeconomic indicators kept the market under check. In particular, pressure on the external account, rising inflationary reading, delay in approval of IMF's sixth review and transition from Emerging Market to the Frontier Market put pressure on the bourse. Moreover, foreign exchange reserves started depleting, with the Pak Rupee losing significant ground against USD. Whereas the State bank had a shift in policy, resuming monetary tightening in order to maintain sustainable growth.

Market traded value and volume declined 63% YoY and 36% YoY respectively to USD 61mn and 305 mn during 9MFY22. Foreign Corporates were the top sellers with net selling of USD 329mn in 9MFY22 along with Mutual funds which sold stocks worth USD 62mn. On the local front, Companies and Individuals were key buyers with net buying of USD 81mn and USD82mn, respectively. Key sectors that outperformed were Fertilizer (9%) due to hike in urea prices and better payout and Banks (4%) due to 275bps increase in Policy Rate. Key sectors that underperformed during 9MFY22 were Oil Marketing Companies (26%) on currency devaluation, Cement (-24%) on surging international coal prices and Refinery (-22%) due to delays in approval of refinery policy. Stocks that outperformed during 9MFY22 were PSEL (86%), EPCL (82%), FABL (65%) and EFERT (53%) while laggards were ANL (-62%), NRL (-59%), CENERGY (-55%) and TRG (-53%).

National Investment Unit Trust (NIUT) Fund

NI(U)T posted a negative return of 6.38 percent, against benchmark negative return of 5.13 percent during 9MFY2022. Unit price of NI(U)T was recorded at Rs. 69.02 as on 31st March 2022 as against NAV of Rs. 73.72 (Ex-Dividend) on 30th June 2021. Net Assets of NI(U)T Fund stood at Rs. 58.41 billion as on 31st March 2022.

NIT – Islamic Equity Fund (NIT-IEF)

Unit price of NIT-IEF was at Rs. 8.45 as on 31st March 2022, as against Rs. 9.45 (Ex-Dividend) on 30th June 2021. YTD Return for the Fund was negative 10.58 percent, against KMI-30 negative return of 4.84 percent. Assets Under Management for NIT-IEF as of 31st March 2022 were Rs. 2.87 billion.

NIT Pakistan Gateway Exchange Traded Fund (NIT-PGETF)

During the period fund posted a negative return of 4.46 percent, against benchmark negative return of 3.29 percent. Unit price of NIT-PGETF was recorded at Rs. 10.9593 as on 31st March 2022 as against NAV of Rs. 11.4711 on 30th June 2021. Net Assets of NIT-PGETF Fund stood at Rs. 41.86 million as on 31st March 2022.

NIT Asset Allocation Fund (NIT-AAF)

During the period fund posted a negative return of 4.76 percent, against benchmark positive return of 0.69 percent. Unit price of NIT-AAF was recorded at Rs. 9.7679 on 31st March 2022 as against NAV of Rs. 10.2563 (Ex-Dividend) at on 30th June 2021. Net Assets of NIT-AAF Fund stood at Rs. 596.03 million as on 31st March 2022.

NIT – Income Fund (NIT-IF)

NIT-IF posted an annualized return of 10.05 percent during 9MFY2022 against benchmark return of 9.56 percent. Unit price of NIT-IF was at Rs. 10.8537 as on 31st March 2022, as compared to Rs. 10.0920 (Ex-Dividend) as on 30th June 2021. Weighted Average Maturity of 295 days as on 31st March 2022. Assets Under Management for NIT-IF as of 31st March 2022 was Rs. 4.56 billion.

NIT – Government Bond Fund (NIT-GBF)

During 9MFY2022, annualized return for NIT-GBF was 8.87 percent, against benchmark return of 9.42 percent. Unit price of NIT-GBF as on 31st March 2022 was Rs. 10.4393 as against Rs. 9.7876 (Ex-Dividend) on 30th June 2021. Weighted Average Maturity of NIT-GBF was maintained at 178 days as on 31st March 2022. Asset Under Management for NIT-GBF as on 31st March 2022 was Rs. 3.04 billion.

NIT – Money Market Fund (NIT-MMF)

Unit price of NIT-MMF was at Rs. 9.7277 (Ex- interim Dividends of Rs. 0.5802) as on 31st March 2022, compared to Rs. 9.6404 (Ex-Dividend) as on 30th June 2021. Annualized return of NIT-MMF during 9MFY2022 was 9.51 percent, against benchmark return of 8.17 percent. The Fund maintained a Weighted Average Maturity of 18 days as on 31st March 2022, against maximum limit of 90 days. Assets Under Management for NIT-MMF as on 31st March 2022 was Rs. 18.5 billion.

NIT – Islamic Income Fund (NIT-IIF)

Annualized return for NIT-IIF is at 8.49 percent, against benchmark return of 3.18 percent. Unit Price of NIT-IIF was at Rs. 9.9518 as on 31st March 2022, compared to Rs. 9.3555 (Ex-Dividend) as on 30th June 2021. Assets Under Management for NIT-IIF as on 31st March 2022 was Rs. 890 million.

NIT – Islamic Money Market Fund (NIT-IMMF)

NIT-IMMF was launched on 21st September 2021 (IPO was held between 20th September to 22nd September 2021). Unit price of NIT-IMMF was at Rs. 100.8301 (Ex- interim Dividends of Rs. 3.7134) as on 31st March 2022, compared to Rs. 100.00 as on 21st September 2021. Annualized return of NIT-IMMF during