

## NIT INCOME FUND



FUND MANAGER REPORT - August 2014

### 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	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. 3.3 Bln
NAV per Unit (August 29, 2014)	10.3676
Weighted Avg. Maturity(Days)	568
Leveraging	Nil
Standard Deviation of Return	0.09

### 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. 82 billion assets under management as on 29 August 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 a 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 10.08% p.a. for the month of August against the benchmark return of 10.17% p.a. The YTD return for FY15 stood at 8.97% p.a. against the benchmark return of 10.17% p.a.

Consumer Price Index (CPI) for the month of August was recorded at 6.99% year on year against 7.88% witnessed a month earlier. Overall inflation for the period FY15 stood at 7.4% against the full year expectations of 7.5-8.5% for FY15.

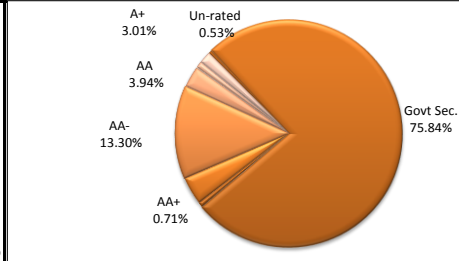
During the month, the government raised over PKR. 84 bn through PIB auction against the target amount of PKR 100 bn whereas the cut-off yields of 3, 5 and 10 years increased by 12, 10 and 15bps respectively and stood at 12.50%, 12.90% and 13.34% as compared to cut-off yields in last auction held in the month of July 2014.

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 50% in PIB; 26% in Treasury bills and about 1% 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 reduced to 568 days as compared to 627 days in last month.

### TFC / Sukuk Holdings (% of TA)

Karachi Electric Limited (Sukuk)	3.01%
Askari Bank Ltd. III	2.35%
Bank Al-Falah Ltd. IV	1.96%
Summit Bank Limited	1.73%
Bank Al-Habib Ltd. III	1.51%
Bank Al-Habib Ltd. IV	1.20%
Engro Fertilizer Ltd. TFC IV	0.95%
	12.70%

### 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
August-14	10.08%	10.17%
Year to Date	8.97%	10.17%
Since Inception	12.16%	11.41%
Trailing 12M Avg.	7.85%	9.99%

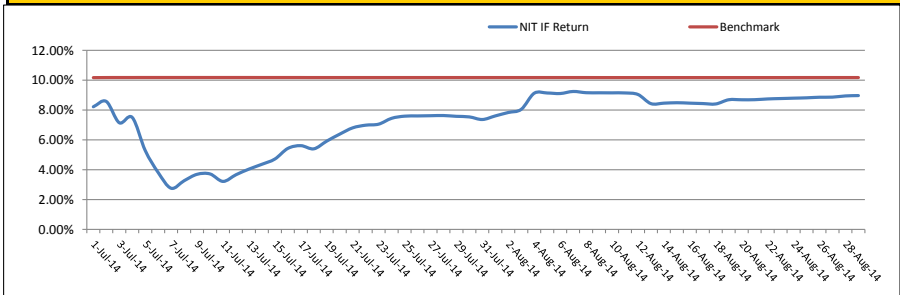
### Asset Allocation (% of Total Assets)

	Aug-14	Jul-14
T-Bills	26.16%	28.98%
PIBs	49.68%	45.12%
TFCs	12.70%	12.78%
Rev Repo	0.00%	0.00%
MTS	0.53%	2.05%
COI	8.98%	9.06%
Cash	0.71%	1.18%
Others	1.24%	0.82%

### Disclosure of Non Compliant Investment as on August 29, 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	42,267,136	57,617,864	1.75%	1.73%

### 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. 24.24M, if the same were not made the NAV per unit/ current year to date return of the Scheme would be higher by Rs. 0.0763/ 4.54%. For details investors are advised to read the Note 13.1 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		

### 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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