

## NIT INCOME FUND



### FUND MANAGER REPORT - November 2014

Fund's Basic Information	
Fund Type	Open-End
Category	Income Fund
Launch Date	19 <sup>th</sup> February 2010
Listing	KSE, LSE & ISE
Stability Rating	A+ (i) (PACRA) 13-Mar-2014
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	KPMG Taseer Hadi
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) 21-Apr-14
Risk Profile	Moderate
Benchmark	6-Month KIBOR
Fund Manager	Shoab Ahmad Khan

\* Varies as per policy

Technical Information	
Net Assets	Rs. 3.34 Bln
NAV per Unit (November 28, 2014)	10.8109
Weighted Avg. Maturity(Days)	540
Leveraging	Nil
Standard Deviation of Return	0.28

Fund Returns v/s Benchmark		
	NIT-IF	Benchmark
November-14	21.16%	9.92%
Year to Date	14.05%	10.13%
Trailing 12M Avg.	10.42%	10.14%
3 Years	10.65%	10.32%
Since Inception	12.92%	11.34%

Asset Allocation (% of Total Assets)		
	Nov-14	Oct-14
T-Bills	14.28%	33.50%
PIBs	63.37%	55.64%
TFCs	7.90%	7.91%
Rev Repo	0.00%	0.00%
MTS	0.00%	0.00%
COI	0.00%	0.00%
Cash	11.55%	0.72%
Others	2.90%	2.23%

**Objective of the fund**

The objective of NIT Income Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in fixed income securities/instruments.

**Profile of Investment Managers**

National Investment Trust Ltd. (NITL) is the first and the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 93 billion assets under management as on 28 November 2014, the family of Funds of NIT comprises of five funds including 3 equity funds and 2 fixed income Funds. NIT's tally of nationwide branches is 23, yet another milestone as no Mutual Fund 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 very strong capacity to manage 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.

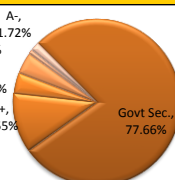
**Fund Performance Review**

State Bank of Pakistan in its latest Monetary Policy Statement announced on November 15, 2014, decreased discount rate by 50 basis points to 9.50%. State Bank of Pakistan highlighted key favorable factors such as decline in inflation, fall in international commodity prices especially oil, and limited impact of floods, have bode well for the macroeconomic outlook of country. Going forward, a cut in subsidy to electricity prices and levying of Gas Infrastructure Development Cess, can alter inflation expectations.

With reference to yields on government securities, November was a highly volatile month. A sharp decline was witnessed in treasury yields for both long and short tenor instruments. The main reason was reduction in discount rate by State Bank of Pakistan to 9.50% from previous level of 10%.

NIT Income Fund posted an annualized return of 21.16% p.a. in November compared to benchmark return of 9.92% p.a., outperforming the benchmark by 11.24%. The YTD return for FY15 stood at 14.05% p.a. against the benchmark return of 10.13% p.a., an out-performance by 3.92%.

At the end of the month, NIT IF had an exposure of around 8% of its total assets in TFCs, about 63% in PIBs and an exposure of around 14% in Treasury Bills, whereas the remaining was in the form of cash and other assets. Overall weighted average maturity of the portfolio stood at 540 days at the end of November.

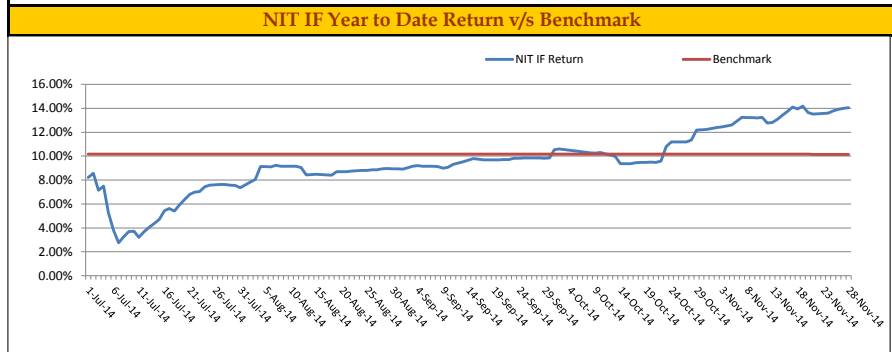
TFC / Sukuk Holdings (% of TA)		Asset Quality of the Portfolio (% of TA)	
Askari Bank Ltd. III	2.27%	A-, 1.72%	
Bank Al-Falah Ltd. IV	1.89%	AA-, 0.86%	
Summit Bank Limited	1.72%	AA, 4.06%	
Bank Al-Habib Ltd. IV	1.16%	AA+, 11.55%	
Engro Fertilizer Ltd. TFC IV	0.86%		
	7.90%		

Performance Period	FY14	FY13	FY12	FY11	FY10*
NIT-IF	7.06%	9.56%	12.34%	12.10%	9.88%
Benchmark	9.82%	9.92%	12.38%	13.38%	12.35%

\* From Feb 19, 2010 to Jun30, 2010

Disclosure of Investment as on November 28, 2014						
Name of investment	Type of Investment	Value before Provision	Provision Held	Value after Provision	% of Net Assets	% of Gross Assets
Summit Bank Ltd.	TFC	99,862,000	40,392,082	59,469,918	1.75%	1.72%

Since classification of Summit Bank TFCs as non-performing by MUFAP on November 12, 2013 till October 27, 2014, NIT IF had provided an amount of Rs. 48.57 million in books of account against these TFCs. In order to ensure that gain is spread out and any abnormal fluctuation in NAV is avoided, NIT IF has decided to reverse the amount of provision over a period of 180 days since its classification as performing by MUFAP on October 30, 2014.



**WWF Disclosure** - The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 25.95m, if the same were not made the NAV per unit/ current year to date return of the Scheme would be higher by Rs. 0.0824/ 1.95%. For details investors are advised to read the Note 6.1 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	Zubair Ahmed, Controller of Branches/Comp. Secretary
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.

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