

Basic Fund's Informations	
Fund Type	Open-End
Category	Income Fund
Launch Date	18 th November, 2009
Listing	Karachi Stock Exchange
Stability Rating	N/A
Management Fee	1.25%
Front End Load	1.00%
Back End Load	Nil
Cutt-off timing	3.30 PM
Par Value	PKR 10.00
Min Subscription	PKR 5,000
Trustee	Central Depository Co. (CDC)
Auditors	A.F Ferguson & Co.
Registrar	National Investment Trust Ltd.
Pricing Mechanism	Forward Pricing
Valuation Days	Daily (Monday to Saturday) except public holiday
Redemption Days	Daily (Monday to Saturday) except public holiday
Subscription Days	Each valuation day
AMC Rating	AM2 (PACRA)
Risk Profile	Low
Fund Manager	Khurram Aftab Ahmed

Benchmark	
Average of weighted average yield of 6 month T-Bill auctions held during the period	70%
1 month average deposit rate of A rating and above schedule banks	30%

Technical Information	
Net Assets	PKR 3.96 bln
Nav per Unit (26th Feb 2010)	10.2884
Weighted Average Maturity	286 Days
Leveraging	Nil
Standard Deviation	0.02

* As Against Benchmark

Return History		
	NIT-GBF*	Benchmark
January-10	11.31%	10.32%
February-10	9.07%	10.38%
Year to Date	10.93%	10.42%
Since Inception	10.93%	10.42%

* Morning Star Method

Members of the Investment Committee

Tariq Iqbal Khan - Chairman & MD	Manzoor Ahmed - Chief Operating Officer	Firasat Ali - Head of Marketing
Shahid Anwer - Head of MD's Sectt. & Personnel	Amir Amin - Head of Finance	Khurram Aftab - Fund Manager

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National Investment Trust Ltd,
National Bank Building, (6th Floor)
I.I. Chundrigar Road, P.O Box # 5671.
Karachi - 74000, Pakistan
Tel: 111-648-648

Objective of the fund

The objective of NIT Government Bond Fund is to generate best possible return with minimum risk, for its Unit Holders, by investing primarily in the Government 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. 72 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 new Funds namely NIT Government Bond Fund and NIT Inome Fund the size of total Funds under management has increased to approximately Rs.80 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 very strong capacity to manage risks inherent in asset management and the asset manager meets very high investment management industry standards and benchmarks. All Investment decisions are taken by the Investment Committee of NITL.

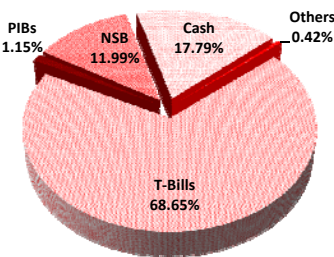
Fund Performance Review

During the month of February 2010 Federal Bureau of Statistics announced the inflation numbers for the month of Jan-10, the headline CPI inflation increased to 13.68% YoY while average CPI from July 09 - Jan 10 reached at 10.79%. The major contributor for this sharp increase was the removal of the energy subsidy and food prices. It is anticipated that CPI will ease a bit in coming months but remain in double digit for full FY10. Current Account Deficit for the month of Jan-10 stood at USD473mn, taking cumulative deficit for Jul-09 to Jan-10 to USD2.2bn (1.3% of GDP), the deficit is expected to be within the SBP target of 3.4% of GDP.

During the month under review, liquidity shortage was clearly evident in the inter-bank market as overnight repo rate averaged around 11.90%. Heavy injections from the State Bank of Pakistan continued through frequent Open Market Operations. The 6 month KIBOR rates have also surged by 17bps from 12.26% to 12.43% during the month. SBP conducted two T-bill auctions during Feb-10, in which increasing trend in the cut off rates was witnessed mainly due to sharp increase in CPI inflation. The cumulative target of both the auction was PKR 180 billion and SBP picked a total of PKR 180.37 billion worth of T-Bills. The cut off rates for 3-month T-bills increased by 32 bps to 12.1954% where as the cut off rates for 6 & 12 months T-bills increased by 38 & 33 bps to 12.2803% and 12.3429% respectively. In addition to the two T-bill auctions, a PIB auction (re-opening of previous issue) was also conducted in Feb-10. SBP accepted the target amount of PKR10bn, however there was no significant change in the cut off rates when compared to the previous auction. The cut off rates were 12.30%, 12.41%, 12.50%, 12.54%, 12.90%, 13.10% and 13.55% in 3, 5, 7, 10, 15, 20 and 30 years respectively.

During the month under review net assets of NIT Government Bond Fund grew by 10% to PKR 4.17 billion. The fund has generated a monthly annualized return of 9.07%, where as the benchmark return stood at 10.38%, an underperformance of 1.31%. This was mainly due to temporary mark to market losses in the portfolio arising from hike in Treasury Bills yields. NIT GBF's annualized return since its inception is 10.93% against the benchmark return of 10.42%, an out-performance of 51bps. The fund has invested around 82% of net assets in Government Securities. While the remaining portion of the fund is invested in the form of cash and equivalent. The fund's weighted average time to maturity has also increased from 261 days to 286 days. Going forward we believe that the fund will take advantage by investing in high yielding Treasury bills that will generate higher returns in the coming months.

Asset Allocation



NIT-GBF v/s Benchmark

