

NATIONAL INVESTMENT UNIT TRUST

FUND MANAGER REPORT - August 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.

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. 77 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 Pakistan Credit Rating Agency, which reflects the company's very strong capacity to manage the risks inherent in the asset management business 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's Information

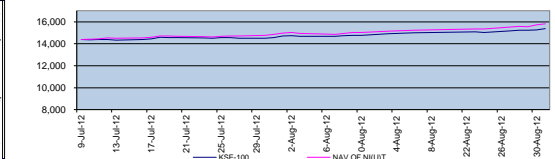
Fund Type	Open-End	Trustee	National Bank of Pakistan
Category	Equity	Auditors	A.F Ferguson & Co.
Launch Date	12th November 1962	Pricing Mechanism	Forward Pricing
Management Fee	1.00%	Dealing Days*	Daily (Monday to Friday)
Front End Load	3.00%	Valuation Days*	Daily (Monday to Friday)
Back End Load	0.00%	AMC Rating	AM2- (CR-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

Fund Commentary & Performance Review

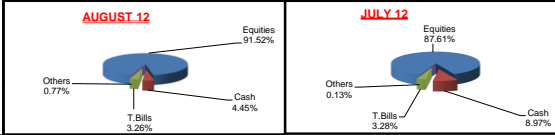
During the month of August, the KSE -100 gained 815 points or 5.59%. The average daily trading turnover during the month was 154m shares as compared to 90m shares during previous month. The local bourse sustained its consistent upbeat momentum for the second consecutive month of the ongoing fiscal year. Major force behind the bullish run was an aggressive cut of 150 bps in the policy rate by the Central Bank. Surprise cut by the SBP led to a re-rating of equities across the board with leveraged companies received particular interest from the investors. Governor State Bank during his press conference stated that inflation outlook has improved with a projection of 10.5 percent for FY13 and loans to private sector businesses have sharply decreased. This has led to an increase in real interest rates. Knowing that the projected inflation for FY13 could remain slightly higher than the target, the Central Board of Directors of SBP has decided to give a relatively higher weight to the state of private sector credit and investment in the economy, the policy rate is being lowered by 150 basis points to 10.5 percent with effect from 13th August 2012. Furthermore, the healthy corporate announcements from the corporate sector and the extension by the Supreme Court in a high profile NRO case till September 18 also invigorated the positive sentiments.

Fund's Year to Date Performance



During the month of July the benchmark KSE-100 index increased by 5.59% whereas your Fund's NAV increased by 6.34% during the same period thus giving an out performance of 0.75%. On a YTD basis (July 12 to August 12), the KSE-100 index increased by 12.78% whereas the NAV of your Fund increased by 11.52%, thus, showing an out performance of 1.25%.

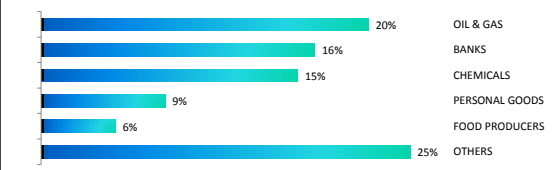
Fund's Asset Allocation



Future Outlook

Moving forward, lower inflation in the next couple of months could augment the case for a further decrease in the discount rate. Additionally, In another major development, reports regarding the formation of International Clearing House may trigger rally in the telecom sector.

Sector Allocation (As % of Total Assets)



Technical Information 31-08-2012

Net Assets NI(UT)	42.261
Nav per Unit NI(UT)	30.19

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
3%	Bata Pakistan Ltd.
3%	Pakistan Oilfields Ltd.
2%	Attock Refinery Ltd.
2%	Unilever Pakistan Ltd.
2%	Siemens Pakistan Engineering Co. Ltd.

Risk & Return Ratios (Gyrs to date)

	NIT Portfolio	KSE-100
Standard Deviation	22%	16%
Beta	0.61	1.00
Sharpe Ratio	-0.95	0.43

	NI(UT)	KSE 100	DPU (Rs.)
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
FY 12	7.6%	10.5%	3.50

WWF Disclosure:

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of **Rs. 244.59 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 4% 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.