

**FUND MANAGER REPORT - May 2010**

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	N/A
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 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

**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. 66 billion assets under management. 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. The company has been assigned an asset manager rating of "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**

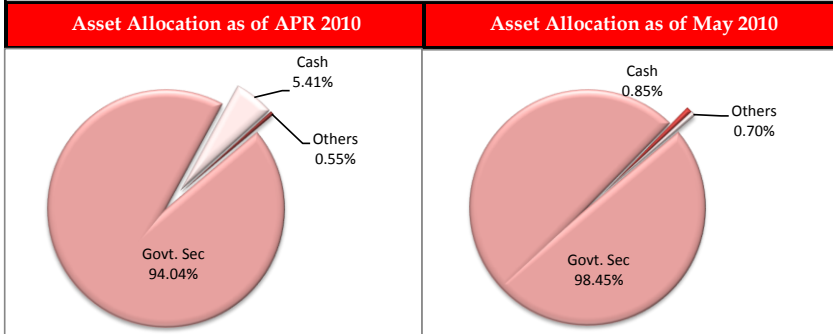
NIT Government Bond Fund (NIT GBF) yielded an annualized return of 9.80% in May 2010, whereas, the Fund's since inception annualized return was 11.17% against the benchmark return of 10.41%, an out-performance of 76 bps. The fund has slightly increased its investments in Govt. Securities (mainly T-Bills) from 94% to 98.5% of its net assets during the month, while the remaining portion of the fund is in the form of cash with bank. In these uncertain circumstances, where inflation remains a concern and deteriorating fiscal position, NIT GBF will look to invest in shorter tenor securities to safeguard the interest of its unit holders.

During the month of May 2010, SBP announced its monetary policy in which according to the expectations the policy discount rate was maintained at 12.5%. The YOY CPI Inflation showed an increase of 13.13% in April 2010 with MOM growth of 1.7%, while average JUL-APR 2010 CPI has increased to 11.49% from 11.3% last month.

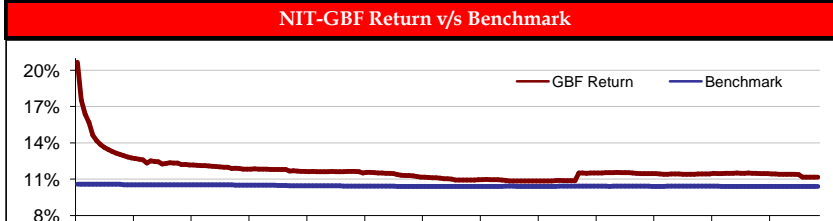
Money Market was fairly volatile during the month with average overnight rates hovering around 11.50%. During the month under review SBP conducted two T-Bill auctions. Excess liquidity in the market caused decline in the cut off rates and yields decreased by 16 to 22 bps as compared to previous month and stood at 11.9201%, 12.0997% & 12.1913% for 3, 6 & 12 months tenor respectively.

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 3.9 Bln
Nav per Unit (31st May 2010)	10.5792
Weighted Average Maturity	304 Days
Leveraging	Nil
Standard Deviation	0.06



Return History		
	NIT-GBF*	Benchmark
April-10	11.11%	10.43%
May-10	9.80%	10.34%
Year to Date	11.17%	10.41%
Since Inception	11.17%	10.41%



\*Morning Star Method

**Members of the Investment Committee**

Tariq Iqbal Khan - Chairman & MD	Manzoor Ahmed - Chief Operating Officer	Amir Amin - Head of Finance
Shahid Anwer - Head of MD's Sectt. & Personnel	Zubair Ahmed - Controller of Branches	Khurram Aftab - Fund Manager

**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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