



NATIONAL INVESTMENT (UNIT) TRUST

MONTHLY FUND MANAGER REPORT - December 31, 2009

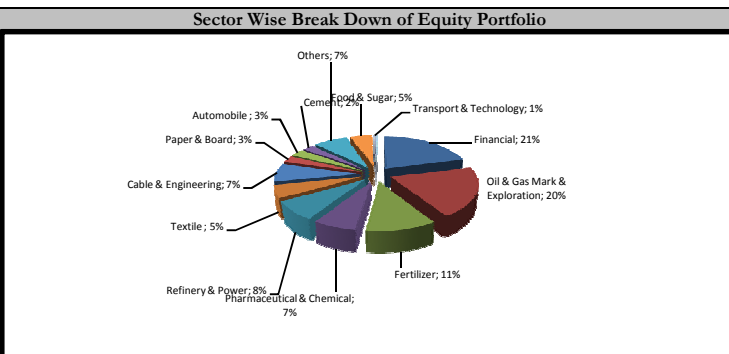
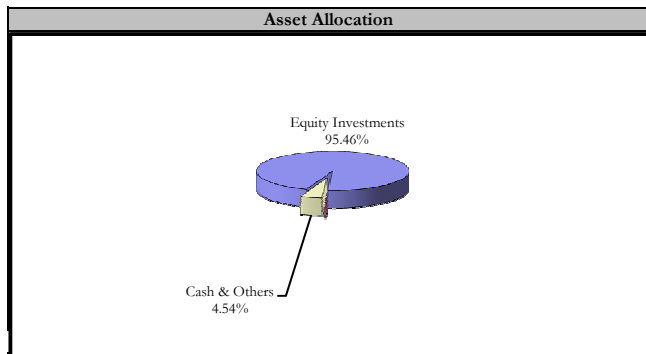
| Fund Information | |
|--|------------------|
| Launch date | |
| 12th November 1962 | |
| Type | |
| Open End Equity Fund | |
| Fund Size as on December 31, 2009 (Rs. In billion) | |
| Fund Size LOC | Fund Size NI(U)T |
| 26.706 | 31.850 |
| Par Value | |
| Rs. 10 | |
| Fund Rating: for the period ended June 30, 2009 | |
| 2 Star Short Term ; 3 Star Long Term (PACRA) | |
| Net Asset Value (per unit) as on December 31, 2009 | |
| NAV LOC | NAV NI(U)T |
| 27.92 | 30.58 |
| Minimum Investment: | |
| Rs. 5,000 | |
| Management Fee: | |
| 1.00% | |
| Front End Load: | |
| 2.50% | |
| Back End Load: | |
| 1.00% | |
| Benchmark | |
| KSE 100 Index | |
| Trustee: | |
| National Bank of Pakistan | |
| Auditors: | |
| A.F. Ferguson & Company Chartered Accountants | |

NI(U)T 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 Manager
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. 84 billion assets under management. NIT's distribution network comprises of 19 NIT branches, various Authorized bank branches all over Pakistan and Arab Emirates Investment Bank (AEIB) in Dubai(UAE). With the recent launch of a new Fund namely **NIT Government Bond Fund** the size of total Funds under management has increased to approximately Rs. 87 billion. 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 (PACRA), which denotes strong capacity to manage the risks inherent in asset management and the asset manager meets high investment management industry standards and benchmarks. All Investment decisions are taken by the Investment Committee of NITL.

