

NIT GOVERNMENT BOND FUND

FUND MANAGER REPORT - AUGUST 2012

Fund's Basic Informations

Fund Type	Open-End
Category	Income Fund
Launch Date	18 th November 2009
Listing	KSE, LSE & ISE
Stability Rating	AA (f) (PACRA)
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 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)
Risk Profile	Low
Fund Manager	Khurram Aftab Ahmed

* Varies as per policy

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. 77 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 in to 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 five funds including 3 equity Funds and 2 fixed income Funds. NIT's distribution network comprises of 22 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. All Investment decisions are taken by the Investment Committee of NITL.

Fund Performance Review

The State Bank of Pakistan cut its main policy rates by 150bps from 12% to 10.50% in the latest Monetary Policy Statement. The decision to cut the discount rate was in view of SBP's decision to stimulate private sector credit and investment in the economy. The cut in the policy rates was in line with SBP's targets CPI level of 10.50% for FY 2012-13. CPI for the month of July was at 9.6% and continued to remain in single digit for the second consecutive month as CPI for August was reported at 9.05%. This raises the possibility for SBP to continue its monetary easing stance.

NIT Government Bond Fund (NIT GBF) yielded an annualized return of 16.26% for the month of August 2012, while the benchmark return for the same period was at 10.03%. Where as, the annualized year to date return of fund stood at 13.52%.

On money markets front, treasury bills cut off yields and secondary market yields reduced in anticipation of a cut in policy rates. SBP conducted two T-Bill auctions during the month and cut-off yields at the end of the month stood at 10.4115%, 10.4442% and 10.4894% for 3, 6 and 12 months respectively.

The fund has currently invested about 95% of total assets in Govt. Securities, mainly comprising of Treasury Bills while the remaining is in the form of cash and other assets. With anticipation for further easing in the policy rates, NIT GBF has increased its weighted average time to maturity of its portfolio from 154 days to 185 days.

Benchmark

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

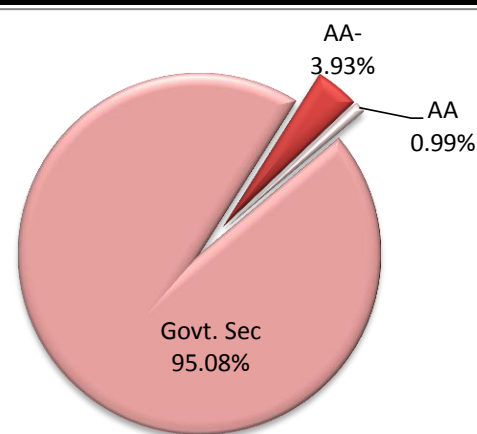
Technical Information

Net Assets	PKR 3.3 Bln
NAV per Unit (July 31 2012)	Rs. 10.2020
Weighted Avg. Maturity (Days)	185
Leveraging	Nil
Standard Deviation of Return	0.14

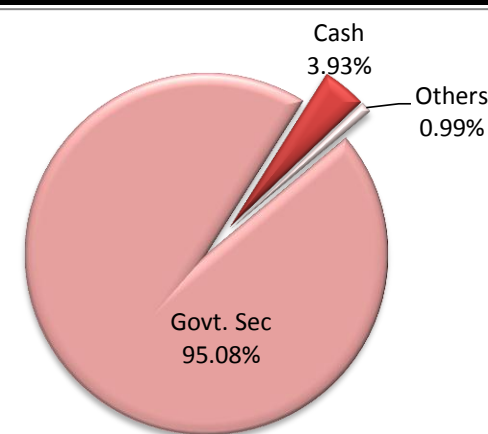
Fund's Return v/s Benchmark

	NIT-GBF	Benchmark
July-12	10.64%	10.54%
Aug-12	16.26%	10.03%
Year to Date	13.52%	10.28%
Since Inception	11.82%	10.81%
12 M Trailing	10.00%	10.39%

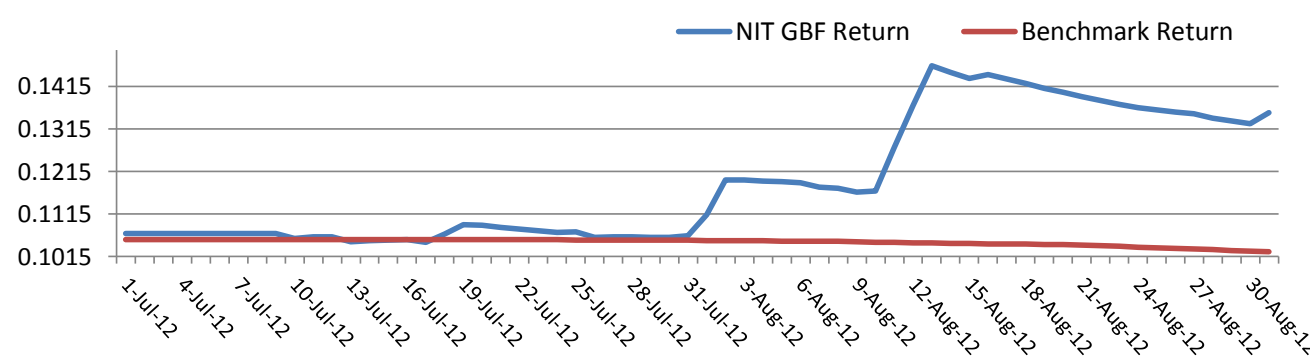
Credit Rating as of July 2012 (% of TA)



Asset Allocation as of July 2012 (% of TA)



NIT GBF Year to Date Return v/s Benchmark



WWF Disclosure- The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 18.062m, if the same were not made the NAV per unit/ current year to date return of the Scheme would be higher by Rs. 0.0566/ 3.35%. For details investors are advised to read the Note 6 of the latest Financial Statement of the Scheme.

Members of the Investment Committee

Wazir Ali Khoja - Managing Director	Manzoor Ahmed - Chief Operating Officer	Aamir Amin - Head of Finance
Shahid Anwar - Head of MD's Sectt. & Personnel	Zubair Ahmed - Controller of Branches/Comp. Secretary	Khurram Aftab - Fund Manager
M. Imran Rafiq, CFA - Head of Research	M. Atif Khan - Manager Compliance and Risk Mgmt	

MUFAP's Recommended Format.

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