

## NIT GOVERNMENT BOND FUND

### FUND MANAGER REPORT - OCTOBER 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- (PACRA)
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 3.5 Bln
NAV per Unit (Oct 31 2012)	Rs. 10.3887
Weighted Avg. Maturity (Days)	197
Leveraging	Nil
Standard Deviation of Return	0.12

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

	NIT-GBF	Benchmark
Sept-12	9.97%	9.24%
Oct-12	11.80%	8.73%
Year to Date	12.37%	9.64%
Since Inception	11.98%	10.71%
12 M Trailing	9.45%	10.04%

#### 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. The family of Funds of NIT comprises of five funds including 3 equity Funds and 2 fixed income nature 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). NIT recently launched a state of the art Investors' Facilitation Centre to cater matters relating to investments in NIT and day to day inquiries/ issues of NIT's unit holders regarding NIT Funds. 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 Pakistan Credit Rating Agency, 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

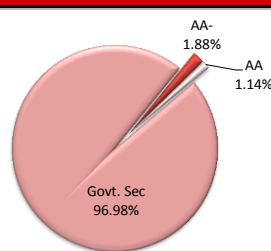
NIT Government Bond Fund yielded an annualized return of 11.80% for the month of October 2012 while its benchmark stood at 8.73%. The annualized return for the current year stood at 12.37% while its benchmark was 9.64%

The Consumer Price Index remains in the single digit and settled at 7.66% for the month of October. Anticipation for lower inflation has shifted the yield curve downwards and participants are now expecting further monetary easing stance by the State Bank in the upcoming Monetary Policy Statement.

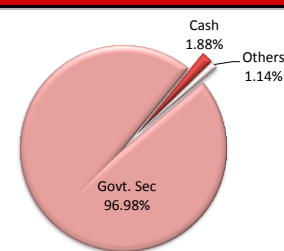
SBP conducted two T-Bill auctions during the month and cut-off yields at the end of the month stood at 9.6383%, 9.6481% and 9.7118% for 3, 6 and 12 months respectively. As cut off yields have dropped by 55 to 60 basis points in the primary markets, secondary market activities have added to lower yields mainly due to money markets remaining liquid.

The fund remains invested in the tune of 97% 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 continues with a weighted average time to maturity of its portfolio of 197 days.

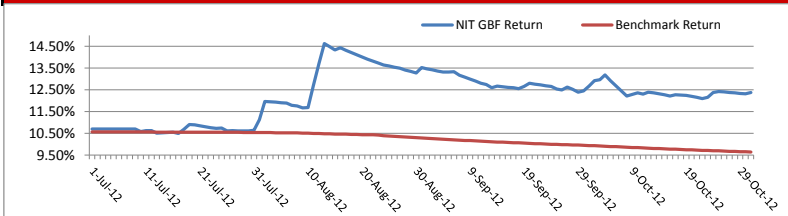
#### Credit Rating as of Oct 2012 (% of TA)



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



#### 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. 19.221m, if the same were not made the NAV per unit/ current year to date return of the Scheme would be higher by Rs. 0.0571/ 1.70%. For details investors are advised to read the Note 5 of the latest Financial Statement of the Scheme.

#### 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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