



# NATIONAL INVESTMENT UNIT TRUST



## FUND MANAGER REPORT - December 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. 96 billion assets under management as on December 31, 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

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) (21-04-2014)
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

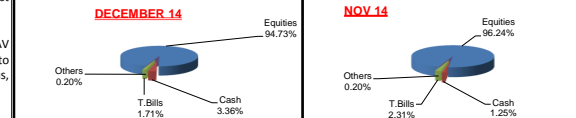
CY 2014 marked yet another remarkable year for the local bourse with an outstanding return of 27% in Pakistan Rupee term while the dollar based-return of the market stood at 33% for the year making it the third best performing stock market in the world in terms of US Dollar return. During Dec 2014, KSE 100 index surged by 3% or 934 points to close the month at the level of 32,131. The sustained bullish trend in the market during the month was driven by 11-year low monthly CPI inflation of 3.96% for November. The gains during the month were somewhat curtailed as the index heavy weight oil & gas sector remained under pressure amid declining international oil prices. Though negative for the Oil and Gas sector of the index in general and the exploration companies in particular, lower oil prices will have a positive impact on the overall national economy as it lowers the import bill substantially – Pakistan being an oil importing country - resulting in reduction in the current account deficit. Benign inflation numbers have further solidified the expectations of another rate cut in the next monetary policy creating renewed buying interest in financial sector and leveraged industrial stocks. Reduction in input costs for companies with fuel cost as the main cost component caused a sustained rally in the cement stocks as well.

During the month of December 2014, the benchmark KSE-100 index gained 2.99% whereas your Fund's NAV appreciated by 0.67% during the same period thus giving an underperformance of 2.32%. On a YTD basis (July 14 to December 14), the KSE-100 index increased by 8.36% whereas the NAV of your Fund increased by 16.68%, thus, showing an out performance of 8.32%.

### Fund Returns

	NI(UT) Fund	KSE-100
Trailing 12- months	42.37%	27.20%
3yrs	239.15%	183.15%
5yrs	256.55%	242.30%
10 yrs	419.50%	416.71%
Leverage	Nil	

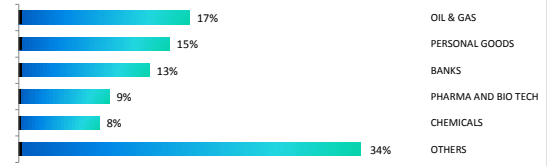
### Fund's Asset Allocation



### Future Outlook

Going forward, investor's interest in the market will continue with further lower inflation numbers, which will make a stronger case for another rate cut in upcoming Monetary Policy.

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



### Technical Information 31-12-2014

Net Assets NI(UT)	72.660
Nav per Unit NI(UT)	66.03

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

(As % of Total Assets)	
10%	Pakistan State Oil
6%	Bank Al-Habib Ltd.
5%	Bata Pakistan Ltd.
5%	Fauji Fertilizer Co. Ltd.
4%	Packages Ltd.
3%	Habib Metropolitan Bank
3%	Mari Petroleum Ltd.
3%	GlaxoSmith Kline (Pak) Ltd.
3%	Pak Tobacco Co. Ltd.
3%	Abbott Laboratories Pakistan Ltd.

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

	NIT Portfolio	KSE-100
Standard Deviation	11%	15%
Beta	0.50	1.00
Sharpe Ratio	1.26	1.60

### Historical Fund Performance

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

### WWF Disclosure:

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of **Rs. 464 million**, if the same were not made the NAV per unit/ year to date return of the Scheme would be higher by **Rs. 0.42 / 0.74%**. 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. 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 Mngmn	Syed Aqib Hussain - Incharge / Manager 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.

**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. 33.60 million as of December 31, 2014 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 December 31, 2014 is Rs. 40.45 million.

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