

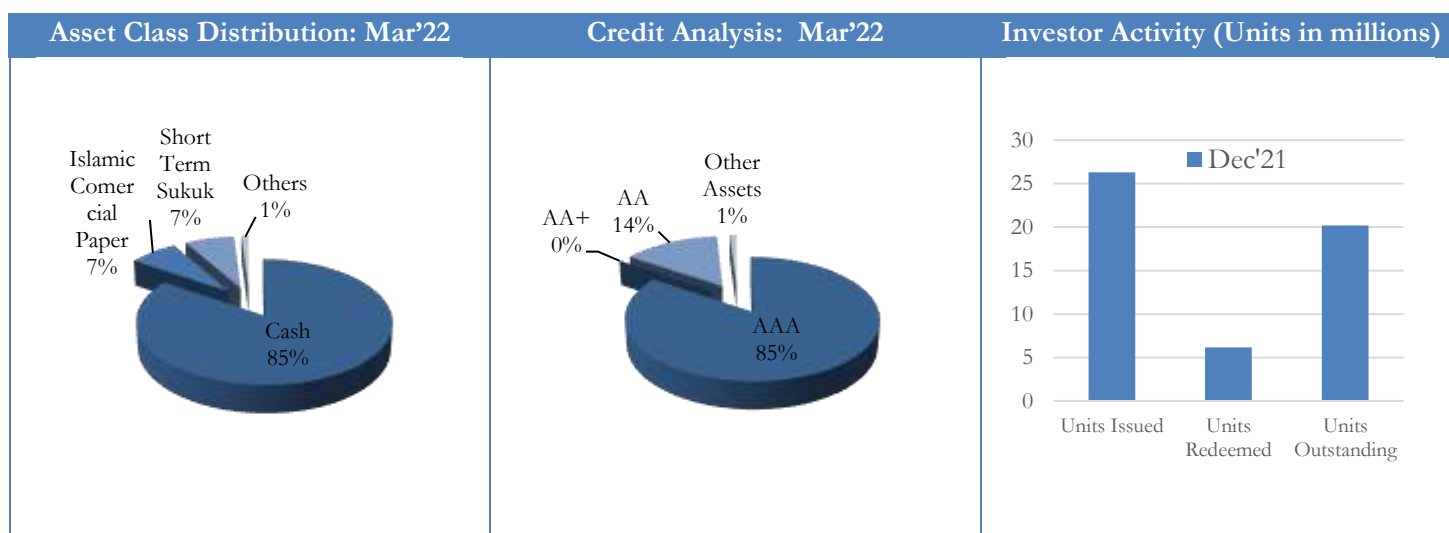
Date: May 26, 2022

Analysts: Sara Ahmed
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Investment Objective

To generate competitive returns with minimum risk for its unitholders by investing in low risk, liquid, short tenor fixed income securities

NIT Islamic Money Market Fund	
Rating Category	Initial
Fund Stability Rating	AAA (f)
	May 26, 2022
Asset Management Company	NIT Limited
External Auditor - Fund	EY Ford Rhodes
Fund Manager	Khurram Aftab
Head of Fixed Income	Shoab A. Khan
Trustee	Central Depository Company
Front-end Load	Up to 1% of NAV
Back-end Load	Nil
Management Fee	Up to 2% of gross earnings (minimum 0.05% and maximum 0.75% of net assets)
Benchmark	3-Mth Average Deposit rate of three AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP



NIT Islamic Money Market Fund is an open ended Shariah compliant money market scheme launched in September 2021 managed by National Investment Trust Limited (NIT). The fund's objective is to generate competitive returns for its investors through deploying in investments in short-term and low risk oriented shariah compliant investment avenues.

Investment decisions for the fund are made by the Investment Committee (IC) comprising of MD, COO, Head of Fixed Income, Head of Research, fund manager, Head of Compliance and Risk Management department.

