

**FUND MANAGER REPORT - DECEMBER 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	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- (JCR-VIS)
Risk Profile	Low
Fund Manager	Khurram Aftab Ahmed

\* Varies as per policy

**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 and above rated scheduled banks	<b>30%</b>

**Technical Information**

Net Assets	PKR 2.8 Bln
Nav per Unit (DEC 30 2011)	Rs. 10.6861
Weighted Avg. Maturity (Days)	333
Leveraging	Nil
Standard Deviation of Return	0.12

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

	NIT-GBF	Benchmark
November-11	9.67%	10.25%
December-11	6.52%	10.19%
Year to Date	11.64%	11.01%
Since Inception	11.96%	10.99%
12 M Trailing	11.88%	11.33%

**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. 68 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 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 six funds including 4 equity Funds and 2 fixed income Funds. NIT's distribution network comprises of 21 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**

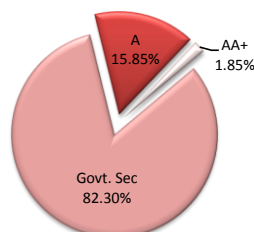
NIT Government Bond Fund (NIT GBF) yielded an annualized return of 6.52% for the month of December 2011, while the benchmark return for the same period was at 10.19%. The current year to date return is 11.64%, whereas the benchmark for the same period is 11.01%.

On external front, current account deficit has shown a deficit of US\$ 478 million during November 2011, taking the 5 months FY12 deficit to around US\$ 2.1 billion. While the Consumer Price Index (CPI) for month of November 2011 showed downward trend and increased by 10.19% YoY as compared to an increase of 10.97% YoY in the previous month.

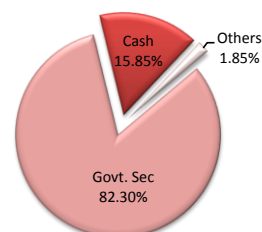
On money markets front, SBP conducted three T-Bill auctions during the month of December 2011. Although the Cut off Yields at the end of the month stood at 11.8283%, 11.6722% and 11.9019% for 3, 6 and 12 month tenor in the last auction. This was primarily due to lack of participation from the private sector in Treasury Bills auction. This also gave the Government of Pakistan an opportunity to retire its heavy borrowing from the central bank. Secondary market yields remained on the higher side due to risks attached with the macro economic environment and expected rise in inflation mainly due to higher international crude oil prices.

The fund has currently invested around **82%** of total assets in Govt. Securities, mainly comprising of Treasury Bills while the remaining is in the form of cash and other assets. NIT GBF has continued keeping a high weighted average time to maturity for its portfolio of about **333** days.

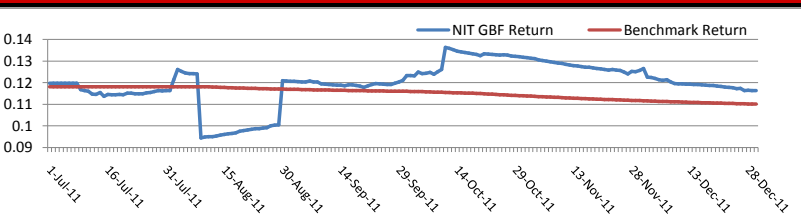
**Credit Rating as of Dec 2011 (% of TA)**



**Asset Allocation as of Dec 2011 (% of TA)**



**NIT GBF Year to Date Return v/s Benchmark**



**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.**

**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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