

**NIT Islamic Money Market Fund (NIT IMMF)**

Managed By: National Investment Trust Ltd.

**Fund Stability Rating**

Latest Rating

AAA(f)

22-Dec-23

**What is Fund Stability Rating**

Fund Stability Rating (FSR) is a measure used to assess the stability and risk associated with a mutual fund or investment portfolio. The stability rating combines a comprehensive quantitative evaluation of the fund's portfolio with a qualitative assessment of fund management. This rating offers investors an impartial gauge of the primary areas of risk that income funds may face, including credit risk, liquidity risk, and interest rate risk.

**Fund Information**

<b>Auditor</b>	Grant Thornton Anjum Rehman
<b>Trustee</b>	Central Depository Company of Pakistan Limited
<b>Front-end Load</b>	Up to 1% of NAV
<b>Back-end Load</b>	Nil
<b>Benchmark</b>	3M avg deposit rate of 3 AA rated Islamic Banks or Islamic Windows as selected by MUFAP
<b>MQR Rating</b>	AM1
<b>Mgt. Fee</b>	Upto 4% of gross earnings (min 0.05% and maximum 0.75% of net assets)

**Fund Overview**

NIT Islamic Money Market Fund (the Fund) is an open-ended mutual fund constituted under a Trust Deed entered on August 16, 2021, between National Investment Trust Ltd. as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The fund was launched on September 23, 2021.

**Investment Objective**

NIT Islamic Money Market Fund would provide competitive return by primarily investing in low risk and highly liquid Shariah Compliant Money Market & Debt Instruments.

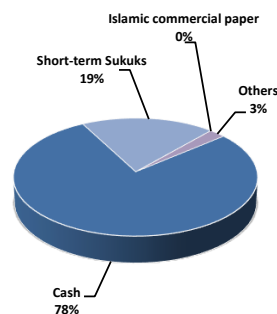
**Offering Document (Extract)**

Description	Minimum rating	Min- Max Limits
Secured, unsecured, Listed, Unlisted and privately placed Shariah Compliant money market securities including sukuk issued by Federal Govt., Provincial Govt., Local Govt., Govt. Agencies, Autonomous Bodies, public sector entities, and private sector entities.	AA or above	0-90%
Shariah compliant Money market instruments such as Islamic TDR, Certificate of Islamic Investments (COII), Certificates of Musharaka (CoM), Islamic Certificates of Deposit (CoD), etc. with Islamic Commercial Banks and Islamic DFIs or Islamic windows of Commercial banks and DFIs.	AA	0-90%
Cash and Cash equivalents: Shariah compliant Government Securities with maximum maturity of 90 days and cash with Islamic banks/Windows of Islamic Banks	AA or above (Bank Deposits)	10%-100%
Shariah Compliant Placements of funds (including TDR, PLS Saving deposit, COD, COM, COI, Money Market Placements and other clean placements of the funds) with all microfinance banks, non-banking finance companies and Modarabas.	AAA	0-25%
Shariah compliant Islamic Commercial Paper	AA	0-20%
Shariah Compliant Government Securities.	Not rated	0-90%
Any other Shariah compliant investment which may be authorized by the Fund's Shariah Advisors and SECP.	AA	As Specified by SECP in the Approval

