

## 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 half year ended 31<sup>st</sup> December 2020.

### Macroeconomic Overview

Pakistan economy started to recover in 1HFY21 owing to the measures taken by the Government and SBP. Economic activity gradually picked – up after easing of lockdown restrictions as evident by number of economic indicators including 1) growth in large scale manufacturing (LSM), 2) current account surplus, 3) strengthening of PKR against USD and 4) lower inflation.

Pakistan's Current Account Balance remained in surplus of US\$ 1.1 billion during 1HFY21 against a Current Account Deficit of US\$ 2billion during the same period last year. Current account surplus during 1HFY21 is primarily attributed to workers' remittances which increased 24.6% YoY to USD14.2 billion during the period as compared to USD 11.4 billion in 1HFY20. During 1HFY21, exports increased by 4.98% from US\$ 11,524 million to US\$ 12,098 million in corresponding period of the last year. Imports increased by 5.7% to US\$ 24,521 million in 1HY21 from US\$ 23,195 million in corresponding period of the last year. Trade Deficit increased from US\$ 11.671 million in 1HFY20 to US\$ 12.423 million in 1HFY21.

CPI inflation General increased by 8.0% on year-on-year basis in December 2020 as compared to an increase of 12.6% in December 2019. Averaged CPI remained at 8.63% during 1HFY21 against 11.1% same period last year. CPI inflation Urban increased by 7% on year-on-year basis in December 2020 as compared to an increase of 12% in December 2019 and CPI inflation Rural increased by 9.5% on year-on-year basis in December 2020 as compared to an increase of 13.6% in December 2019. Moreover, during 1HFY21, Pak rupee strengthened around 5% to close at 159.77 as on December 31, 2020.

Large Scale Manufacturing (LSM) recorded an impressive double digit growth in Nov-2020, increasing by 14.46% YoY. These numbers take the cumulative 5MFY21 LSM average growth to 7.41%.

### Capital Market review

Pakistan's benchmark index (KSE – 100) rallied north, closing 1HFY21 up 27%. The rally was fueled by the optimism over global rollout of COVID – 19 vaccines and ongoing economic recovery in Pakistan. Moreover, political noise under formation of the Pakistan Democratic Movement (PDM) by the opposition parties failed to have lasting impact on sentiments fizzling out in December as PPP opted out of resignation from assemblies.

Market activity doubled in 1HFY21 versus 2HFY20 to USD 140 million average daily traded value (USD 68 million in 2HFY20). Foreign investors remained net sellers (USD 279 million during 1HFY21) mostly in Banks, E&Ps and Fertilizers. This was accumulated by local individuals; companies and insurance companies.

Top performers during 1HFY21 were Vanaspati & Allied industries (unity +210%) followed by Technology sector (TRG +224%, SYS +128%); Engineering sector (INIL +93%, ISL +81%) and Refinery sector (NRL +228%, ATRL +104%)

### **National Investment Unit Trust (NIUT) Fund**

NI(U)T posted a return of 26.40 percent, against benchmark return of 27.11 percent during 1HFY2021. Unit price of NI(U)T was recorded at Rs. 69.43 on 31<sup>st</sup> December 2020 as against NAV of Rs. 54.93 (Ex-Dividend) on 30<sup>th</sup> June 2020. Net Assets of NI(U)T Fund stood at Rs. 61.4 billion as on 31<sup>st</sup> December 2020.

### **NIT – Islamic Equity Fund (NIT-IEF)**

Unit price of NIT-IEF was at Rs. 9.05 as on 31<sup>st</sup> December 2020, as against Rs. 7.26(Ex-Dividend) on 30<sup>th</sup> June 2020. YTD Return for the Fund was 24.66 percent, against KMI-30 return of 29.41 percent. The Fund underperformed the benchmark by 4.75 percent. Assets Under Management for NIT-IEF as of 31<sup>st</sup> December 2020 were Rs. 3.3 billion.

### **NIT Pakistan Gateway Exchange Traded Fund (NIT-PGETF)**

During the period fund posted a return of 15.72 percent, against benchmark return of 18.70 percent. Unit price of NIT-PGETF was recorded at Rs. 11.9579 on 31<sup>st</sup> December 2020 as against NAV of Rs. 10.3339 on 30<sup>th</sup> June 2020. Net Assets of NIT-PGETF Fund stood at Rs. 54.5 million as on 31<sup>st</sup> December 2020.

### **NIT Asset Allocation Fund (NIT-AAF)**

During the period fund posted a return of 15.65 percent, against benchmark return of 17.42 percent. Unit price of NIT-AAF was recorded at Rs. 11.5779 on 31<sup>st</sup> December 2020 as against NAV of Rs. 10.0114 (Ex-Dividend) at on 30<sup>th</sup> June 2020. Net Assets of NIT-AAF Fund stood at Rs. 642.2 million as on 31<sup>st</sup> December 2020.

