



## Rating Action

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## PACRA Assigns Stability Rating to NIT Government Treasury Fund

The Pakistan Credit Rating Agency (PACRA) has assigned the stability rating of 'AA+ (f)' (Double A plus ; fund rating) to NIT Government Treasury Fund (NIT-GTF), an open-end money market fund. The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

The objective of the fund is to ensure a high level of portfolio liquidity, while maintaining a portfolio composition which yields returns in excess of the benchmark.

The rating reflects the fund's low risk profile emanating from its policy to invest in avenues rated 'AA' and above. At end-Aug16, 79% of the fund's exposure was in Government securities and the remaining portfolio was invested as cash (i.e. 21%) with "AA+" rated avenues. In July-16, monthly average exposure in Government securities was 55% and the monthly average duration was 55 days that result in moderate exposure towards interest rate risk. The unit holding pattern of the fund is highly concentrated with top10 investors representing almost the entire fund, which reflects redemption risk.

Going forward, the rating remains dependent on maintaining at least 50% allocation towards government securities on monthly average basis with portfolio duration not exceeding 60 days. Meanwhile, the remaining assets of the fund must be placed with investment avenues having credit ratings of 'AA' and above. PACRA would monitor compliance against pre-defined parameters on monthly average basis.

### About the Management Company:

The National Investment Trust Limited (NITL), the management company of NIT-GTF, 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 96.2bln at end-Aug16.

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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