



# NATIONAL INVESTMENT UNIT TRUST



## FUND MANAGER REPORT - July 2019

### NI(UT) 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.

### Profile of Investment Managers

National Investment Trust Ltd. (NITL) is the first and among the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 69 billion assets as of July 31 2019 the family of Funds of NIT comprises of 10 funds including 4 equity Funds 2 fixed Income Funds, 1 money market Fund, 1 Islamic Income Fund, 1 conventional Pension Fund and 1 Islamic Pension Fund. NIT's tally of nationwide branches is 24 yet another milestone as no other Mutual Fund in Pakistan has such a vast network of nationwide branches. Further to cater to the matters relating to investments in NIT and day to day inquiries/issues of its 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 nominee of Govt. of Pakistan. The Company has been assigned an Asset Manager rating of "AM2+" by PACRA, which demonstrates that the Asset Manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors. All Investment decisions are taken by the Investment Committee of NITL.

### Fund's Information

|                           |                    |                          |                                   |
|---------------------------|--------------------|--------------------------|-----------------------------------|
| <b>Fund Type</b>          | Open-End           | <b>Trustee</b>           | Central Depository Company        |
| <b>Category</b>           | Equity             | <b>Auditors</b>          | A.F. Ferguson & Company           |
| <b>Launch Date</b>        | 12th November 1962 | <b>Pricing Mechanism</b> | Forward Pricing                   |
| <b>Management Fee</b>     | 1.20%              | <b>Dealing Days*</b>     | Daily (Monday to Friday)          |
| <b>Front End Load</b>     | 3.00%              | <b>Valuation Days*</b>   | Daily (Monday to Friday)          |
| <b>Back End Load</b>      | 0.00%              | <b>AMC Rating</b>        | AM2+ (PACRA)                      |
| <b>Benchmark</b>          | KSE-100            | <b>Risk Profile</b>      | Moderate / High                   |
| <b>Par Value</b>          | PKR 10.00          | <b>Fund Manager</b>      | Manzoor Ahmed                     |
| <b>Minimum Investment</b> | PKR 5,000          | <b>Cutt-off timing</b>   | **9.00 AM to 3.30 PM (Mon to Fri) |

\*except public holiday

### Fund Commentary & Performance Review

The benchmark KSE-100 index posted a return of -5.79% during July, 2019. The month of July marked the sixth consecutive negative return for the KSE-100 index. Declining trend continued in the market amidst continuing macroeconomic adjustments. The much awaited Extended Finance Facility of USD 6 billion was approved by the IMF and the first tranche was also released. However, investors remained concerned regarding the conditionalities attached with the IMF Program. Fears of rising inflation coupled with further hike in the discount rate by SBP by 100 bps during the month also triggered negative sentiment in the market. Rising interest rates continue to make fixed income investments more attractive for investors causing selling in the stock market as investors switch to safer investment avenues offering decent returns. Average volumes dropped drastically, and stood at 76 million shares, down 43% MoM. Foreign investors remained net buyers during the month with net buying to the tune of USD 30 million.

During the month of July 2019, the benchmark KSE-100 index declined by 5.79% whereas your Fund's NAV depreciated by 7.91% thus giving an underperformance of 2.12%. Despite challenging macroeconomic conditions, NIT has maintained its 57 years history of consistently paying dividend and declared a cash dividend of Rs. 1.55 per unit for unit holders of NI(UT) Fund for the year ended on 30th June 2019.

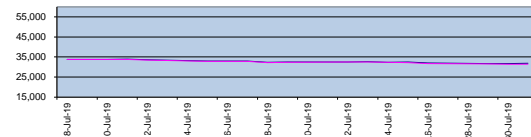
### \*\*Fund Returns

|                                         | NI(UT) Fund         | KSE-100 |
|-----------------------------------------|---------------------|---------|
| <b>Trailing 12- months</b>              | -29.98%             | -25.22% |
| <b>3yrs</b>                             | -20.03%             | -19.20% |
| <b>5yrs</b>                             | 7.68%               | 5.36%   |
| <b>10 yrs</b>                           | 294.13%             | 313.66% |
| <b>Leverage</b>                         | 2.01% of Net Assets |         |
| <b>Selling &amp; Marketing Expenses</b> | 0.08% per annum     |         |
| <b>*Total Expense Ratio</b>             | 1.74%               |         |

\*This includes 0.23% representing Govt. Levy, Sindh Workers Welfare Fund & SECP Fee.

