

**FUND MANAGER REPORT - FEBRUARY 2011**

**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	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. 75 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 FY 10. 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**

Pakistan's current account deficit during Jul-Jan FY11 stood at USD81mn as against USD3.05bn during same period of FY10. Healthy inflows on account of home remittances largely accounted for the improvement in the external balance, with an inflow of USD827mn during January 2011 raising the cumulative remittances during Jul-Jan FY11 to USD6.12bn as against USD5.2bn during corresponding period of FY10. Consumer Price Index (CPI) for Jul-Jan FY11 increased by 14.55% over corresponding period of FY10. On monthly basis, CPI in January 2011 increased by 14.2% YoY. On money markets front, SBP conducted two T-Bill auctions during the month of February 2011. Cut off rates marginally declined from the previous month due to the unchanged policy rate maintained by the SBP as well as excess liquidity injected in the system. The cut-off yields at the end of the month stood at 13.4815%, 13.6899% and 13.8554% for 3, 6 and 12 months respectively.

NIT Government Bond Fund (NIT GBF) yielded an annualized return of 12.63% for the month of February 2011 beating the benchmark of 11.63% by a healthy margin of 100 bps. Where as, the Fund's annualized year to date return stood at 10.96%. The fund is currently invested around 93% of total assets in Govt. Securities mainly in shorter tenor Treasury Bills, while the remaining is in the form of cash and other assets. The net assets of the funds have shown a remarkable growth of around 9% during the month.

Although, there was no change in "Policy Rate" by SBP in its previous monetary policy, the fund will maintain its stance to remain liquid and invest in shorter tenor Treasury Bills because of future inflationary pressure and fiscal imbalances.

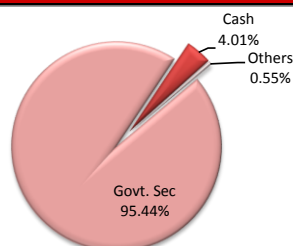
**Benchmark**

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 rating and above schedule banks	<b>30%</b>

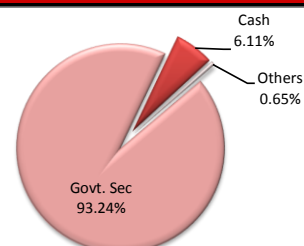
**Technical Information**

Net Assets	PKR 3.1 Bln
Nav per Unit (28th Feb 2011)	10.7148
Weighted Average Maturity	198
Leveraging	Nil
Standard Deviation of Return	0.44%

**Asset Allocation as of Jan 2011**



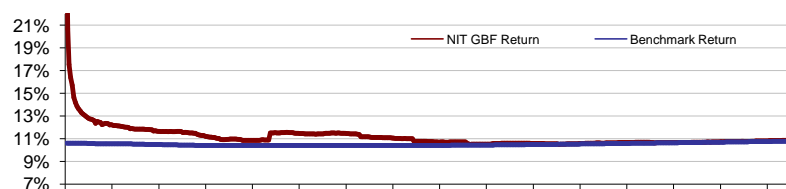
**Asset Allocation as of Feb 2011**



**Fund's Return v/s Benchmark**

	NIT-GBF	Benchmark
January-11	11.52%	11.51%
February-11	12.63%	11.63%
Year to Date	10.96%	11.13%
Since Inception	10.87%	10.79%
12 M Trailing	10.85%	10.90%

**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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