



Rating Action

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PACRA ASSIGNS STABILITY RATING TO NIT GOVERNMENT BOND FUND

The Pakistan Credit Rating Agency (PACRA) has assigned stability rating of ‘AA(f) (Double A - fund rating) to NIT Government Bond Fund (NIT-GBF), an open-end income fund investing primarily in government securities. The fund’s rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

NIT GBF is to generate best possible return with minimum risk, for its unit holders, by investing primarily 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 its current portfolio mix of above 90% investments in short-term government securities. The remaining funds are placed with good credit quality banks having A- or above rating. NIT GBF in line with its investment policy will maintain at least 70% of the net assets in securities issued by GoP with weighted average time to maturity of over 90days and shall not exceed 7.5 years.

The unit holding pattern of GBF is fairly concentrated with top 10 investors representing ~50% of the net assets. Going forward, the fund intends to maintain its portfolio mix of above 90% investments in government securities. While credit and liquidity risks are minimal, the main risk emanates from the sensitivity of fixed-rate bond portfolio to interest rate movement.

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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