



Rating Action

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PACRA Maintains Stability Rating of NIT Income Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating of NIT Income Fund (NIT IF), an open income fund, at 'A+'(f) (Single A Plus ; fund rating). The fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

The fund's investment mandate is to generate competitive stream of returns with moderate level of risk for its unitholders, by investing primarily in portfolio of fixed income securities.

The rating reflects the fund's strong credit quality and sound liquidity profile emanating from sizeable investment in government securities. The portfolio of the fund at end-Sep16 is primarily invested in government securities (T-bills: 38.5%, PIBs: 6%). The remaining net assets of the fund are allocated in good quality debt instruments (TFCs: 9%) and cash balances placed with good quality banks (30% - A- or above). Exposure in margin trading system is 5% which, due to its self liquidating nature, possesses less risk over a short tenure. The unit holding pattern of the fund is highly concentrated with top10 investors representing 73% of the fund's assets, which exposes the fund to redemption pressure.

Going forward, the fund intends to increase its exposure in government securities along with 10% allocation in TFCs. The remaining assets of the fund will be placed with banks having high credit quality. Material changes in the fund's asset allocation strategy, which could negatively impact the fund's credit quality and exposure to interest rate risk, remain critical for the rating.

About the Management Company:

The National Investment Trust Limited (NITL), the management company of NIT-IF, 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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