As of March 2022, net assets under management grew to Rs. 2.07b (Rs. 1.03b end-Sept'21)

Table 1: Offering Document (extract)

	Limits (%)	Min. Rating
Shariah compliant Islamic Commercial Paper	0% - 20%	AA
Shariah Compliant Government Securities	0% - 90%	Not Rated
Cash and Cash equivalents: Shariah compliant Government Securities with maximum maturity of 90 days and cash with Islamic banks/Windows of Islamic Banks	10%-100%	AA or above bank deposits
Secured, unsecured, Listed, Unlisted and privately placed Shariah Compliant money market securities including sukuku issued by Federal Govt., Provincial Govt., Local Govt., Govt. Agencies, Autonomous Bodies, public sector entities, and private sector entities.	0%-90%	AA or above

Asset Allocation:

The scheme aims to deploy assets in short tenor Shairiah compliant money market securities, Sukuks, Islamic TDRs, COD, COM, COI, Money Market Placements and other clean placements of the funds) with all microfinance banks, non-banking finance companies and Modarabas. During the previous seven months, the fund's actual asset allocation majorly remained compliant to the requisites of the offering document and VIS criteria. On a month-on-month average analysis, 92% of the fund's investment portfolio remained concentrated in cash balances while the remaining was deployed in Islamic Commercial Paper and Short term Sukuk.

Table 2: Actual Asset Allocation

Asset Allocation	Mar'22	7MAverage
Cash	85%	92%
Islamic Commercial Paper	7%	6%
Short Term Sukuk	7%	1%
Others	1%	1%

Credit Quality:

The fund's operational policy requires the fund to take exposure in instruments and investment avenues that are rated minimum AA. Credit quality requisites of the fund remained in line with the operational policy of the fund, since its inception, the fund's credit quality has remained concentrated by 89% in AAA rated issue/issuer. The fund majorly complied with its IPS and no breach was witnessed in the fund's credit quality requirements for the assigned rating.

Table 3: Actual Credit Quality

Credit Quality	7MAverage	Max	Min
AAA	89%	100%	67%
AA+	4%	25%	0%
AA	7%	14%	0%
Other Assets	1%	1%	0%

Modified Duration:

To minimize losses in case of any adverse movement in discount rate, weighted average maturity (WAM) of the fund is capped at 90 days; while time to maturity of any asset shall not exceed 6 months as per the fund's IPS. On average WAM of the fund for the past seven months both stood at 8 days. The fund remained compliant with the aforementioned criteria for modified duration.

Liquidity:

As of February 2022, there are a total of 242 investors in the fund out of which 96% are retail based while the remaining are unrelated corporates. Top-10 investors constitute 86% of the total investment portfolio of the fund at end-Feb'22 depicting higher concentration risk, however given that majority of the fund's assets are placed in cash balances and liquid placements, the fund's ability to meet redemptions is considered sound for the assigned rating.

Fund Performance:

Performance of the fund is benchmarked against 3-month average Deposit rate of three AA rated Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP. The fund generated a YTD return of 8.53%, outperforming its benchmark of 3.37% at end-Feb'22. The fund has consistently out-performed its monthly benchmark since inception and was ranked 5th out of total of 17 funds in the category. Sustainability of the fund's performance against its benchmark and peer average will remain important for the rating going forward.

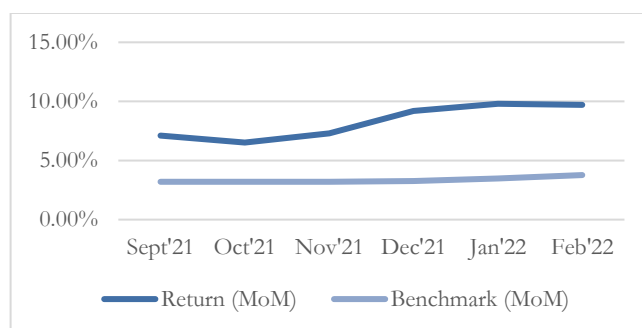


Table 4: Fund Performance

Performance	Feb'22
Total Return	8.53%
Peer Ranking	5/17
Benchmark Return	3.37%
Peer Group Average	8.40%

Rating History

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	26/05/2022	AAA (f)	Initial

<u>BALANCE SHEET</u>	Dec'21
Paid Up Capital`	NA
Total Equity	NA
<u>INCOME STATEMENT</u>	
Total income	31
Profit Before Tax	29
Profit After Tax	29
<u>RATIO ANALYSIS</u>	
Net Cash Generated from Operating Activities	(129)
Current Ratio (x)	NA
Gearing (x)	NA