

FUND MANAGER REPORT - MARCH 2011

Fund's Basic Informations

Fund Type	Open-End
Category	Income Fund
Launch Date	18 th 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. 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 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 in its monetary policy statement on March 26, 2011 kept the policy rate unchanged at 14 percent. In light of signs of improvement in the external current account position and having restrained Government borrowings from SBP, their main concern remains on addressing the structural weaknesses. On external front, current account deficit during Jul-Feb FY11 stood at USD98mn as against USD3.03bn during same period of FY10 while the Consumer Price Index (CPI) for Jul-Feb FY11 increased by 14.3% over the corresponding period of FY10. On monthly basis, CPI in February 2011 showed downward trend and increased by 12.9% YoY as compared to an increase of 14.2% YoY in the previous month.

On money markets front, SBP conducted two T-Bill auctions during the month of March 2011. Cut off rates slightly declined from the previous month due to expectation of no change in Policy Rates. The cut-off yields at the end of the month stood at 13.2542%, 13.6441% and 13.8035% for 3, 6 and 12 months respectively.

NIT Government Bond Fund (NIT GBF) yielded an annualized return of 12.01% for the month of March 2011 surpassing its benchmark of 11.63% by a margin of 38 bps. Where as, the Fund's annualized year to date return stood at 11.08%. The fund is currently invested around 98% of total assets in Govt. Securities mainly in shorter tenor Treasury Bills, while the remaining is in the form of cash and other assets.

Although, there was no change in Policy Rate by SBP in the latest monetary policy, the fund will maintain its stance to remain liquid and invest in shorter tenor Treasury Bills because inflationary pressure is expected to increase in the coming months.

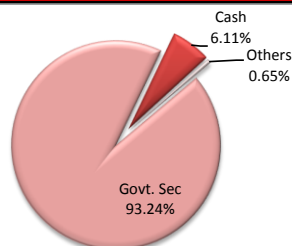
Benchmark

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

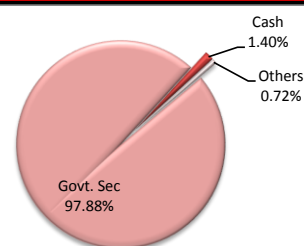
Technical Information

Net Assets	PKR 2.9 Bln
Nav per Unit (31st Mar 2011)	10.8185
Weighted Average Maturity	205
Leveraging	Nil
Standard Deviation of Return	0.48%

Asset Allocation as of Feb 2011



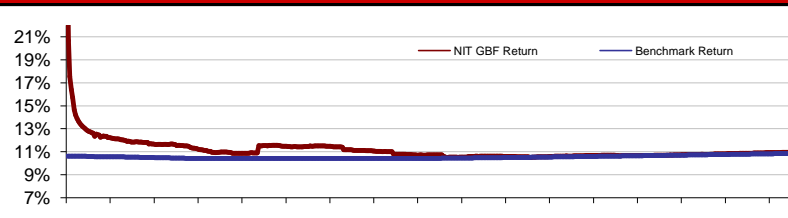
Asset Allocation as of Mar 2011



Fund's Return v/s Benchmark

	NIT-GBF	Benchmark
February-11	12.63%	11.63%
March-11	12.01%	11.63%
Year to Date	11.08%	11.19%
Since Inception	10.94%	10.84%
12 M Trailing	10.73%	11.00%

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.

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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