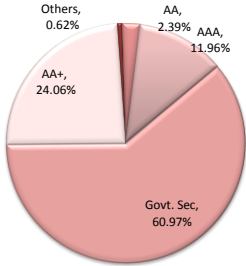


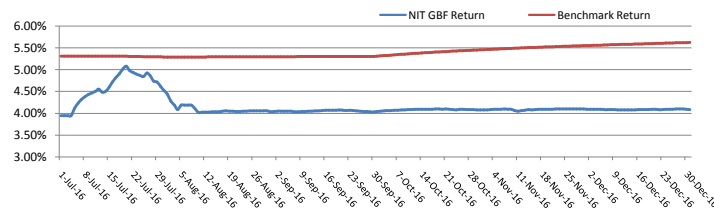
NIT GOVERNMENT BOND FUND



FUND MANAGER REPORT - December 2016

| Fund's Basic Informations | | Objective of the fund | |
|---------------------------|--|---|--|
| Fund Type | Open-End | 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. | |
| Category | Income Fund | | |
| Launch Date | 18 th November 2009 | Profile of Investment Managers | |
| Listing | PSX | National Investment Trust Ltd. (NITL) is the first and the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 116 billion assets under management as on 31 December 2016, the family of Funds of NIT comprises of ten funds including 4 equity funds, 2 fixed income funds, 1 money market fund, 1 Islamic income fund, 1 conventional pension fund and 1 Islamic pension fund. NIT's tally of nationwide branches is 23 and sales desk is also available in financial hub at Abbottabad, yet another milestone as no Asset Management Company in Pakistan has such a big network of 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 a nominee of Govt. of Pakistan. The Company has been assigned an Asset Manager rating of "AM2+" by PACRA, which reflects the company's high investment management industry standards and benchmarks with noted strengths in several of the rating factors. All Investment decisions are taken by the Investment Committee of NITL. | |
| Stability Rating | AA- (f) (PACRA) 12-Jan-16 | | |
| 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) | | Fund Performance Review |
| Auditors | KPMG Taseer Hadi | | <p>The YTD return for FY17 stood at 4.08% p.a. against the benchmark return of 5.62% p.a. The Fund posted an annualized return of 3.94% p.a. for the month of December against its benchmark return of 5.62% p.a.</p> <p>The Consumer Price Index (CPI) for the month of December stood at 3.7% decreasing from 3.8% over the previous month. The average 1HFY17 CPI inflation now stands at 3.88% compared to 2.08% in 1HFY16.</p> <p>As at December 31 2016, the Fund had an exposure of about 5% of total assets in PIBs, about 56% of total assets in T-bills and the remaining was in the form of cash at bank and other assets. The weighted average time to maturity of the portfolio stood at 61 days.</p> |
| 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) 18-Aug-16 | | |
| Risk Profile | Low | | |
| Fund Manager | Shoab Ahmad Khan | | |
| * Varies as per policy | | | |

| Benchmark | Asset Quality as of 31 December 2016 (% of TA) | Asset Allocation (% of TA) | | | | | | | | | | | | | | | | | | |
|----------------------------------|---|---|--|--------|--------|---------|--------|--------|------|-------|-------|----------|-------|-------|------|--------|--------|--------|-------|-------|
| Weighted Average of 6M PKRV |  | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | |
| Technical Information | | | | | | | | | | | | | | | | | | | | |
| Net Assets | PKR 4.08 Bln | | | | | | | | | | | | | | | | | | | |
| NAV per Unit (December 31, 2016) | 10.1619 | | | | | | | | | | | | | | | | | | | |
| Weighted Avg. Maturity (Days) | 61 | | | | | | | | | | | | | | | | | | | |
| Leveraging | Nil | | | | | | | | | | | | | | | | | | | |
| Standard Deviation of Return | 0.01 | | | | | | | | | | | | | | | | | | | |
| Expense Ratio with Govt. Levy | 1.73% | | | | | | | | | | | | | | | | | | | |
| Expense Ratio without Govt. Levy | 1.48% | | | | | | | | | | | | | | | | | | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #e91e63; color: white;"> <th></th> <th>Nov-16</th> <th>Dec-16</th> </tr> </thead> <tbody> <tr> <td>T-Bills</td> <td style="text-align: center;">81.79%</td> <td style="text-align: center;">56.04%</td> </tr> <tr> <td>PIBs</td> <td style="text-align: center;">5.50%</td> <td style="text-align: center;">4.93%</td> </tr> <tr> <td>Rev Repo</td> <td style="text-align: center;">0.00%</td> <td style="text-align: center;">0.00%</td> </tr> <tr> <td>Cash</td> <td style="text-align: center;">12.11%</td> <td style="text-align: center;">38.41%</td> </tr> <tr> <td>Others</td> <td style="text-align: center;">0.60%</td> <td style="text-align: center;">0.62%</td> </tr> </tbody> </table> | | Nov-16 | Dec-16 | T-Bills | 81.79% | 56.04% | PIBs | 5.50% | 4.93% | Rev Repo | 0.00% | 0.00% | Cash | 12.11% | 38.41% | Others | 0.60% | 0.62% |
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| T-Bills | 81.79% | 56.04% | | | | | | | | | | | | | | | | | | |
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| Others | 0.60% | 0.62% | | | | | | | | | | | | | | | | | | |

| Fund's Return v/s Benchmark | | | NIT GBF Year to Date Return v/s Benchmark | |
|-----------------------------|----------------|------------------|--|--|
| | NIT-GBF | Benchmark |  | |
| December-16 | 3.94% | 5.98% | | |
| Year to Date | 4.08% | 5.62% | | |
| 12 M Trailing | 4.86% | 5.60% | | |
| 3 Years ** | 9.36% | 7.11% | | |
| Since Inception | 12.50% | 8.81% | | |
| ** Simple annualized return | | | | |

| Performance Period | FY16 | FY15 | FY14 | FY13 | FY12 |
|--------------------|-------|--------|-------|-------|--------|
| NIT-GBF | 5.78% | 13.86% | 7.64% | 9.93% | 9.76% |
| Benchmark | 5.78% | 8.17% | 8.80% | 8.80% | 10.64% |

WWF Disclosure: The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 39.15m up to 30-June-2015 and thereafter has stopped further provisioning, if the same were not made the NAV per unit/ current year to date return of the Scheme would be higher by Rs. 0.0975/ 1.95%. For details investors are advised to read the Note 10.1 of the latest Financial Statement of the Scheme.

| 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 | Shoab. A. Khan, SVP/ Fund Manager |
| Ammar Habib, Incharge/Manager Risk Mgmt. | Syed Aqib Hussian, Incharge Compliance | |

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 are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and risks involved.

Note: Performance data does not include the cost incurred directly by an investor in the form of sales load etc.

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