

FUND MANAGER REPORT - AUGUST 2011

Fund's Basic Informations

Fund Type	Open-End
Category	Income Fund
Launch Date	18 th 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 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

The State Bank of Pakistan in the previous month, cut its main policy rates by 50bps to 13.50%. The decision to cut the discount rate marks a change in direction for the central bank, which in 2010 raised interest rates by a combined 150bp in response to excessive government borrowing from the banking sector and persistently high inflation. SBP now expects inflation to be within its 11-12% target for FY2011-12 while it is also keen to support the weak economy.

On money markets front, rates remained at its top levels during the month of August 2011 which coincided with the holy month of Ramadan. SBP conducted two T-Bill auctions during the month and with the cut in discount rates yields were expected to reduce. The cut-off yields in auction held at the end of the month stood at 13.0697%, 13.2787% and 13.3768% for 3, 6 and 12 months respectively.

NIT Government Bond Fund (NIT GBF) yielded an annualized return of 13.15% for the month of August 2011, while the benchmark return for the same period was at 11.78%. Where as, the annualized year to date return of fund stood at 12.71% and its benchmark return for the period was 11.70%.

The fund is currently invested around 99% of total assets in Govt. Securities mainly in Treasury Bills, while the remaining is in the form of cash and other assets.

Signs that the government is making meaningful progress in reducing the fiscal deficit and taking steps to accelerate economic growth, the fund will look to invest in medium tenor Treasury Bills to generate superior returns and suitably manage risk for its unit holders.

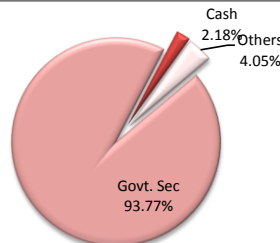
Benchmark

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

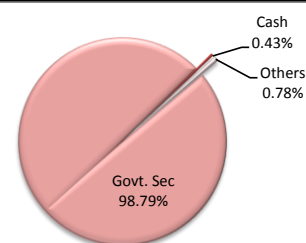
Technical Information

Net Assets	PKR 2.7 Bln
Nav per Unit (August 30 2011)	Rs. 10.3008
Weighted Avg. Maturity (Days)	212
Leveraging	Nil
Standard Deviation of Return	0.35

Asset Allocation as of Jul 2011



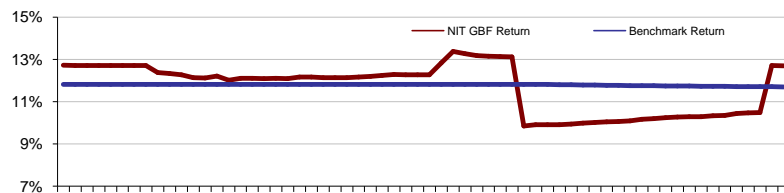
Asset Allocation as of Aug 2011



Fund's Return v/s Benchmark

	NIT-GBF	Benchmark
July-11	12.27%	11.82%
Aug-11	13.15%	11.58%
Year to Date	12.71%	11.70%
Since Inception	10.98%	11.05%
12 M Trailing	11.65%	11.50%

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

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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