### **NIT – Income Fund (NIT-IF)**

NIT-IF posted an annualized return of 5.21 percent, against benchmark return of 7.22% during 1HFY2021. Unit price of NIT-IF was at Rs. 10.3473 as on 31<sup>st</sup> December 2020, as compared to Rs. 10.0825 (Ex-Dividend) as on 30<sup>th</sup> June 2020. Weighted Average Maturity of 740 days as on 31<sup>st</sup> December 2020. Assets Under Management for NIT-IF as of 31<sup>st</sup> December 2020 was Rs. 3.8 billion.

### **NIT – Government Bond Fund (NIT-GBF)**

During 1HFY2021, annualized return for NIT-GBF was 4.04 percent, against benchmark return of 7.07 percent. Unit price of NIT-GBF as on 31<sup>st</sup> December 2020 was Rs. 10.0078 as against Rs. 9.8079(Ex-Dividend) on 30<sup>th</sup> June 2020. Weighted Average Maturity of NIT-GBF was maintained at 518 days as on 31<sup>st</sup> December 2020. Asset Under Management for NIT-GBF as on 31<sup>st</sup> December 2020 was Rs. 3.7 billion.

### **NIT – Money Market Fund (NIT-MMF)**

Unit price of NIT-MMF was at Rs. 9.7052 (Ex- interim Dividends of Rs. 0.2957) as on 31<sup>st</sup> December 2020, compared to Rs. 9.6920 (Ex-Dividend) as on 30<sup>th</sup> June 2020. Annualized return of NIT-MMF during 1HFY2021 was 6.41 percent, against benchmark return of 6.67 percent. The Fund maintained a Weighted Average Maturity of 3 days as on 31<sup>st</sup> December 2020, against maximum limit of 90 days. Assets Under Management for NIT-MMF as on 31<sup>st</sup> December 2020 was Rs. 10.7 billion.

### **NIT – Islamic Income Fund (NIT-IIF)**

Annualized return for NIT-IIF is at 5.55 percent, against benchmark return of 3.93 percent, outperforming by 162 basis points. Unit Price of NIT-IIF was at Rs. 9.8263 as on 31<sup>st</sup> December 2020, compared to Rs. 9.5588 (Ex-Dividend) as on 30<sup>th</sup> June 2020. Assets Under Management for NIT-IIF as on 31<sup>st</sup> December 2020 was Rs.812 million.

### **NIT – Pension Fund (NIT-PF)**

Equity Sub-Fund posted a return of 20.29 percent during 1HFY2021. Money Market Sub-Fund and Debt Sub-Fund posted annualized returns of 6.01 percent, and 1.76 percent respectively. Commodities sub-fund, which primarily invests in Gold futures, posted a positive return of 4.84 percent in absolute terms, for 1HFY2021. Assets Under Management for NIT-PF as on 31<sup>st</sup> December 2020 was Rs. 469 million.

### **NIT – Islamic Pension Fund (NIT-IPF)**

Equity Sub-Fund posted a positive return of 22.69 percent during 1HFY2021. Money Market and Debt Sub-Funds posted annualized return of 4.57 percent, and 4.77 percent respectively during 1HFY2021. Assets Under Management for NIT-IPF as on 31<sup>st</sup> December 2020 was Rs. 389 million.

### **NITL Assigned AM1, Highest Asset Management Rating By VIS**

NITL has achieved the highest asset manager rating of AM1 by accredited rating agency, VIS. This is the top quality asset management rating for asset management companies.

The AM1 rating reflects the high standards of governance, management, product innovation and customer focus being relentlessly pursued by NITL. It is also a culmination of over 50 years of prudent investment practices resulting in risk-adjusted superior returns for our valued investors.

### **Future Outlook**

The main risk to the outlook is the threat of a second wave or a prolonged pandemic especially during the current winter season. A return to more stringent containment measures could derail economic recovery. On back of improved numbers of current account deficit, gradual revival of exports and upward trend in remittances on account of steps taken by the SBP it is expected that Pakistan's external account position to stabilize in FY21. Once the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery.

As far as NITL is concerned, we are in process of launching Pakistan's first Social impact Fund focused on the micro finance sector. Besides, NITL is also proud to have been the first AMC in Pakistan to launch an Exchange Traded Fund (NITG-ETF).

### **IT Transformation**

I am very pleased to announce that NITL has launched web portal and mobile App for Android and IOS platforms has gone "LIVE" from July 2020. Customers can perform sale, redemption and switching of funds through NITL Website and also from their Cell phones. This is major step forward for NITL and would boost sales team to attract additional customers as well as provide better services to existing customers.

## **Acknowledgment & Appreciation**

I am thankful to the Unit Holders for their unfailing confidence and trust. I would like to acknowledge and appreciate the efforts of Government of Pakistan, and our regulator, Securities & Exchange Commission of Pakistan for the role they have played in developing and strengthening the financial services industry in the country. I am also grateful to our trustee, the Central Depository Company of Pakistan for their proactive role as trustee.

I would also like to thank the Board and Management, as well as investors for the trust that they have demonstrated. We assure continuous commitment for maintenance of high service standards, and a strong culture of corporate governance and compliance in all our endeavors. Finally, I would also thank our employees for their commitment, and efforts which have enabled us to attain sustainable growth over the years.

For and on behalf of the board.



Mr. Adnan Afridi  
Managing Director  
23<sup>rd</sup> February, 2021