

NATIONAL INVESTMENT UNIT TRUST

FUND MANAGER REPORT - October 2012

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.

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

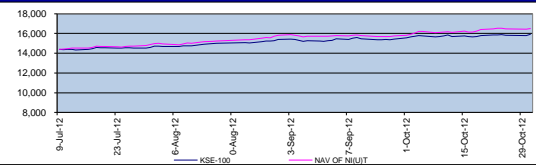
Profile of Investment Managers

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. 75 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). NIT recently launched a state of the art Investors' Facilitation Centre to cater matters relating to investments in NIT and day to day inquiries / issues of NIT's unit holders regarding NIT Funds. 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

Fund Commentary & Performance Review

The KSE 100 index continued its upbeat momentum during the month of October 2012, surging by 3.01% to close at all time high level of 15,910 points beating the previous high of 15,676 witnessed in April 2008. The average daily trading volume was recorded at 124 million shares as compared to 146 million shares in the last month. In a major development, KSE 100 index transitioned from full market capitalization to free float basis effective from Oct 15, 2012 hence diluting the influence of heavy weight stocks like OGD, PPL, HBL, Nestle etc. The extended bullish rally was mainly attributed to 50bps cut in discount rate by the central bank and on expectation of further cut in policy rate amid softening inflation. Furthermore, strong corporate earnings for the quarter provided that extra boost to the market. Foreign investors continued to be net buyers with net foreign portfolio inflow being recorded at USD 38 million during October 12 taking the total net foreign inflow of US130.5mn for current year to date (FY13).

Fund's Year to Date Performance



During the month of October the benchmark KSE-100 index increased by 3.01% whereas your Fund's NAV appreciated by 4.73% during the same period thus giving an outperformance of 1.72%. On a YTD basis (July 12 to October 12), the KSE-100 index increased by 15.28% whereas the NAV of your Fund increased by 17.56%, thus, showing an out performance of 2.28%.

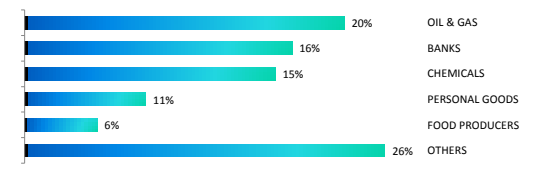
Fund's Asset Allocation



Future Outlook

Going forward, roadmap for upcoming general elections, inflation and interest rates outlook and foreign investor's participation will be the key determinants of the market's future direction.

Sector Allocation (As % of Total Assets)



Technical Information 31-10-2012

Net Assets NI(UT)	40.351
Nav per Unit NI(UT)	31.47

Top Ten Holdings (As % of Total Assets)

(As % of Total Assets)	
Fauji Fertilizer Co. Ltd.	10%
Pakistan State Oil	8%
Bank Al-Habib Ltd.	6%
Bata Pakistan Ltd.	4%
Habib Metropolitan Bank	3%
Attock Refinery Ltd.	3%
National Refinery	3%
Pakistan Oilfields	3%
Unilever Pakistan Ltd.	2%
Soneri Bank Ltd.	2%

Risk & Return Ratios (Gyrs to date)

	NIT Portfolio	KSE-100
Standard Deviation	22%	15%
Beta	0.64	1.00
Sharpe Ratio	-0.97	0.41

	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. 242 million**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.18 / 0.6%**. For details investors are advised to read the Note 14 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 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

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.