

## FUND MANAGER REPORT - OCTOBER 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	AA- (f) (PACRA)
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 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- (JCR-VIS)
Risk Profile	Moderate
Benchmark	6-Month KIBOR
Fund Manager	Khurram Aftab Ahmed

\*Varies as per policy

### 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. 73 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 21 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. All Investment decisions are taken by the Investment Committee of NITL.

### Fund Performance Review

NIT IF yielded an annualized return of 15.35% during the month of October 2011, while its benchmark return for the same period stood at 12.25%. The year to date return of the fund stood at 14.22% while the benchmark for the same period was at 13.20%.

State Bank of Pakistan reduced policy rates by 150 bps to 12% in its announcement of Monetary Policy Statement during the month. Prices of fixed TFCs from the Banking sector witness a sharp increase. The benchmark six month KIBOR reduced in line with the revision in policy rate to end the month at 11.91% from previous month close of 13.25%.

The fund experienced significant returns mainly due to its healthy exposure in TFCs and Treasury Bills. The fund's asset allocation at the end of the month has around 28% of its total assets in TFCs, which has increased from 24% from previous month. While around 66% of total assets are invested in Treasury Bills. 2% of exposure is in Commercial paper and the remaining is in the form of cash and other assets.

### Technical Information

Net Assets	Rs. 2.1 Bln
Nav per Unit (31 <sup>st</sup> Oct 2011)	Rs. 10.6309
Weighted Avg. Maturity (Days)	772
Leveraging	Nil
Standard Deviation of Return	0.07

### Fund Returns v/s Benchmark

	NIT-IF	Benchmark
October-11	15.35%	12.25%
Year to Date	14.22%	13.20%
Trailing 12-M Avg.	13.43%	13.50%

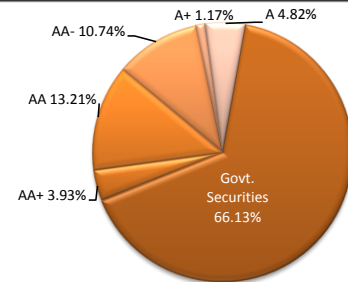
### Asset Allocation (% of Total Assets)

	Oct-11	Sep-11
T-Bills	66.13%	71.00%
TFCs/Sukuks	28.31%	24.21%
CP	2.41%	2.50%
Cash	1.63%	1.10%
Others	1.52%	1.19%

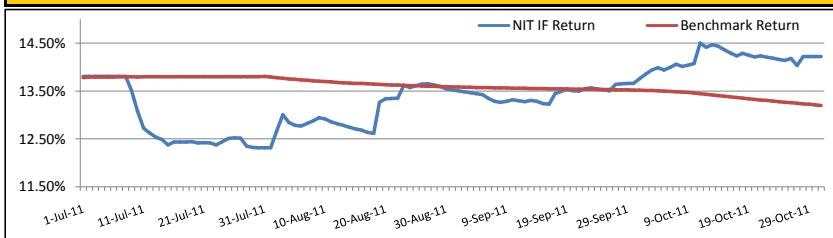
### TFC Holdings (% of TA)

Bank Al-falah Ltd. IV	5.17%
Bank Al-Habib Ltd. IV	5.10%
Summit Bank Ltd	4.82%
Askari Bank Ltd. III	3.94%
Engro Fertilizer Ltd. TFC IV	3.18%
Bank Al-Habib Ltd. III	2.53%
United Bank Ltd. IV	2.40%
NIB Bank TFC	1.17%
<b>Total</b>	<b>28.31%</b>

### Credit Quality of the Portfolio (% of TA)



### NIT IF Year to Date Return v/s Benchmark



### Members of the Investment Committee

Wazir Ali Khoja - Managing Director	Manzoor Ahmed - Chief Operating Officer	Aamir Amin - Head of Finance
Shahid Anwar - Head of MD's Sectt. & Personnel	Zubair Ahmed - Controller of Branches/ Comp. Secretary	Khurram Aftab - Fund Manager
M. Imran Rafiq, CFA - Head of Research	M. Atif Khan - Manager Compliance & 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.

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