

NIT INCOME FUND



FUND MANAGER REPORT - July 2014

Fund's Basic Information

Fund Type	Open-End
Category	Income Fund
Launch Date	19 th February 2010
Listing	KSE, LSE & ISE
Stability Rating	A+ (f) (PACRA)
Management Fee	1.25%
Front End Load*	1.00%
Back End Load	Nil
Cut-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	KPMG Taseer Hadi
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	Moderate
Benchmark	6-Month KIBOR
Fund Manager	Shoaib Ahmad Khan

* Varies as per policy

Technical Information

Net Assets	Rs. 3.2 Bln
NAV per Unit (July 28, 2014)	10.2768
Weighted Avg. Maturity(Days)	627
Leveraging	Nil
Standard Deviation of Return	0.06

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 and the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 85 billion assets under management as on 28 July 2014, the family of Funds of NIT comprises of five funds including 3 equity funds and 2 fixed income nature Funds. NIT's tally of nationwide branches is 23, yet another milestone as no Mutual Fund in Pakistan has such a big network of nationwide branches. Further to cater to the matters relating to investments in NITL managed funds and day to day inquiries/issues of their 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 Performance Review

NIT Income Fund posted an annualized return of 7.63% p.a. for the month of July against the benchmark return of 10.18%.

During the month, SBP announced its latest Monetary Policy Statement and decided to keep discount rate unchanged at 10% for next two months. The Central Bank indicated on the improvements in most of the key macroeconomic indicators, which has led to growing confidence in the economy. However they believed that continuation of prudent policies and reforms are needed to achieve stability. Therefore, despite improvements on the external front, the State Bank decided to remain cautious and kept its policy discount rate unchanged at 10.0% for the next two months.

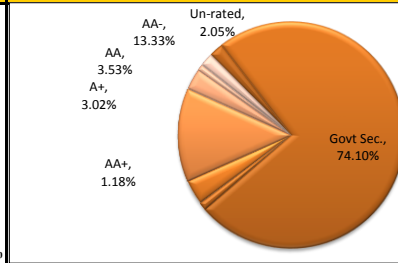
Consumer Price Index (CPI) for the month of July was recorded at 7.88% year on year against 8.22% witnessed a month earlier. The SBP expects average CPI inflation to remain around 7.5% - 8.5% during FY15.

Asset allocation of NIT IF by the end of month reveals that NIT IF had exposure of around 13% of its total assets in TFCs; around 45% in PIB; 29% in Treasury bills and about 2% of total assets in Margin Trading System. Further, 9% of total assets were placed with financial institution in the form of COI whereas the remaining was in the form of cash and other assets. At the end of the month, weighted average time to maturity of the portfolio stood at 627 days.

TFC / Sukuk Holdings (% of TA)

Karachi Electric Limited (Sukuk)	3.02%
Askari Bank Ltd. III	2.30%
Bank Al-Falah Ltd. IV	1.96%
Summit Bank Limited	1.84%
Bank Al-Habib Ltd. III	1.54%
Bank Al-Habib Ltd. IV	1.16%
Engro Fertilizer Ltd. TFC IV	0.94%
	12.78%

Credit Quality of the Portfolio (% of TA)



Performance Period	FY14	FY13	FY12	FY11	FY10*
NIT-IF	7.06%	9.56%	12.34%	12.10%	9.88%
Benchmark	9.82%	9.92%	12.38%	13.38%	12.35%

* From Feb 19, 2010 to Jun30, 2010

Fund Returns v/s Benchmark

	NIT-IF	Benchmark
July-14	7.63%	10.18%
Year to Date	7.63%	10.18%
Since Inception	12.10%	11.43%
Trailing 12M Avg.	7.24%	9.90%

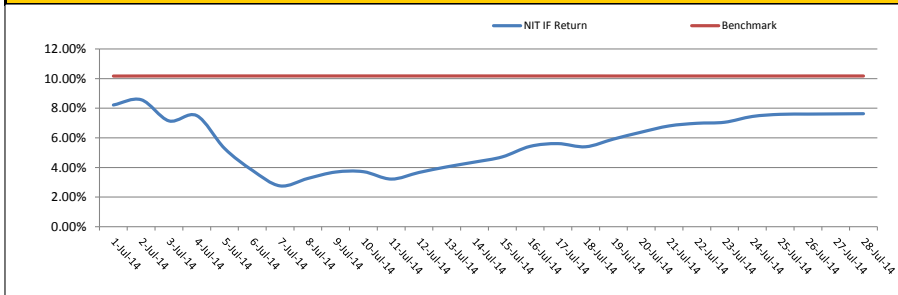
Asset Allocation (% of Total Assets)

	Jul-14	Jun-14
T-Bills	28.98%	24.95%
PIBs	45.12%	41.49%
TFCs	12.78%	12.73%
Rev Repo	0.00%	0.00%
MTS	2.05%	2.42%
COI	9.06%	8.93%
Cash	1.18%	7.00%
Others	0.82%	2.48%

Disclosure of Non Compliant Investment as on July 28, 2014

Name of non-compliant investment	Type of Investment	Value before Provision	Provision Held	Value after Provision	% of Net Assets	% of Gross Assets
Summit Bank Ltd.	TFC	99,885,000	38,844,178	61,040,822	1.87%	1.84%

NIT IF 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. 23.72M, if the same were not made the NAV per unit/ current year to date return of the Scheme would be higher by Rs. 0.0747/ 9.53%. For details investors are advised to read the Note 10 of the latest Financial Statement of the Scheme.

Members of the Investment Committee

Shahid Ghaffar- Managing Director	Manzoor Ahmed - Chief Operating Officer	Shahid Anwar - Head of MD's Sectt. & Personnel
Aamir Amin - Head of Finance	M. Imran Rafiq, CFA - Head of Research	Zubair Ahmed - Controller of Branches/ Comp. Secretary
Shoaib. A. Khan - SVP/ Fund Manager	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-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.
Note: Performance data does not include the cost incurred directly by an investor in the form of sales load.

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