\*\*Returns calculated are inclusive of dividends

### NI(UT) VS KSE-100



### Future Outlook

Improvements on the external front have been encouraging, and the MPC's recent statements suggest that the major monetary adjustment have already been undertaken by SBP. However, continuing CAD improvement in the coming months, coupled with inflation numbers will give a more clear indication of economic stability.

### Technical Information 31-07-2019

|                                           |        |
|-------------------------------------------|--------|
| <b>Net Assets NI(UT) (Rs. In billion)</b> | 45.888 |
| <b>Nav per Unit NI(UT)</b>                | 48.67  |

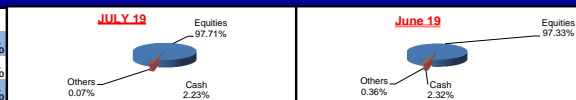
### Sector Allocation (As % of Total Assets)



### Top Ten Holdings (As % of Total Assets)

| (As % of Total Assets)      |    |
|-----------------------------|----|
| Bank Al-Habib Ltd.          | 9% |
| Pakistan State Oil          | 9% |
| Pak Tobacco Co. Ltd.        | 8% |
| Mari Petroleum Ltd.         | 5% |
| Fauji Fertilizer Co. Ltd.   | 5% |
| Habib Metropolitan Bank     | 3% |
| Bata Pakistan Ltd.          | 3% |
| Sui Northren Gas Pipelines  | 3% |
| Sapphire Textile Mills Ltd. | 3% |
| Packages Ltd.               | 2% |

### Fund's Asset Allocation



### Historical Fund Performance

|              | NI(UT)  | KSE 100 | DPU (Rs.) |
|--------------|---------|---------|-----------|
| <b>FY 15</b> | 20.3%   | 16.0%   | 4.25      |
| <b>FY 16</b> | 9.59%   | 9.84%   | 4.50      |
| <b>FY 17</b> | 35.44%  | 23.24%  | 4.50      |
| <b>FY 18</b> | -11.81% | -10.00% | 2.33      |
| <b>FY 19</b> | -23.94% | -19.11% | 1.55      |

### Sindh Workers Welfare Fund :

The Scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of **Rs. 432 million**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.46/ 0.87%**. For details investors are advised to read 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 2% of net assets) does not meet the requirements of current regulations.

### Members of the Investment Committee

|                                                  |                                                |                                     |
|--------------------------------------------------|------------------------------------------------|-------------------------------------|
| <b>Adnan Afridi - Managing Director</b>          | <b>Manzoor Ahmed - Chief Operating Officer</b> | <b>Amir Amin - Head of Finance</b>  |
| <b>Syed Ali Raza Bukhari - Head of Marketing</b> | <b>Raza Abbas Jaffery - Head of Trading</b>    | <b>Ali Kamal - Head of Research</b> |
| <b>Salman.H.Chawala / Incharge Risk Mngmnt</b>   | <b>Faisal Aslam - Head of Compliance</b>       |                                     |

### MUEFAP'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. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and risks involved.

Note: Performance data does not include the cost incurred directly by an investor in the form of sales load etc.

**Disclosure regarding Tax on Bonus Shares – NI(U)T**

Finance Act 2014 has introduced tax on bonus shares issued by companies. Most Equity Funds including NI(U)T Fund have challenged this on various legal grounds and have sought relief from the Court. The Court, in its order dated November 25, 2014, has granted interim relief by passing the restraining order whereby the Defendants, (issuers of the Bonus shares) are being refrained from deducting or transferring 5% withholding tax on Bonus shares issued by them to the CDC Account of the Income Tax department.

As an abundant caution, the NI(U)T Fund has made payment of Rs. 49.39 million as of July 31, 2019 which is equivalent to 5% value of the bonus shares, determined on the basis of day-end price on the first day of book closure. The market value of 5% bonus shares as on July 31 2019 is Rs. 98.590 million.