

FUND MANAGER REPORT - DECEMBER 2010

Fund's Basic Informations

Fund Type	Open-End
Category	Income Fund
Launch Date	18 th November, 2009
Listing	KSE, LSE & ISE
Stability Rating	Not Rated
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 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 (PACRA)
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. 80 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 into 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 19 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. During the year rating of NITL has also been improved by one notch to "AM2" by Pakistan Credit Rating Agency (PACRA), which denotes very strong capacity to manage risks inherent in asset management 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

Headline Consumer Price Index (CPI) YOY, with a modest increase, reached 15.48% in November 2010, whereas average inflation for July - November 2010 registered a YoY increase of 14.44%. Current account posted a surplus of USD54mln during November 2010 while during first five month of FY11 CAD shrunk by 72% to USD504mln from USD1,822mln in same period last year.

On money markets front, SBP conducted three T-Bill auctions during the December 2010. Cut off rates were increased as it was expected after the hike in Policy Rate. The cut-off yields at the end of the month stood at 13.2542%, 13.4613% and 13.7775% for the 3, 6 and 12 months respectively. SBP also conducted a PIB auction during the month in which healthy participation of PKR32bln were witnessed. SBP accepted the target amount of PKR20bln in only 3, 5 & 10 year tenors at the cut-off yield of 14.24%, 14.29% and 14.35% respectively.

NIT Government Bond Fund (NIT GBF) yielded an annualized return of 11.02% for the month of December 2010. Whereas, the Fund's annualized year to date return stood at 10.61%. The fund reinvested its liquidity in shorter tenor Treasury Bills which enhanced the investments in Govt. Securities from 86% to 97% of total assets, while the remaining portion of the fund remained as cash with banks and others.

In the coming months the strategy will be to remain cautious by investing in shorter tenor Treasury Bills owing to expectation that interest rates may likely to rise due to the inflationary pressure and persistent Government borrowing.

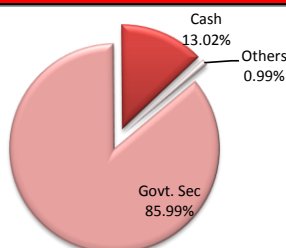
Benchmark

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

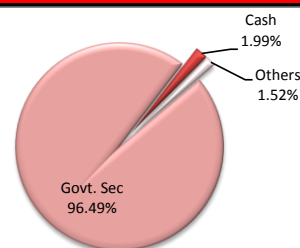
Technical Information

Net Assets	PKR 2.8 Bln
Nav per Unit (30th Nov 2010)	10.5196
Weighted Average Maturity	223
Leveraging	Nil
Standard Deviation	0.02

Asset Allocation as of Nov 2010



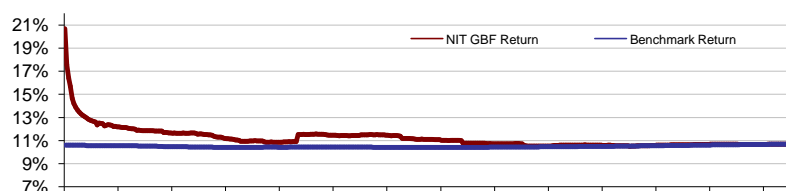
Asset Allocation as of Dec 2010



Fund's Return v/s Benchmark

	NIT-GBF	Benchmark
November-10	11.22%	11.22%
December-10	11.02%	11.38%
Year to Date	10.61%	10.99%
Since Inception	10.70%	10.68%
12 M Trailing	10.56%	10.69%

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.

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