

NATIONAL INVESTMENT UNIT TRUST

FUND MANAGER REPORT - June 2012

NIUT Objective

The core objective of NIT is to maximize return for Unit holders, provide a regular stream of current income through dividends, while long term growth is achieved by the management of diversified portfolio and investments into growth and high yielding equity securities.

Fund's Information

| | | | |
|---------------------------|--------------------|--------------------------|---------------------------------|
| Fund Type | Open-End | Trustee | National Bank of Pakistan |
| Category | Equity | Auditors | A.F Ferguson & Co. |
| Launch Date | 12th November 1962 | Pricing Mechanism | Forward Pricing |
| Management Fee | 1.00% | Dealing Days* | Daily (Monday to Friday) |
| Front End Load | 3.00% | Valuation Days* | Daily (Monday to Friday) |
| Back End Load | 0.00% | AMC Rating | AM2- (JCR-VIS) |
| Benchmark | KSE-100 | Risk Profile | Moderate / High |
| Par Value | PKR 10.00 | Fund Manager | Manzoor Ahmed |
| Minimum Investment | PKR 5,000 | Cutt-off timing | 9.00 AM to 3.30 PM (Mon to Fri) |

*except public holiday

Profile of Investment Managers

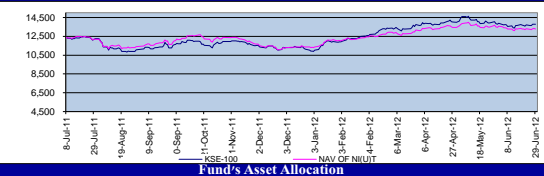
National Investment Trust Ltd. (NITL) is the first Asset Management Company of Pakistan, formed in 1962. NITL is the largest asset management company of Pakistan with approximately Rs. 74 billion assets under management. The family of Funds of NIT comprises of five funds including 3 equity Funds and 2 fixed income nature Funds. NIT's distribution network comprises of 22 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. The Company has been assigned an Asset Manager rating of "AM2-" by JCR-VIS Credit Rating Company Limited, which denotes the stable outlook of the company and the asset manager meets high investment management quality standards. All Investment decisions are taken by the Investment Committee of NITL.

Fund Commentary

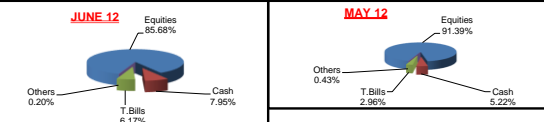
During the month of June 2012, the market posted a modest return of 0.11%. The average turnover for the month declined substantially (58%) to 81mn shares as compared to 193mn shares in the previous month. The month set off with the budget announcement for FY 12-13. As expected the Finance bill incorporated the details of the SRO issued in Mar' 2012 regarding the capital gains tax. The development was very much anticipated so the impact on the market was pretty much priced in by the market participants before the announcement of budget hence no real spur was witnessed in the market as a consequence to this news. Overall impression of the federal budget on different sectors was considered as neutral to positive. Since the parliament is heading for an election year, the budget document also had a populist touch to it with relief on the taxation front for salaried individuals along with cut in GST and FED on selected products. During the month investors generally remained anxious due to on-going US-Pakistan talks over the resumption of NATO supplies could not come to a conclusion, Pak rupee has been under pressure for the last couple of months, in June only, the rupee depreciated by 2.17% versus US dollar and the political uncertainty also didn't do any good to the investors' confidence as Prime Minister declared disqualified as a member National Assembly by the Supreme court of Pakistan and the Parliament went on to elect new Prime Minister.

Monetary policy was another major event of the month. The Monetary Policy statement stated that "Managing the external and fiscal pressures remain more of an immediate concern, the real challenge lies in reviving private investment in the economy. Inflationary pressures have not subsided either despite sluggish GDP growth. At the same time, the scheduled banks continue to avoid extending credit to private businesses, which are already suffering from energy shortages. Fiscal authority, on the other hand, is accumulating short term domestic debt at a rapid pace. After an assessment of the macroeconomic challenges faced by our economy, the Central Board of Directors of SBP has decided to keep its policy rate at 12 percent."

