

## FUND MANAGER REPORT - FEBRUARY 2011

### Fund's Basic Information

Fund Type	Open-End
Category	Income Fund
Launch Date	19 <sup>th</sup> February, 2010
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 Saturday) except public holiday
Redemption Days	Daily (Monday to Saturday) except public holiday
Subscription Days	Each valuation day
AMC Rating	AM2 (PACRA)
Risk Profile	Moderate
Benchmark	6-Month KIBOR
Fund Manager	Khurram Aftab Ahmed

### Objective of the fund

The objective of NIT Income Fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in fixed income Securities/instruments.

### 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. 75 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 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

NIT Income Fund (NIT IF) yielded a hefty return of 15.91% for the month of February 2011, surpassing the benchmark by a margin of 2.15%. The annualized year to date return of the fund was at 11.24%. The benchmark average 6 month KIBOR for the month of February 2011 were stood at 13.76%.

The performance of the fund in the month of February 2011 were partly enhanced by the re-pricing of certain TFCs in the portfolio as these TFCs were previously categorized as non-traded and were priced at a considerable discount.

The fund has invested around 10% of its total assets in TDRs while around 18% of total assets are invested in TFCs, the remaining 69% of total assets are invested in short term treasury bills and 3% of total assets are in the form of cash and others receivables.

NIT IF will continue with its strategy to invest in shorter tenor Treasury Bills while evaluate options within the investment avenues available however will remain cautious owing to the progress of key areas of concern to the economy.

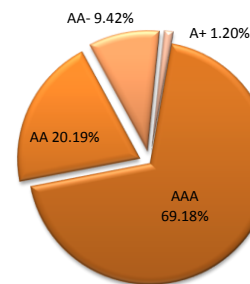
### Technical Information

Net Assets	Rs. 1.99 Bln
Nav per Unit (28th Feb 2011)	10.7285
Weighted Avg. Maturity (Days)	500
Leveraging	Nil
Standard Deviation	1.21%

### TFC Holdings (% of Total Assets)

Bank Al-falah Ltd. IV	5.26%
Askari Bank Ltd. III	4.07%
Engro Fertilizer Ltd. TFC IV	3.14%
United Bank Ltd. IV	2.41%
Bank Al-Habib Ltd. III	2.27%
NIB Bank TFC	1.19%

### Credit Quality of the Portfolio

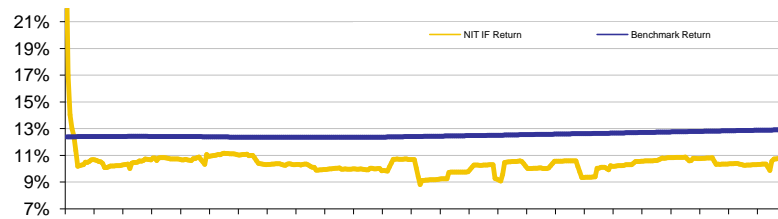


18.35%

### Fund Returns v/s Benchmark

	NIT-IF	Benchmark
February-11	15.91%	13.76%
Year to Date	11.24%	13.21%
Trailing 12-M Avg.	10.77%	12.92%

### Historical Return v/s Benchmark



### Asset Allocation (% of Total Assets)

	Feb-11	Jan-11
T-Bills	68.49%	67.50%
TFCs	18.35%	16.97%
TDR	9.99%	0.00%
Cash	2.17%	14.71%
Others	1.00%	0.82%

### 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

### 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-IFs unit price is neither guaranteed nor administered/managed. It is based on Net Asset Value (NAV) and the NAV of NIT-IF 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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