

**NATIONAL INVESTMENT UNIT TRUST**

**FUND MANAGER REPORT - September 2014**

**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 the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 87 billion assets under management as on September 30, 2014. The family of Funds of NIT comprises of five funds including 3 equity Funds and 2 fixed income nature Funds. NIT's tally of nationwide branches is 23, 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 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**

<b>Fund Type</b>	Open-End	<b>Trustee</b>	Central Depository Company
<b>Category</b>	Equity	<b>Auditors</b>	KPMG Taseer Hadi & Co.
<b>Launch Date</b>	12th November 1962	<b>Pricing Mechanism</b>	Forward Pricing
<b>Management Fee</b>	1.00%	<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)

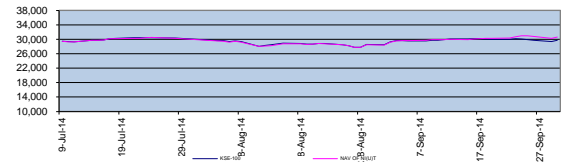
\*except public holiday

**Fund Commentary & Performance Review**

KSE-100 witnessed sharp recovery by gaining 4.06% during the month of September 2014 to close at the level of 29,726. Sustained foreign inflows of about 53 mn USD from the foreign investors while the political situation also diffused to some extent helped the market to pull through from the bearish sentiments amplified from the events of last month. Though the heavy weight oil and gas sector underperformed the market during the month, however smaller sectors like pharma and auto significantly outperformed the market and lead the bullish rally. The monetary policy statement was also issued during the month. SBP noted that macroeconomic conditions are stabilizing. Inflation is declining, improvement in GDP growth in FY14 is expected to continue in FY15 and the fiscal indicators like budget deficit, government borrowings and debt profile are also improving. However, in view of challenges posed by the external sector and the economic disruptions caused by recent floods, SBP decided to take a cautious approach and maintain the Policy Rate at 10%.

During the month of September 2014, the benchmark KSE-100 index gained 4.06% whereas your Fund's NAV appreciated by 7.33% during the same period thus giving an outperformance of 3.27%. On a YTD basis (July 14 to September 14), the KSE-100 index increased by 0.25% whereas the NAV of your Fund increased by 3.55%, thus, showing an out performance of 3.30%.

**Fund's Year to Date Performance**



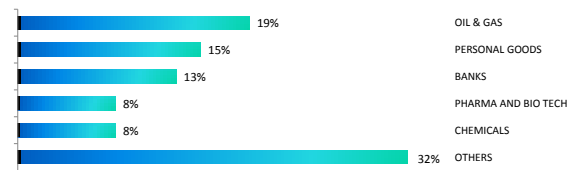
**Future Outlook**

The political temperature might have gone down recently but it still poses a threat to the market's stability in the near term. Peaceful resolution of the political disputes through meaningful dialogue may lift the investors' confidence in the future. Moreover smooth execution of high profile Govt transactions of OGDC secondary offerings and Sukuk offering cumulatively amounting to 1.3 bn USD approximately will be the key determinants of the market direction in the upcoming days.

**Fund's Asset Allocation**



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



**Technical Information 30-09-2014**

<b>Net Assets NI(UT)</b>	65,249
<b>Nav per Unit NI(UT)</b>	58.60

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

(As % of Total Assets)	
Pakistan State Oil	12%
Bank Al-Habib Ltd.	6%
Bata Pakistan	6%
Fauji Fertilizer Co. Ltd.	5%
Packages Ltd.	4%
GlaxoSmith Kline	3%
Habib Metropolitan Bank	3%
Pak Tobacco Co. Ltd.	2%
Mari Petroleum	2%
Abbott Laboratories	2%

**Risk & Return Ratios (3yrs to date)**

	NIT Portfolio	KSE-100
<b>Standard Deviation</b>	12%	15%
<b>Beta</b>	0.52	1.00
<b>Sharpe Ratio</b>	0.99	1.47

**Historical Fund Performance**

	NI(UT)	KSE 100	DPU (Rs.)
<b>FY 10</b>	17.9%	35.7%	2.25
<b>FY 11</b>	24.0%	28.5%	4.00
<b>FY 12</b>	7.6%	10.5%	3.50
<b>FY 13</b>	58.4%	52.2%	3.75
<b>FY 14</b>	57.0%	41.2%	4.10

**WWF Disclosure:**

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of **Rs. 423 million**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.38/ 0.65%**. 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 5% 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**

<b>Shahid Ghaffar - Managing Director</b>	<b>Manzoor Ahmed - Chief Operating Officer</b>	<b>S. Zubair Ahmed - Controller of Branches</b>	<b>Amir Amin - Head of Finance</b>
<b>Shahid Anwer - Head of MD's Sectt. &amp; Personnel</b>	<b>M. Imran Rafiq, CFA - Head of Research</b>		

**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 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.