

**FUND MANAGER REPORT - AUGUST 2010**

**Fund's Basic Informations**

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 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	Khurram Aftab Ahmed

**Technical Information**

Net Assets	PKR 2.1 Bln
Nav per Unit (31 Aug 2010)	10.1208
Weighted Avg. Maturity (Days)	569
Leveraging	Nil
Standard Deviation	0.34

**Return History**

	NIT-IF*	Benchmark
July-10	10.53%	12.38%
August-10	5.14%	12.82%
Year to Date	7.72%	12.60%
Since Inception	9.17%	12.43%
FY 2010	9.88%	12.35%

\* Morning Star Method

**Asset Allocation (% of Total Assets)**

	July-10	August-10
Govt. Sec	81.78%	79.03%
TFCs	16.87%	17.00%
Cash	0.62%	1.79%
Others	0.73%	2.18%

**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. 69 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 an YTD return of 7.72% as of 31<sup>st</sup> August 2010, while it's since inception return stood at 9.17%. The fund's NAV suffered during the month owing to the pricing methodology adopted within the industry. Due to this methodology prices of some Non-Traded TFCs declined sharply. NIT IF's TFC portfolio contributes 17% of its net assets and consists of high quality and high credit rated securities. The securities in the portfolio are currently priced by this methodology however these prices do not reflect true market levels. Going forward these TFC's will provide great value to the investors as we believe that their prices will increase sharply and will provide higher returns.

The average six month KIBOR for the month has increased enormously by 44 bps to 12.82% from its previous month average of 12.38% on the back of hike in discount rate.

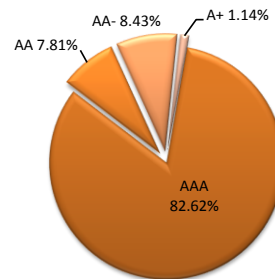
During the month, net assets and asset allocation remained static. TFC portfolio marginally increased to 17% of the total assets from 16.87%, while 79% of the total assets remained invested in Treasury bills. The balance represents cash with banks and others receivables.

In anticipation of rising interest rates and also uncertainty in the market, the fund will utilize its proceeds to be available at the time of maturities in cash and cash like instruments so that the fund will be well equipped to gain with any opportunity arises or least affected by an increase in the interest rates.

**TFC Holdings**

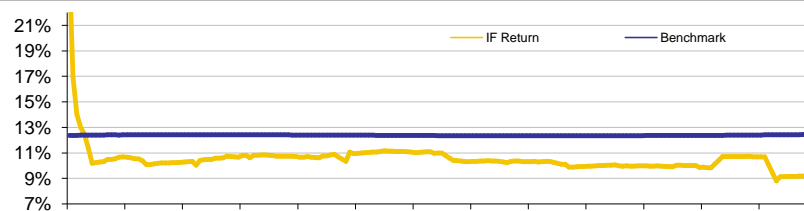
- Bank Al-falah Ltd. IV
- Askari Bank Ltd. III
- Engro Fertilizer Ltd. TFC IV
- Bank Al-Habib Ltd. III
- United Bank Ltd. IV
- NIB Bank TFC

**Credit Quality of the Portfolio**



17.00%

**NIT-IF Return v/s Benchmark**



**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	Khurram Aftab - Fund Manager

**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-IF's 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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