



Rating Action

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PACRA ASSIGNS STABILITY RATING TO NIT INCOME FUND

The Pakistan Credit Rating Agency (PACRA) has assigned the stability rating of “AA-(f)” (**Double A Minus - fund rating**) to NIT Income Fund (NIT-IF), an open-end income fund. The fund’s rating denotes a very strong capacity to manage relative stability in returns and possesses a very low exposure to risks.

The objective of the fund is to generate competitive stream of return with moderate level of risk for its unit holders, by investing primarily in portfolio of fixed income securities with weighted average time to maturity not exceeding four years. However, cognizant of operating environment, the management intends to follow a conservative strategy leading to limited exposure to non-government debt securities and overall short maturity profile. The rating reflects fund’s strong credit quality, and low sensitivity to interest rate movements. The rating incorporates sound liquidity profile of the fund emanating from sizeable investments of more than 70% in short term government securities. The remaining portfolio is dominated by high credit quality TFCs and TDRs with scheduled banks. The fund, to date, has remained conservative in building TFC portfolio which constituted around one-fifth of total assets at end-Dec10. There has been no occurrence of non-performance in fund’s TFC portfolio. However, the unit holding pattern is fairly concentrated with top10 investors holding more than 60% of fund’s units.

Going forward the fund plans to maintain ~60% of its total assets in Government Treasury Bills, while increasing its exposure towards good quality TFCs and in Term Deposit with schedule banks. The main risk factor affecting the stability of returns emanates from volatility in prices of TFCs amidst largely illiquid market for this segment and likelihood of credit risk.

About the Management Company:

National Investment Trust Limited (NITL), was established in the public sector in 1962. The Government of Pakistan controls NITL by virtue of its majority shareholding in the company, through government owned entities and power to appoint the Managing Director.

NITL’s nine-member BoD mainly consists of representatives of financial institutions and government or government controlled entities. There are two board committees, Audit Committee and Human Resource Committee. The Chairman/Managing Director, Mr. Wazir Ali Khoja, is a seasoned Banker with more than 32 years of professional experience in the field of Banking, Finance and Mutual Fund Industry and has been on this position since 2010.

NITL is the leading asset management company of Pakistan with assets under management of PKR 41.9bln as at end Jan11. The company currently has five open-end funds under management namely National Investment Unit Trust (NIUT), NIT Government Bond Fund, NIT Income Fund, NIT State Enterprise Fund, and NIT Equity Market Opportunity Fund.

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