Fund's Year to Date Performance



Fund's Asset Allocation

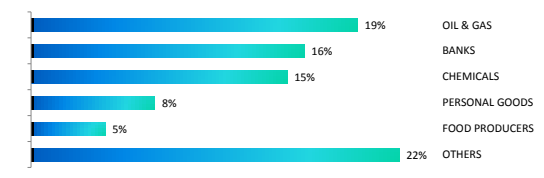


Performance & Outlook

During the month of June 2012, the KSE-100 index increased by 0.11% whereas your Fund's NAV declined by 1.30%, thus, giving an underperformance of 1.41%. Similarly, on a YTD basis (July 11 to June 12), the KSE-100 index appreciated by 10.45% whereas the NAV of your Fund has yielded a return of 7.57%, showing an under performance of 2.88%. This underperformance is attributable to a few stocks held in the portfolio of the Fund not performing in line with the market. However since these stocks are fundamentally strong, we expect them to outperform the market in the period ahead.

Going forward, with another corporate result season around the corner and definite signs of improvement in Pak-US relationship, the equity market is expected to pull alongside with the underlying fundamentals.

Sector Allocation (As % of Total Assets)



Technical Information 30-06-2012

| | |
|----------------------------|--------|
| Net Assets NI(UT) | 41.487 |
| Nav per Unit NI(UT) | 30.27 |

Top Ten Holdings (As % of Total Assets)

| (As % of Total Assets) | |
|------------------------|---------------------------|
| 10% | Fauji Fertilizer Co. Ltd. |
| 8% | Pakistan State Oil |
| 6% | Bank Al-Habib Ltd. |
| 3% | National Refinery Ltd. |
| 3% | Habib Metropolitan Bank |
| 2% | Attock Refinery Ltd. |
| 2% | Pakistan Oilfields Ltd. |
| 2% | Soneri Bank Ltd. |
| 2% | Unilever Pakistan Ltd. |
| 2% | Engro Corporation |

Risk & Return Ratios (Byrs to date)

| | NIT Portfolio | KSE-100 |
|---------------------------|---------------|---------|
| Standard Deviation | 22% | 16% |
| Beta | 0.63 | 1.00 |
| Sharpe Ratio | -0.86 | 0.58 |

| | NI(UT) | KSE 100 | DPU (Rs.) |
|--------------|--------|---------|-----------|
| FY 07 | 44.8% | 37.9% | 6.20 |
| FY 08 | -6.4% | -10.8% | 6.50 |
| FY 09 | -41.5% | -41.7% | 3.25 |
| FY 10 | 17.9% | 35.7% | 2.25 |
| FY 11 | 24.0% | 28.5% | 4.00 |

WWF Disclosure:

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of **Rs. 241.66 million**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.17 / 0.6%**. For details investors are advised to read the Note 08 of the latest Financial Statement of the Scheme.

Compliance with Circular # 16 of 2010 / Non-compliant Investments

NI(UT), our flagship fund, was launched in 1962 with an intention to provide investment opportunities to masses. Since its inception NI(UT) has a policy of making investments while remaining compliant with the requirements of its constitutive documents and all other relevant rules and regulations. However, with the promulgation of NBFC Regulations 2008 small portion (around 3% of net assets) does not meet the requirements of current regulations. However, efforts are being made to bring all such investments in compliance with NBFC Regulations 2008 while protecting the best interest of the unit holders

Members of the Investment Committee

| | | | |
|---|--|---|------------------------------------|
| Wazir Ali Khoja - Managing Director | Manzoor Ahmed - Chief operating Officer | S. Zubair Ahmed - Controller of Branches | Amir Amin - Head of Finance |
| Shahid Anwer - Head of MD's Sectt. & Personnel | M. Imran Rafiq, CFA - Head of Research | M. Atif Khan, Manager Compliance & Risk Management | |

MUEAP'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 are subject to Market Risks. The NAV based prices of units and any dividends / returns thereon are on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.