

**FUND MANAGER REPORT - JANUARY 2011**
**Fund's Basic Informations**

Fund Type	Open-End
Category	Income Fund
Launch Date	18 <sup>th</sup> November, 2009
Listing	KSE, LSE & ISE
Stability Rating	Not Rated
Management Fee	1.25%
Front End Load	1.00%
Back End Load	Nil
Cutt-off timing	3.30 PM
Par Value	PKR 10.00
Min Subscription	Growth Unit PKR 5,000 Income Unit PKR 100,000
Trustee	Central Depository Co. (CDC)
Auditors	A.F Ferguson & Co.
Registrar	National Investment Trust Ltd.
Pricing Mechanism	Forward Pricing
Valuation Days	Daily (Monday to Saturday) except public holiday
Redemption Days	Daily (Monday to Saturday) except public holiday
Subscription Days	Each valuation day
AMC Rating	AM2 (PACRA)
Risk Profile	Low
Fund Manager	Khurram Aftab Ahmed

**Objective of the fund**

The objective of NIT Government Bond Fund is to generate best possible return with minimum risk, for its Unit Holders, by investing primarily in the Government Securities.

**Profile of Investment Managers**

National Investment Trust Ltd. (NITL) is the first Asset Management Company of Pakistan, formed in 1962. NITL is the largest asset management company of Pakistan with approximately Rs. 80 billion assets under management. In order to cater to varied needs of investors, NITL for the very first time in the 48 years history of the company, ventured into fixed income category by launching two Funds in the FY10. NIT Government Bond Fund, a very low risk product was launched in Nov. 2009 followed by NIT Income Fund which was introduced in Feb. 2010. With the launching of these two funds the family of Funds of NIT has increased to six funds including 4 equity Funds and 2 fixed income Funds. NIT's distribution network comprises of 19 NIT branches, various Authorized bank branches all over Pakistan and Arab Emirates Investment Bank (AEIB) in Dubai (UAE). The Board of Directors of NITL consists of representatives of leading financial institutions, prominent industrialists and nominee of Govt. of Pakistan. During the year rating of NITL has also been improved by one notch to "AM2" by Pakistan Credit Rating Agency (PACRA), which denotes very strong capacity to manage risks inherent in asset management and the asset manager meets very high investment management industry standards and benchmarks. All Investment decisions are taken by the Investment Committee of NITL.

**Fund Performance Review**

State Bank of Pakistan decided to keep the policy rate unchanged at 14 percent in its Monetary Policy Statement announced on January 29, 2011. This was resultant of lower CPI Inflation announced in Dec'10, which averaged at 14.61 percent for H1-FY11, while borrowings for budgetary support reduced substantially. Pakistan posted its first Jul-Dec current account surplus this year since 2003, amounting to USD26million, or 0.03% of GDP. However, this has been supported largely by a USD633million payment from the U.S. in Dec'10, on account of the Coalition Support Fund.

On money markets front, SBP conducted two T-Bill auctions during the month of January 2011. Cut off rates sharply increased in the range of 11bps to 45bps on expectation for another possible increase in the Policy Rate. The cut-off yields at the end of the month stood at 13.6699%, 13.7128% and 13.8699% for 3, 6 and 12 months respectively.

NIT Government Bond Fund (NIT GBF) yielded an annualized return of 11.52% for the month of January 2011 beating its benchmark of 11.51% by a skinny margin. Where as, the Fund's annualized year to date return stood at 10.75%. The fund has maintained its stance to remain liquid and invest in shorter tenor Treasury Bills. There was not any noticeable change in the asset allocation of the fund during the period as almost 96% of the fund was invested in Government Securities while the remaining portion of the fund remained as cash with banks and others.

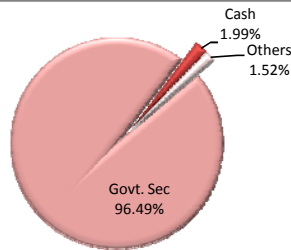
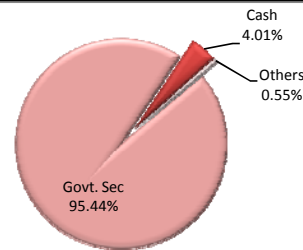
NIT GBF will remain cautious by investing in shorter tenor Treasury Bills owing to progress of key areas of concern to the economy.

**Benchmark**

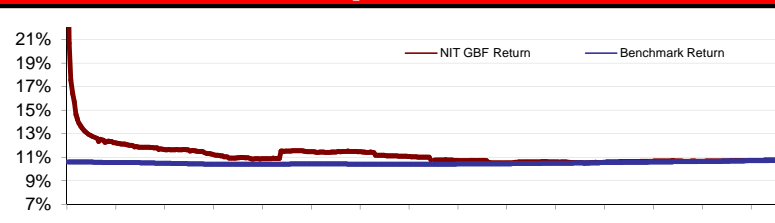
Average of weighted average yield of 6 month T-Bill auctions held during the period	<b>70%</b>
1 month average deposit rate of A rating and above schedule banks	<b>30%</b>

**Technical Information**

Net Assets	PKR 2.8 Bln
Nav per Unit (31st January 2011)	10.6175
Weighted Average Maturity	217
Leveraging	Nil
Standard Deviation of Return	0.42%

**Asset Allocation as of Dec 2010**

**Asset Allocation as of Jan 2011**

**Fund's Return v/s Benchmark**

	NIT-GBF	Benchmark
December-10	11.02%	11.38%
January-11	11.52%	11.51%
Year to Date	10.75%	11.07%
Since Inception	10.76%	10.74%
12 M Trailing	10.58%	10.79%

**NIT-GBF Since Inception Return v/s Benchmark**

**Members of the Investment Committee**

Wazir Ali Khoja - Managing Director	Manzoor Ahmed - Chief Operating Officer	Amir Amin - Head of Finance
Shahid Anwer - Head of MD's Sectt. & Personnel	Zubair Ahmed - Controller of Branches/ Comp. Secretary	Khurram Aftab - Fund Manager

**MUFAP's Recommended Format.**

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