

**FUND MANAGER REPORT - DECEMBER 2010**

**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. 80 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 healthy annualized return of 16.39% for the month of December 2010. The benchmark average 6 month KIBOR were stood at 13.60%. Hence, the fund has outperformed its benchmark by a hefty margin of 279 bps. Year to date return of NIT IF were at 11.51%.

The high return was due to the re-pricing of certain TFCs in the portfolio as these TFCs were categorized as non-traded and being priced at a considerable discount. During the month, there was no change in the TFC portfolio and it remained around 20% of the total assets.

NIT IF continues to invest a significant portion in Treasury Bills, which increased slightly to 77% from 70% of the total assets over the previous month. Exposure in such instruments represents the fund's profile of providing high credit and liquidity.

The Fund will maintain its stance to invest in liquid assets having short maturities, such as T-Bills as interest rates are expected to remain on the rise in near future.

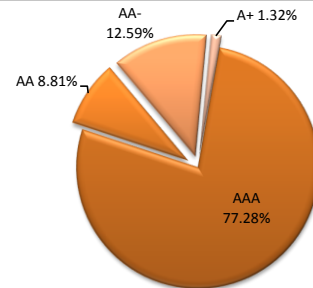
**Technical Information**

Net Assets	Rs. 1.85 Bln
Nav per Unit (31st Dec 2010)	10.5580
Weighted Avg. Maturity (Days)	563
Leveraging	Nil
Standard Deviation	0.89

**TFC Holdings (% of Total Assets)**

Bank Al-falah Ltd. IV	5.64%
Askari Bank Ltd. III	4.36%
Engro Fertilizer Ltd. TFC IV	3.51%
Bank Al-Habib Ltd. III	2.69%
United Bank Ltd. IV	2.55%
NIB Bank TFC	1.31%
<b>Total</b>	<b>20.05%</b>

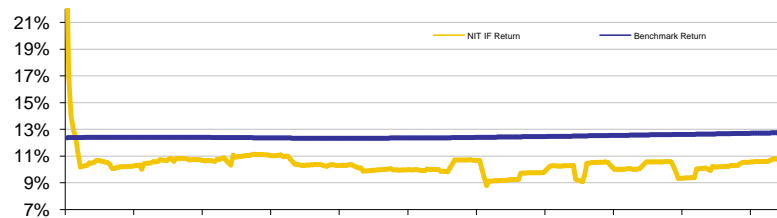
**Credit Quality of the Portfolio**



**Fund Returns v/s Benchmark**

	NIT-IF	Benchmark
December-10	16.39%	13.60%
Year to Date	11.51%	13.03%
Trailing 12-M Avg.	N/A	N/A

**Historical Return v/s Benchmark**



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

	Dec-10	Nov-10
T-Bills	76.72%	70.40%
TFCs	20.05%	18.29%
Cash	2.50%	10.19%
Others	0.73%	1.12%

**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.

National Investment Trust Ltd,  
National Bank Building, (6th Floor)  
I.I. Chundrigar Road, P.O Box # 5671.  
Karachi - 74000, Pakistan  
Tel: 111-648-648