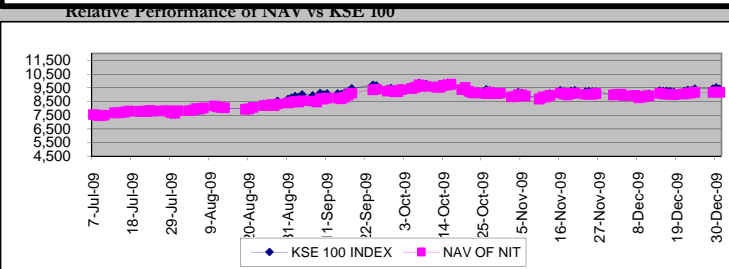
Fund Performance Review
The KSE-100 index increased by 1.96% (up 180 points) for the month of December 2009 to close at 9,387 levels. Average daily trading volume was recorded at 118 million shares as compared to 127 million shares in November 09. The market started the month on a weaker note tracking the decline in the international markets, fuelled by the Dubai debt crisis issue followed by a recovery on the news of bail out by the neighboring state of Abu Dhabi. On the political front, the Supreme Court's verdict on the NRO case dominated the headlines followed by a positive development of consensus amongst the provinces over the National Finance Commission (NFC) award which led to an improvement in the market sentiment during the second half of the month. The month ended with an unfortunate event of an attack on a religious procession and arson in Karachi which dampened the investor confidence.
A major event on the economic front was the approval of the IMF's 4th tranche of USD 1.2 bn. During the half year ended Dec. 09, Pakistan's economy transitioned towards consolidation. The rating agency, S&P, upgraded Pakistan's Rating/outlook to B- stable in Aug-09 after successful augmentation of IMF standby facility and indicators of improvement in Pakistan's economic management. Key indicators have also shown considerable improvement. Headline inflation declined to 10.5% YoY in Nov-09 from its peak of 25% in Oct-08 whereas, the Central Bank's Forex reserves increased to US\$11.1bn by end 2009 as against US\$3.5bn in Dec-08. Similarly, the current account deficit on calendar year basis declined to US\$3.2bn in 11 months of 2009 as compared to US\$15bn in 2008.
During the month of December 09, the benchmark KSE-100 index increased by 1.96% whereas your Fund's NAV increased by 1.19% during the same period, thus, giving an under performance of 0.77%. Similarly, on a YoY basis (July 09 to Dec. 09), the KSE-100 index increased by 31.06% whereas the NAV of your Fund increased by 28.00% showing an under performance of 3.06%. This underperformance is attributable to a few stocks held in the portfolio of the Fund not performing in line with the market. However since these stocks are fundamentally strong, we expect them to outperform the market in the period ahead.
For the month of January 2010, the market is expected to show a healthy performance on the prospects of upcoming result season and better payouts from blue chip companies. However, any adverse developments on the political and law and order front can hurt investors sentiments.

| Top 10 Holdings | | Risk & Return Ratios (3 years to date) | |
|--------------------------------|------------------------|--|---------------|
| | | NIT Portfolio | KSE100 |
| Pakistan Sste Oil | Bata Pakistan Ltd. | Standard Deviation | 19% 34% |
| Fauji Fertilizer Co. Ltd. | National Refinery Ltd. | Beta | 0.50 1.00 |
| Bank Al-Habib Ltd. | Attock Refinery Ltd. | Sharpe Ratio | (0.63) (0.23) |
| Habib Metropolitan Bank Ltd. | GlaxoSmith Kline | | |
| Siemens Pakistan Eng. Co. Ltd. | Soncri Bank Ltd. | | |



Fund Performance

| | FY 05 | FY 06 | FY 07 | FY 08 | FY 09 |
|-----------|-------|-------|-------|--------|--------|
| NI(U)T | 35.7% | 28.2% | 44.8% | -6.4% | -41.5% |
| KSE 100 | 41.1% | 34.1% | 37.9% | -10.8% | -41.7% |
| DPU (Rs.) | 3.30 | 5.80 | 6.20 | 6.50 | 3.25 |



Disclaimer: All Investments in Mutual Funds and Securities are subject to Market Risks. Our target return/dividend range can not be guaranteed. NIT's unit price is neither guaranteed nor administered/managed. It is based on Net Asset Value (NAV) and the NAV of NIT Units may go up or down depending upon the factors and forces affecting the Stock Market. Past performance is not indicative of future results.

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