

FUND MANAGER REPORT - SEPTEMBER 2010

Fund's Basic Informations

Fund Type	Open-End
Category	Income Fund
Launch Date	18 th 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 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

Benchmark

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

Technical Information

Net Assets	PKR 2.95 Bln
Nav per Unit (30th Sep 2010)	10.2420
Weighted Average Maturity	272
Leveraging	Nil
Standard Deviation	0.02

Return History

	NIT-GBF*	Benchmark
August-10	9.57%	10.80%
September-10	10.13%	10.92%
Year to Date	10.04%	10.74%
Since Inception	10.56%	10.51%
FY 2010	10.77%	10.42%

* Morning Star Method

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. 71 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 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 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

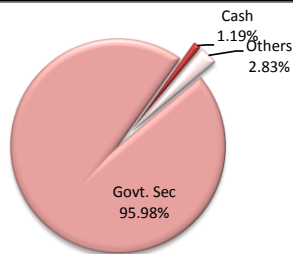
State Bank of Pakistan announced its second monetary policy decision for FY11 on September 29, 2010. SBP raised key policy rate by 50 bps to 13.50% due to widespread fiscal deficit and persisting inflation. Consumer Price Index (CPI) for the month of August 10 was recorded at 13.23% YoY where as average July - August 10 registered a YoY increase of 12.79%.

Money Markets during the month remained fairly liquid. SBP conducted two T-Bill auctions and cut off rates increased for the 3 and 6 months tenors to 12.7472% and 12.8464% respectively. The 12 months tenor was scrapped due to lack of participation therefore, cut-off remained unchanged at 12.7873%.

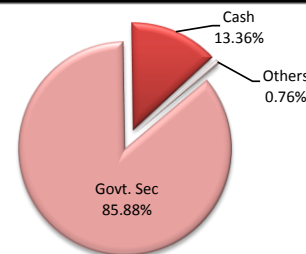
NIT Government Bond Fund (NIT GBF) yielded an annualized return of 10.13% for the month of September 2010, a modest increase of 56 bps from previous month's return. Whereas, the Fund's annualized return since its inception was 10.56% against the benchmark return of 10.51%, an out-performance of 5 bps. The improvement in the return was due to the effective management of T-Bill portfolio which was reduced by 10% to 86% of total assets in anticipation of rising interest rates.

SBP's target for average inflation during FY11 has been revised upward to 13.5-14.5%. Hence further tightening of monetary policy is likely in ensuing months. NIT GBF's exposure in short term T-Bills was also increased during the month owing to these expectations. The fund has around 86% of its total assets invested in Govt. Securities, while the remaining portion of the fund is in the form of cash with bank and others.

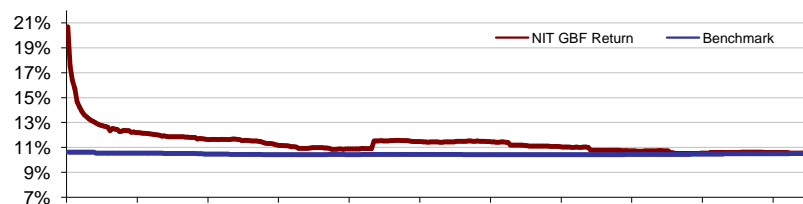
Asset Allocation as of Aug 2010



Asset Allocation as of Sep 2010



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

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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