



Rating Action

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PACRA Maintains Stability Rating of NIT - Government Bond Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of NIT - Government Bond Fund (NITGBF), an open-end income fund, at 'AA-(f)' (Double A Minus; fund rating). The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

The fund's mandate is to generate reasonable return with minimal risk by primarily investing in bonds and short-term debt securities issued by Government of Pakistan (GoP).

The rating reflects the fund's very strong credit quality and a sound liquidity profile emanating from the fund's policy to invest 70% of asset in a mix of short-term and long-term government securities. At end-sept 16 fund's exposure with T-Bills was 70% and 12% exposure was with PIBs. The remaining assets of the fund were invested as cash with banks rated 'AA+'. On monthly average basis, fund's duration was below 2 years in last 4 quarters. At end-sept16, the unit holding pattern of the fund is highly concentrated towards top 10 investors representing 65% of the fund's assets, which exposes fund to redemption pressure.

Going forward, the rating remains dependent on maintaining at least 70% allocation towards government securities with portfolio duration not exceeding 2 years. PACRA would monitor compliance against agreed parameters on monthly average basis.

About the Management Company:

The National Investment Trust Limited (NITL), the management company of NIT-GBF, formed in 1962, is the first Asset Management Company of Pakistan. The Government of Pakistan (GoP) directly and indirectly through government owned entities own 41.65% approx in the company. Other shareholders (18 in total) comprise commercial banks, charitable institutions and heirs of late Mr. Ahmed Dawood having shareholding of 58.35% approx. The company is currently managing eight open end funds and two pension schemes with cumulative assets under management of PKR 99 bln at end-Sept16.

The Managing Director, Mr. Shahid Ghaffar, holds profound experience in the domestic mutual fund industry. The Chief Operating Officer, Mr. Manzoor Ahmed, has an extensive experience of above two decades. The fund manager is Mr. Shoaib Ahmed Khan.

Applicable Criteria and Related Research

- Mutual Funds | Fixed Income
- Category - Viewpoint | Nov-15
- Fund Stability Rating Methodology

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