

NATIONAL INVESTMENT UNIT TRUST

FUND MANAGER REPORT - December 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.

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 23 NIT branches, various Authorized bank branches all over Pakistan and Arab Emirates Investment Bank (AEIB) in Dubai(UAE)and to cater the matters relating to investments in NIT and day to day inquiries / issues of NIT's unit holders , 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 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

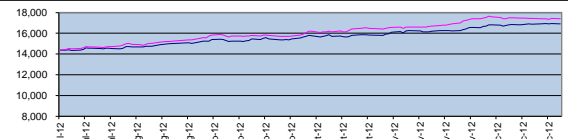
Fund's Information

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

Fund Commentary & Future Outlook

The KSE 100 index continued its rally with a 2.0% rise in December taking the index to a close of 16,905 points. However the trading activity remained relatively sluggish towards the end of a calendar year at 165mn per day vs 216mn per day in Nov 2012. The year 2012 witnessed phenomenal performance by the Karachi stock exchange as the benchmark KSE 100 posted a remarkable acceleration of 49%, regarded it as one of the top performing markets in the region. The factors contributed to this increase include healthy corporate earnings growth, monetary easing by SBP with a DR cut of 250bps to 9.5%, CGT relief package, improvement in PAK-US relations and positive foreign portfolio investment of USD126 mn in CY12 contrary to an outflow of USD127 mn during CY11. Market started off positively in anticipation to a slash in a discount rate and in line with the expectation the SBP decided to reduce the policy rate by 50 basis points, bringing the discount rate into single digits @ 9.50% after a gap of six years. The policy statement stated that broad based deceleration in inflation is now expected to keep the average inflation for FY13 below the 9.5 percent target for the year. Even though on the last trading day of the year KSE-100 index managed to breach 17,000 psychological resistance level however, closed lower at 16,905 points.

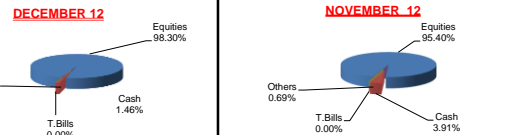


Going forward, robust growth in corporate earnings, handsome payouts in the upcoming result season along with build up to the 2013 elections is expected to keep investor's interest alive.

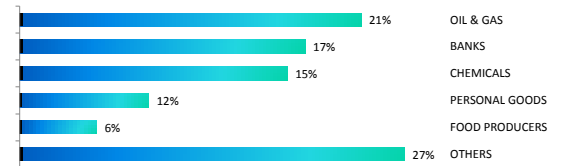
Fund's Performance Review

During the month of December the benchmark KSE-100 index increased by 2.00% whereas your Fund's NAV remained unchanged during the same period thus giving an underperformance of 2.00%. On a YTD basis (July 12 to December 12), the KSE-100 index increased by 22.50% whereas the NAV of your Fund increased by 24.00%, thus, showing an out performance of 1.50%.

Fund's Asset Allocation



Sector Allocation (As % of Total Assets)



Technical Information 31-12-2012

Net Assets NI(UT)	40.776
Nav per Unit NI(UT)	33.19

Top Ten Holdings (As % of Total Assets)

(As % of Total Assets)	NIT Portfolio	KSE-100
Fauji Fertilizer Co. Ltd. 9%	Standard Deviation 12%	14%
Pakistan State Oil 8%	Beta 0.55	1.00
Bank Al-Habib Ltd. 6%	Sharpe Ratio -0.82	0.52
Bata Pakistan Ltd. 4%		
Habib Metropolitan Bank 3%		
National Refinery 3%		
Attock Refinery 3%		
Unilever Pakistan 3%		
Pakistan Oilfields 2%		
Soneri Bank Ltd. 2%		

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. 0.20/ 0.6%**. 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

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	

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.

Note: All the figures given in the report are being under Half-yearly Audit review.