



NATIONAL INVESTMENT UNIT TRUST



FUND MANAGER REPORT - October 2016

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 the largest Asset Management Company of Pakistan, formed in 1962. With approximately Rs. 99 billion assets as of October 31, 2016 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 and sales desk is also available in financial hub at Abbotabad, 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

| | | | |
|---------------------------|--------------------|--------------------------|--|
| Fund Type | Open-End | Trustee | Central Depository Company |
| Category | Equity | Auditors | KPMG Taseer Hadi & 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+ (PACRA) |
| 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

The benchmark KSE-100 declined by 1.6% during the month of October, 2016. Investors opted a cautious approach as volatility persisted on account of political turmoil in the country. Consequently, average daily trading volume dropped down 449 million shares for the month, down 20% on a MoM basis. However, downside to the market remained limited mainly on account of positive developments including S&P increasing Pakistan's sovereign rating from 'B-' to 'B' with stable outlook. Announcement regarding Shanghai Electric's acquisition of K-Electric coupled with a successful issue of Sukuk in the international market improved investor sentiment. Foreigners remained net buyers in the market during the month to the tune of USD 2 million.

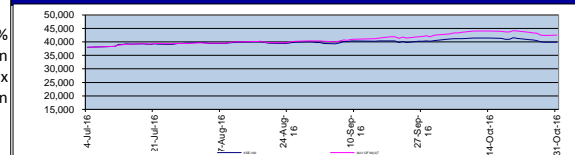
During the month of October 2016, the benchmark KSE-100 index declined by 1.6% whereas your Fund's NAV remained unchanged during the period thus giving an outperformance of 1.6%. On a YTD basis (July 16 to October 16), the KSE-100 index increased by 5.59% whereas the NAV of your Fund went up by 12.80%, thus, showing an outperformance of 7.21%.

Fund Returns

| | NI(UT) Fund | KSE-100 |
|-----------------------------|-------------|---------|
| Trailing 12- months | 23.93% | 16.44% |
| 3yrs | 121.27% | 75.16% |
| 5yrs | 295.83% | 236.12% |
| 10 yrs | 323.92% | 252.18% |
| Leverage | Nil | |
| *Total Expense Ratio | 1.37% | |

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

NI(UT) VS KSE-100



Future Outlook

With the conclusion of Sep'16 result season, we believe volatile political situation may take front seat and dictate the near term sentiment of the market.

Sector Allocation (As % of Total Assets)



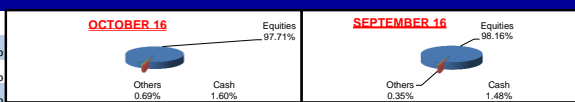
Technical Information 31-10-2016

| | |
|----------------------------|--------|
| Net Assets NI(UT) | 73.354 |
| Nav per Unit NI(UT) | 73.49 |

Top Ten Holdings (As % of Total Assets)

| (As % of Total Assets) | |
|-----------------------------|-----|
| Pakistan State Oil | 11% |
| Bata Pakistan Ltd. | 6% |
| Bank Al-Habib Ltd. | 4% |
| Fauji Fertilizer Co. Ltd. | 4% |
| Packages Ltd. | 4% |
| Mari Petroleum Ltd. | 3% |
| Abbott Laboratories | 3% |
| Service Industries Ltd. | 3% |
| GlaxoSmith Kline (Pak) Ltd. | 2% |
| Pak Tobacco Co. Ltd. | 2% |

Fund's Asset Allocation



Historical Fund Performance

| | NI(UT) | KSE 100 | DPU (Rs.) |
|--------------|--------|---------|-----------|
| FY 12 | 7.6% | 10.5% | 3.50 |
| FY 13 | 58.4% | 52.2% | 3.75 |
| FY 14 | 57.0% | 41.2% | 4.10 |
| FY 15 | 20.3% | 16.0% | 4.25 |
| FY 16 | 9.59% | 9.84% | 4.50 |

WWF Disclosure:

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of **Rs.507 million**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.50 / 0.77%**. 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

| | | | |
|---|--|---|------------------------------------|
| Shahid Ghaffar - 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 | Raza Abbas Jaffery - Head of Trading | |
| Ammar Habib - Manager / Incharge Risk Mngmnt | Syed Aqib Hussain / Incharge Compliance | | |

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. 28.15 million as of October 31, 2016 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 October 31, 2016 is Rs. 97.55 million.