



# NATIONAL INVESTMENT UNIT TRUST



## FUND MANAGER REPORT -September 2018

### 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 and among the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 93 billion assets as of September 30, 2018 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 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 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)<br>*except public holiday |

### Fund Commentary & Performance Review

The benchmark KSE-100 index posted a return of -1.78% during September, 2018. The market continued on its declining trend as investors await clarity on the economic measures to be taken by the government particularly, Pakistan's entry into the IMF program. The supplementary budget announced by the government garnered mixed reaction from the market. Investors also awaited policy action by the SBP on interest rate, which was raised by 100 bps towards the end of the month as a proactive step to curb price pressures, widening external imbalance, and deteriorating fiscal space. Average trading volumes dried up during the month, with an average of 136 million shares traded daily, 28% lower month on month. Foreign selling also continued unabated, creating continuous downward pressure on the market. Foreigners remained net sellers to the tune of USD 58 million during the month.

During the month of September 2018, the benchmark KSE-100 index declined by 1.78% whereas your Fund's NAV depreciated by 3.18% thus giving an underperformance of 1.40%. On a YTD basis (July 18 to September 18), the KSE-100 index has fallen by 2.18% whereas the NAV of your Fund has gone down by 3.43%, thus, showing an underperformance of 1.25%.

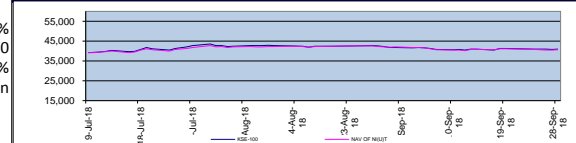
### \*\*Fund Returns

|                             | NI(UT) Fund | KSE-100 |
|-----------------------------|-------------|---------|
| <b>Trailing 12- months</b>  | -6.23%      | -3.33%  |
| <b>3yrs</b>                 | 34.78%      | 26.98%  |
| <b>5yrs</b>                 | 127.73%     | 87.79%  |
| <b>10 yrs</b>               | 378.55%     | 346.62% |
| <b>Leverage</b>             | Nil         |         |
| <b>*Total Expense Ratio</b> | 1.61%       |         |

\*This includes 0.26% representing Govt. Levy, Sindh Workers Welfare Fund & SECP Fee.

\*\*Returns calculated are inclusive of dividends

### NI(UT) VS KSE-100



### Future Outlook

Developments on the macro front are likely to dictate market moves in the month ahead, where clarity on the Government's plan to attract financing flows through various arrangements and initiation of formal negotiations with the IMF for another funding arrangement are the key flashpoints.

### Technical Information 30-09-2018

|                            |        |
|----------------------------|--------|
| <b>Net Assets NI(UT)</b>   | 67.596 |
| <b>Nav per Unit NI(UT)</b> | 69.07  |

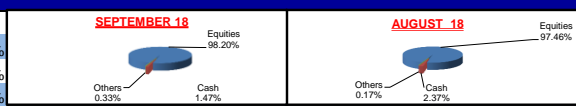
### Sector Allocation (As % of Total Assets)



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

| (As % of Total Assets)     |     |
|----------------------------|-----|
| Pakistan State Oil         | 11% |
| Bank Al-Habib Ltd.         | 7%  |
| Pak Tobacco Co. Ltd.       | 6%  |
| Mari Petroleum Ltd.        | 5%  |
| Fauji Fertilizer Co. Ltd.  | 4%  |
| Bata Pakistan Ltd.         | 3%  |
| Habib Metropolitan Bank    | 3%  |
| Sui Northren Gas Pipelines | 3%  |
| Packages Ltd.              | 3%  |
| Abbott Laboratories        | 2%  |

### Fund's Asset Allocation



### Historical Fund Performance

|              | NI(UT)  | KSE 100 | DPU (Rs.) |
|--------------|---------|---------|-----------|
| <b>FY 14</b> | 57.0%   | 41.2%   | 4.10      |
| <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      |

### Sindh Workers Welfare Fund :

The Scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of **Rs. 399 million**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.41/ 0.58%**. 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 4% of net assets) does not meet the requirements of current regulations.

### Members of the Investment Committee

|                                               |                                         |                                                     |
|-----------------------------------------------|-----------------------------------------|-----------------------------------------------------|
| <b>Manzoor Ahmed -COO / Managing Director</b> | <b>Amir Amin - Head of Finance</b>      | <b>Syed Ali Raza Bukhari - Head of Marketing</b>    |
| <b>Raza Abbas Jaffery - Headof Trading</b>    | <b>Ali Kamal - Head of Research</b>     | <b>Ammar Habib - Manager / Incharge Risk Mngmnt</b> |
|                                               | <b>Faisal Aslam -Head of Compliance</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. . 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 September 30, 2018 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 September 30, 2018 is Rs. 189.297 million.