

## NIT GOVERNMENT BOND FUND

### FUND MANAGER REPORT - May 2014

#### 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	KPMG Taseer Hadi
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- (PACRA)
Risk Profile	Low
Fund Manager	Shoaib Ahmad Khan

\* Varies as per policy

#### 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 and the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 96 billion assets under management as on 30 May 2014, the family of Funds of NIT comprises of five funds including 3 equity funds and 2 fixed income nature Funds. NIT's tally of nationwide branches is 23, yet another milestone as no Mutual Fund in Pakistan has such a big network of nationwide branches. Further to cater to the matters relating to investments in NITL managed Funds and day to day inquiries/issues of their unit holders, a state of the art Investors' Facilitation Centre is also in place. The Board of Directors of NITL consists of representatives of leading financial institutions, prominent industrialists and nominee of Govt. of Pakistan. The Company has been assigned an Asset Manager rating of "AM2-" by PACRA, which reflects the company's very strong capacity to manage the risks inherent in the asset management business 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

Keeping in view the attractive yields and in order to earn better accruals, NIT like many of its peers also built a portfolio of PIBs having different maturities. Based on lower PKRV for 2 years securities, almost all financial institutions booked unrealized gains on their holdings of 3 years PIBs (with actual time to maturity of 2.2 years), hence had growth in their returns. However, revaluation of these 3 years PIBs due to upward revision in PKRV rate of 2 years securities negatively affected the portfolios of almost all financial institutions having holdings of these PIBs. Owing to this adjustment, the annualized return for the month of May was -1.51% against the benchmark return of 9.15% while the year to date return of the fund stood at 7.52% against benchmark return of 8.76%.

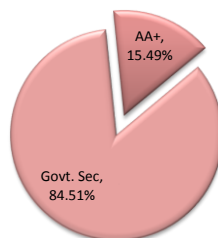
The fund remained invested in Government Securities by about 85% of total assets, 6% in Reverse Repo while the remaining is in the form of cash and other assets. NIT GBF increased its holding in PIBs from 38% in the previous month to 43% of total assets while weighted average time to maturity of its portfolio increased to 538 days in current month from 397 days in April 2014.

Since the discount rate is likely to remain stable during the next couple of months, the Fund would be able to reap the benefits of accruals at attractive yields with the probability of realizing capital gains at an opportune time by partially offloading these securities.

#### 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>

#### Credit Rating as of May 2014 (% of TA)



#### Asset Allocation (% of TA)

	Apr-14	May-14
T-Bills	59.03%	41.24%
PIBs	38.25%	43.27%
Rev Repo	0.00%	6.41%
Cash	0.97%	6.86%
Others	1.74%	2.22%

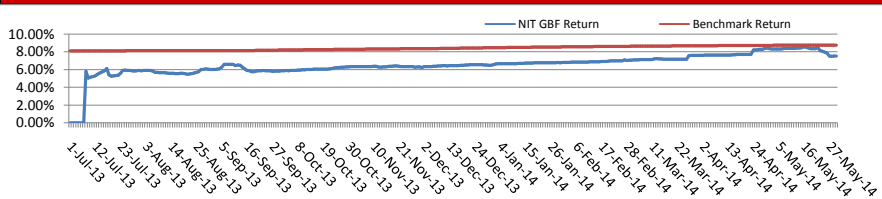
#### Technical Information

Net Assets	PKR 4.5 Bln
NAV per Unit (May 30, 2014)	10.7776
Weighted Avg. Maturity (Days)	538
Leveraging	Nil
Standard Deviation of Return	0.30

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

	NIT-GBF	Benchmark*
May-14	-1.51%	9.15%
Year to Date	7.52%	8.76%
Since Inception	11.63%	9.97%
12 M Trailing	7.69%	8.73%

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



**WWF Disclosure-** The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 30.364m, if the same were not made the NAV per unit/ current year to date return of the Scheme would be higher by Rs. 0.0723/ 0.79%. For details investors are advised to read the Note 10 of the latest Financial Statement of the Scheme.

\* Last updated deposit rates of few banks.

#### Members of the Investment Committee

Shahid Ghaffar- Managing Director	Manzoor Ahmed - Chief Operating Officer	Shahid Anwar - Head of MD's Sectt. & Personnel
Aamir Amin - Head of Finance	M. Imran Rafiq, CFA - Head of Research	Zubair Ahmed - Controller of Branches/ Comp. Secretary
Shoaib. A. Khan - SVP/ Fund Manager	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-GBF's 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.

National Investment Trust Ltd,  
National Bank Building, (6th Floor)  
I.I. Chundrigar Road, P.O Box # 5671.  
Karachi - 74000, Pakistan  
Tel: 111-648-648