

**FUND MANAGER REPORT - JULY 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  | 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<br>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- (JCR-VIS)                                   |
| 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. 74 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 21 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 on July 30, 2011 and decided to reduce the policy rate by 50 bps to 13.50%. The decision is strongly backed by the outlook of the inflation in FY12 which is expected to be around 11% to 12%. Where as, Consumer Price index (CPI) for the month of July 2011 increased by 13.77% over July 2010, with the main factor being food prices. On the external front, current account improved considerably in FY11 recording a surplus of USD542mln. A significant growth in export and robust growth in workers remittances were the primary factors responsible for this improvement.

On money markets front, SBP conducted two T-Bill auctions during the month of July 2011. In both auctions cut off rates remain on high side, mainly due to shortage of liquidity in the market. The cut-off yields at the end of the month stood at 13.5313%, 13.7815% and 13.9204% for 3, 6 and 12 months respectively.

NIT Govt. Bond Fund (NIT GBF) declared a dividend of Rs.1.0201 per unit for its unit holders for FY11. The fund yielded an annualized return of 12.27% for the month of July 2011, while the benchmark return for the same period was at 11.82%. Hence, the fund has surpassed its benchmark by 45 bps. NIT GBF is currently invested around 93.77% of total assets in Govt. Securities mainly in Treasury Bills, while the remaining are in the form of cash and other assets. The recent cut in discount rate will help enhance the fund's returns mainly due to its significant investments in medium and long tenor treasury bills. It is expected that SBP will keep interest rates on hold until end of 2011.

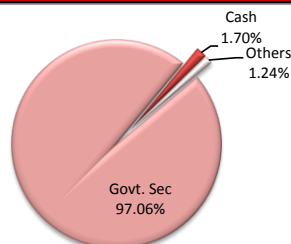
**Benchmark**

|   |            |
|---|------------|
| 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> |

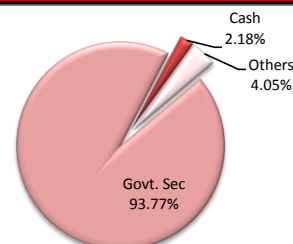
**Technical Information**

|                              |             |
|------------------------------|-------------|
| Net Assets                   | PKR 2.7 Bln |
| Nav per Unit (July 30 2011)  | 10.1933     |
| Weighted Average Maturity    | 212         |
| Leveraging                   | Nil         |
| Standard Deviation of Return | 0.25%       |

**Asset Allocation as of Jun 2011**



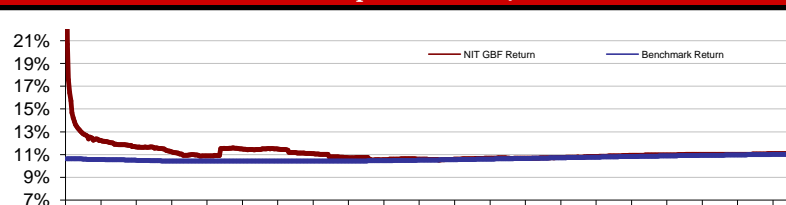
**Asset Allocation as of Jul 2011**



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

|                 | NIT-GBF | Benchmark |
|-----------------|---------|-----------|
| June-11         | 11.41%  | 11.78%    |
| July-11         | 12.27%  | 11.82%    |
| Year to Date    | 12.27%  | 11.82%    |
| Since Inception | 11.09%  | 11.02%    |
| 12 M Trailing   | 11.35%  | 11.43%    |

**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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