

## NIT GOVERNMENT BOND FUND

### FUND MANAGER REPORT - FEBRUARY 2012

#### 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	AA (f) (PACRA)
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 Day Pricing
Valuation Days	Daily (Monday to Friday) except public holiday
Redemption Days	Daily (Monday to Friday) except public holiday
Subscription Days	Each valuation day
AMC Rating	AM2- (JCR-VIS)
Risk Profile	Low
Fund Manager	Khurram Aftab Ahmed

\* Varies as per policy

#### 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 and above rated scheduled banks	<b>30%</b>

#### Technical Information

Net Assets	PKR 2.7 Bln
Nav per Unit (Feb 29 2012)	Rs. 10.8665
Weighted Avg. Maturity (Days)	287
Leveraging	Nil
Standard Deviation of Return	0.04

#### Fund's Return v/s Benchmark

	NIT-GBF	Benchmark
January-12	12.37%	10.22%
February-12	7.52%	10.14%
Year to Date	11.40%	10.80%
Since Inception	12.02%	10.93%
12 M Trailing	11.63%	11.11%

#### 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. 75 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 in to 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 22 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. All Investment decisions are taken by the Investment Committee of NITL.

#### Fund Performance Review

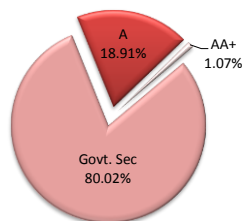
State Bank of Pakistan announced the Monetary Policy Statement during the month and decided to maintain the discount rate at 12%. The decision to keep policy rates stable was taken to promote its efforts to bring inflation further down, ensure financial stability, preserve foreign exchange reserves, and support private investment in the economy. SBP's inflation forecasts indicate a high probability of meeting the 12 percent average CPI inflation target for FY12. The Consumer Price Index (CPI) stood at **11.05%** in February 2012.

NIT Government Bond Fund (NIT GBF) yielded an annualized return of 7.52% for the month of February 2012, while the benchmark return for the same period was at 10.14%. The current year to date return is 11.40%, whereas the benchmark for the same period remains at 10.80%.

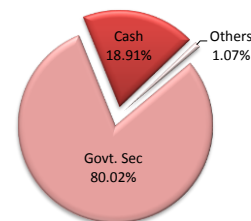
Money markets remained on the higher side throughout the month of February evident due to pressure on liquidity which is likely to continue due to uncertain foreign inflows and substantial government borrowings to finance the fiscal deficit. Participation in the two Treasury Bills auction, conducted over the month, saw yields increase sharply. Cut off Yields at the end of the month increased by 14 to 18 basis points over the previous month for each tenor.

The fund has currently invested around 80% of total assets in Govt. Securities, mainly comprising of Treasury Bills while the remaining is in the form of cash and other assets. NIT GBF has continued keeping a high weighted average time to maturity for its portfolio of about **287** days.

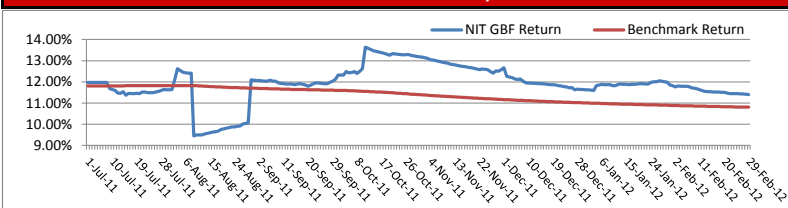
#### Credit Rating as of Feb 2012 (% of TA)



#### Asset Allocation as of Feb 2012 (% of TA)



#### NIT GBF Year to Date Return v/s Benchmark



#### Members of the Investment Committee

Wazir Ali Khoja - Managing Director	Manzoor Ahmed - Chief Operating Officer	Aamir Amin - Head of Finance
Shahid Anwar - Head of MD's Sectt. & Personnel	Zubair Ahmed - Controller of Branches/Comp. Secretary	Khurram Aftab - Fund Manager
M. Imran Rafiq, CFA - Head of Research	M. Atif Khan - Manager Compliance and Risk Mgmt	

#### MUFAP's Recommended Format.

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All Investments in Mutual Funds and Securities are subject to Market Risks. Our target return/dividend range can not be guaranteed. NIT-GBFs unit price is neither guaranteed nor administered/managed. It is based on Net Asset Value (NAV) and the NAV of NIT-GBF Units may go up or down depending upon the factors and forces affecting the Market. Past performance is not indicative of future results.

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