

**FUND MANAGER REPORT - Jul 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. 70 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**

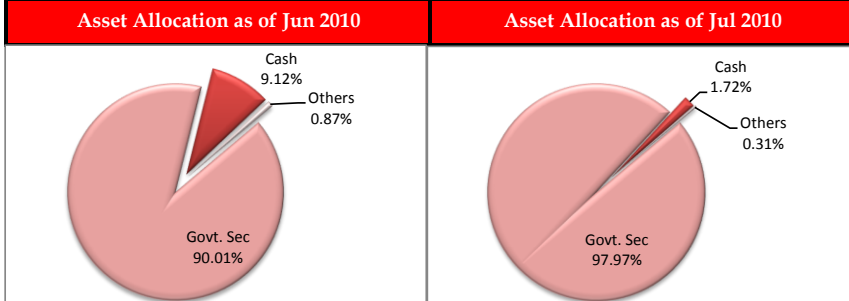
State Bank of Pakistan announced its Monetary Policy Statement (MPS) on July 30 and decided to increase the policy rate by 50bps to 13%. Rising inflationary pressures, weak fiscal position, growing debt and concerns regarding macro economic stability were cited as reasons for tightening the monetary stance. CPI for the month of June 2010 increased by 12.69% and the annual CPI for FY10 recorded at the level of 11.73%. The current account balance which posted a surplus in May 2010 recorded a deficit of USD453mn in June 2010. However, with record exports and home remittances and decline in imports, the overall current account deficit improved to USD3.5bn in FY10 as against a current account deficit of USD9.2bn in FY09.

Money Market during the month remained volatile as SBP continued to intervene through frequent OMOs to efficiently manage liquidity. During the month under review SBP conducted two T-Bill auctions. The cut off rates continued to show marginal increase in 6 and 12 months by 6 and 4 bps as compared to previous month while 3 month remained at the same level. Cut off rates were stood at 12.1036%, 12.3707% & 12.4568% for 3, 6 & 12 months tenor respectively.

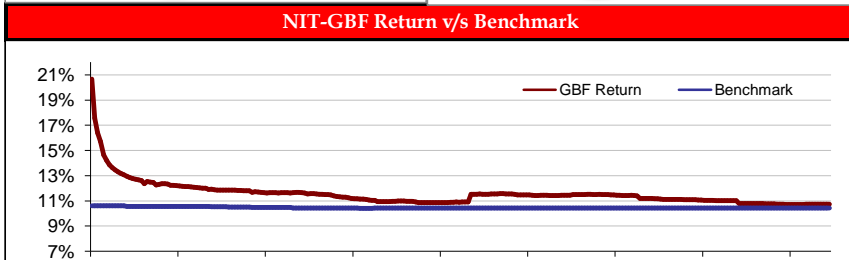
NIT Government Bond Fund (NIT GBF) yielded an annualized return of 10.45% in July 2010, whereas, the Fund's since inception annualized return was 10.73% against the benchmark return of 10.43%, an out-performance of 30 bps. The fund has declared per unit distribution of Rs. 0.65 for its unit holders for FY10. NIT GBF has around 98% of its net assets invested in Govt. Securities, while the remaining portion of the fund is in the form of cash with bank. NIT GBF will look to invest in shorter tenor securities due to uncertainty in the market so that it would best safeguard the interest of its unit holders.

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 3.7 Bln
Nav per Unit (30th Jul 2010)	10.0800
Weighted Average Maturity	309
Leveraging	Nil
Standard Deviation	0.02



Return History		
	NIT-GBF*	Benchmark
June-10	8.21%	10.45%
July-10	10.45%	10.53%
Year to Date	10.45%	10.53%
Since Inception	10.73%	10.43%
FY 2010	10.77%	10.42%



\* Morning Star Method

**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	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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