

NIT ISLAMIC EQUITY FUND



FUND MANAGER REPORT - December 2016

NIT-IEF Objective

The objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio of Shariah Compliant listed equities.

Profile of Investment Managers

National Investment Trust Ltd. (NITL) is the first and the largest Asset Management Company of Pakistan, formed in 1962. With the recent launch of 1 new Funds namely NIT Islamic Income Fund the size of total Funds under management by NITL is approximately Rs. 116 billion as of December 31, 2016. The family of Funds of NIT comprises of 10 funds including 4 equity Funds 2 fixed income nature Funds, 1 Islamic Income Fund, 1 Money Market Fund, 1 conventional Pension Fund and 1 Islamic Pension Fund. NIT's tally of nationwide branches is 23, no other Mutual Fund in Pakistan has such a vast network of nationwide branches. Further to cater to the matters relating to investments in NIT and day to day inquiries/issues of its unit holders, a state of the art Investors' Facilitation Centre is also in place. 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 PACRA, which reflects the company's very strong capacity to manage the risks inherent in the asset management business 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's Information

| | | | |
|--------------------|----------------|-------------------|---------------------------------|
| Fund Type | Open-End | Trustee | Central Depository Company |
| Category | Islamic Equity | Auditors | KPMG Taseer Hadi & Co. |
| Launch Date | 18th May 2015 | Pricing Mechanism | Forward Pricing |
| Management Fee | 2.00% | Dealing Days* | Daily (Monday to Friday) |
| Front End Load | 0%-3% | Valuation Days* | Daily (Monday to Friday) |
| Back End Load | 0.00% | AMC Rating | AM2+ (PACRA) |
| Benchmark | KMI-30 | Risk Profile | Moderate / High |
| Par Value | PKR 10.00 | Fund Manager | Wasim Akram |
| Minimum Investment | PKR 5,000 | Cut-off timing** | 9.00 AM to 3.30 PM (Mon to Fri) |

*except public holiday **Ramzan Timing 8.00 AM to 2.00 PM (Mon to Thur), 8.00 AM to 12.30 Noon (Fri)

Fund Commentary & Performance Review

The benchmark KMI-30 gained 14.51% during the month of December, 2016. The rally continued throughout the month of December, 2016 mainly on account of OPEC's decision to cut production providing impetus to international oil prices. Consequently, Oil Exploration and Production sector in the local bourse followed the bullish trend in international oil prices. Expectation of higher inflation due to rising international oil prices gave rise to expectations of interest rates either remaining stable or increasing going forward, resulted in strong buying activity in the Banking sector as well. Highlight for the month however, was the successful bidding by Chinese consortium led by the Shanghai Stock Exchange for the take over of 40% strategic shareholding of PSX at a price of PKR 28 per share. The news further bolstered the positive sentiment already prevalent in the market. Pakistan's inclusion in the MSCI EM index later in the year 2017 and onset of the result season will ensure continued positive sentiment in the market going forward.

NIT IEF posted a return of 12.25% for the month of December, 2016 as against a benchmark return of 14.51% showing an underperformance of 2.26%.

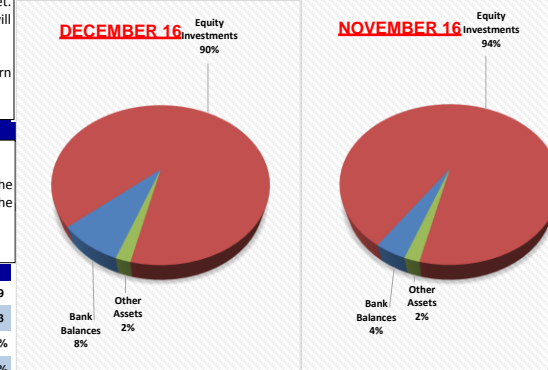
Future Outlook

Pakistan's inclusion in the MSCI EM index will result in renewed buying interest while the Panamagate probe by the Supreme Court may also have a bearing on the future direction of the market.

Fund Returns

| | NIT-IEF | KMI-30 |
|-----------------|---------|--------|
| Dec-16 | 12.25% | 14.51% |
| Since Inception | 28.30% | 50.49% |
| YTD | 23.01% | 23.63% |
| 5 yrs | N/A | N/A |
| Leverage | Nil | |

Fund's Asset Allocation



Technical Information 31-12-2016

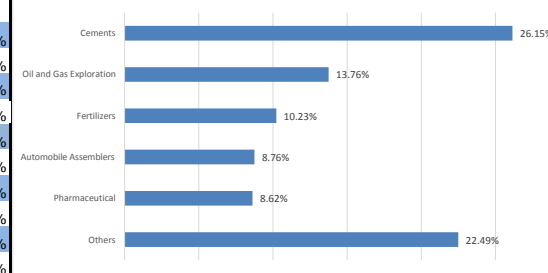
| | |
|---------------------------------------|-------|
| Net Assets NIT-IEF (PKR Million) | 4,729 |
| Nav per Unit NIT-IEF (PKR) | 12.83 |
| Total Expense Ratio (Incl. Govt Levy) | 2.77% |
| Total Expense Ratio (Excl. Govt Levy) | 2.40% |

Top Ten Holdings

(As % of Total Assets)

| | |
|---|--------|
| Lucky Cement | 10.32% |
| DG Khan Cement | 9.95% |
| HUB Power Company Limited | 6.39% |
| Oil and Gas Development Company Limited | 5.95% |
| Pakistan State Oil | 4.45% |
| Pakistan Petroleum Limited | 4.41% |
| The Searle Company | 4.38% |
| Indus Motors Limited | 4.25% |
| Pakistan Oilfields Ltd. | 3.40% |
| Engro Corporation Limited | 3.22% |

Sector Allocation (As % of Total Assets)



WWF Disclosure:

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of **Rs. 134,000**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.00/ 0.00%**. For details investors are advised to read the latest Financial Statement of the Scheme.

Compliance with Circular # 16 of 2010 / Non-compliant Investments

N/A

Members of the Investment Committee

| | | |
|--|---|--------------------------------------|
| Shahid Ghaffar - Managing Director | Manzoor Ahmed - Chief Operating Officer | Amir Amin - Head of Finance |
| Shahid Anwer - Head of MD's Sectt. & Personnel | M. Imran Rafiq, CFA - Head of Research | Raza Abbas Jaffery - Head of Trading |
| Ammar Habib - Manager / Incharge Risk Mngm | Aqib Hussain - Incharge Compliance | Wasim Akram - Fund Manager |

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 are subject to Market Risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and risks involved.

Note: Performance data does not include the cost incurred directly by an investor in the form of sales load etc.
Note: All the figures given in the report are being under Full Year Audit review.