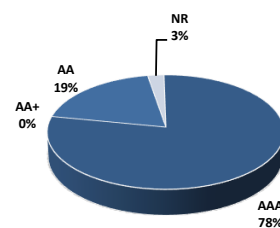
**Net Assets**

	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	-	2,600.00	7,490.00

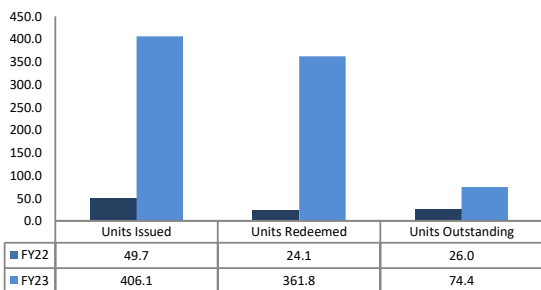
**Asset Allocation - Jun'23**



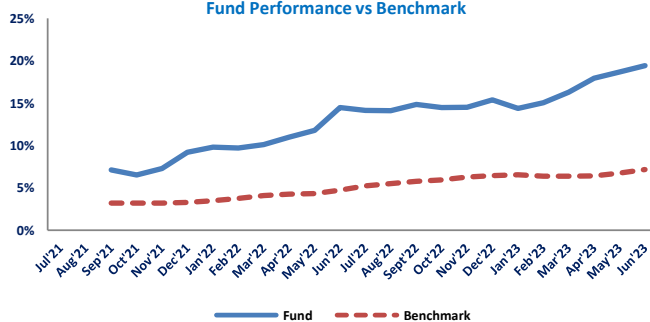
**Credit Quality - Jun'23**



**Investor Activity (Units in Mn.)**



**Fund Performance vs Benchmark**



Credit Quality (FY'23)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'22 Avg.	FY'23 Avg.
Government Securities	0.00%	0.00%	0.00%	Cash	90.79%	82.79%
AAA	78.00%	88.39%	55.12%	Placements with Banks	0.00%	0.00%
AA+	7.16%	33.75%	0.00%	Placements with DFIs	0.00%	0.00%
AA	13.08%	21.41%	7.82%	PIBs	0.00%	0.00%
AA-	0.00%	0.00%	0.00%	GOP Ijarah Sukuk	0.00%	0.00%
A+	0.00%	0.00%	0.00%	T-Bills	0.00%	0.00%
A	0.00%	0.00%	0.00%	Short-term Sukuks	3.45%	15.46%
A-	0.00%	0.00%	0.00%	Islamic commercial paper	4.87%	0.00%
BBB+	0.00%	0.00%	0.00%	Spread/MTS	0.00%	0.00%
BBB	0.00%	0.00%	0.00%	Others	0.89%	1.75%
BBB-	0.00%	0.00%	0.00%			
NR	1.76%	2.49%	1.26%			

Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM (in days)	17.65	26.41	7.12	Total Return	10.23%	16.95%
Duration (in days)	17.65	26.41	7.12	Benchmark Return	3.78%	6.23%
				Peer Average	9.72%	16.78%
				Peer Ranking	2 out of 15	6 out of 17

**Fund Stability Analysis**

**Asset Allocation:**

NIT IMMIF has remained within its asset allocation parameters as identified in the offering document, with investments primarily focused on low-risk and highly liquid Shariah-compliant money market and debt instruments. During FY23, the fund’s average asset allocation has primarily remained in cash balances (82.79%) and Short-term Sukuks (15.54%).

**Credit Quality:**

The fund’s operational policy requires the fund to take exposure in instruments and investment avenues that are rated minimum AA. Over the past year, in order to increase the returns, the fund has adjusted its holdings, wherein exposure to AAA rated securities reduced to 78.0% on average in FY23 from 88.3% in FY22, while investments in AA-rated securities have risen to 13.1%, from 4.2% on average in FY22. Going forward, improvement in credit quality is a key in order to maintain current ratings.

**Market and Liquidity Risk:**

As of June 2023, the fund has predominantly composed of investors from the retail sector (97%), while the remaining being unrelated corporates. As of June 2023, Top-10 investors AUMs accounted for nearly 60% (Sep'22: 72%) of the total AUMs. Despite a decrease in the concentration, the same has considered high from the ratings perspective. The majority of the fund's assets are allocated to cash balances and liquid investments; as a result, the fund's ability to cover redemptions is considered sound.

**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 ~16.95% outperforming the benchmark of ~6.23% in FY23 and has been placed in the second quartile.

Financial Snapshot			
<b>BALANCE SHEET</b>		<b>FY22</b>	<b>FY23</b>
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
<b>INCOME STATEMENT</b>		<b>FY22</b>	<b>FY23</b>
Total Income		157.7	999.0
Profit Before Tax		151.3	958.6
Profit After Tax		151.3	958.6
<b>RATIO ANALYSIS</b>		<b>FY22</b>	<b>FY23</b>
Current Ratio (x)		N/A	N/A
Gearing (x)		N/A	N/A
FFO		N/A	N/A
Regulatory Disclosures			
<b>Name of Rated Fund</b>	NIT Islamic Money Market Fund	<b>Sector</b>	Mutual Funds
<b>Type of Relationship</b>	Solicited	<b>Purpose of Rating</b>	Fund Stability Rating (FSR)
Rating History			
<b>Rating Type</b>	<b>Rating Date</b>	<b>Medium to Long Term</b>	<b>Rating Action</b>
Fund Stability	22-Dec-23	AAA(f)	Reaffirmed
Fund Stability	29-Dec-22	AAA(f)	Reaffirmed
Fund Stability	26-May-22	AAA(f)	Initial
<b>Statement by the Rating Team</b>	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.		
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Lead Analyst	Analyst
<b>Amin Hamdani</b>	<b>Vernon Joseph Vellozo</b>
<a href="mailto:amin.hamdani@vis.com.pk">amin.hamdani@vis.com.pk</a>	<a href="mailto:vernon.joseph@vis.com.pk">vernon.joseph@vis.com.pk</a>

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