

NIT Islamic Money Market Fund (NIT IMMF)

Managed By: National Investment Trust Ltd.

Fund Stability Rating

Latest Rating

AAA(f)

22-Jan-25

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

Launch Date	September 23, 2021
Fund Type	Open End
Category	Money Market
Risk Profile	Low
Auditor	Grant Thornton Anjum Rehman
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Up to 1% of NAV
Back-end Load	Nil
Benchmark	3M avg deposit rate of 3 AA rated Islamic Banks or Islamic Windows as selected by MUFAP
MQR Rating	AM1
Mgt. Fee	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.

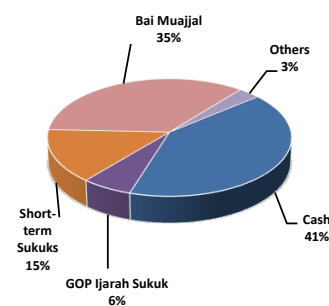
Offering Document (Extract)

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

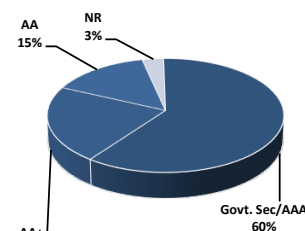
Net Assets

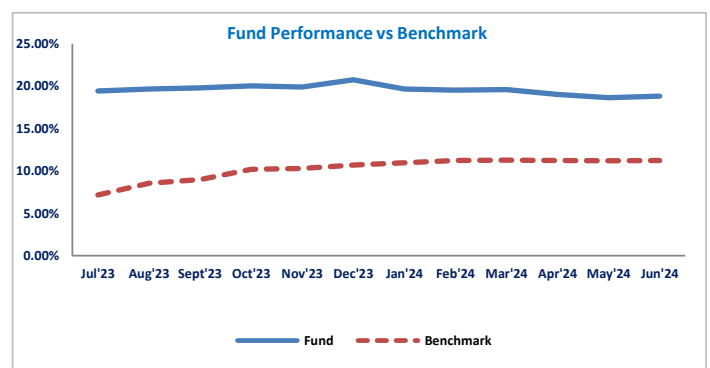
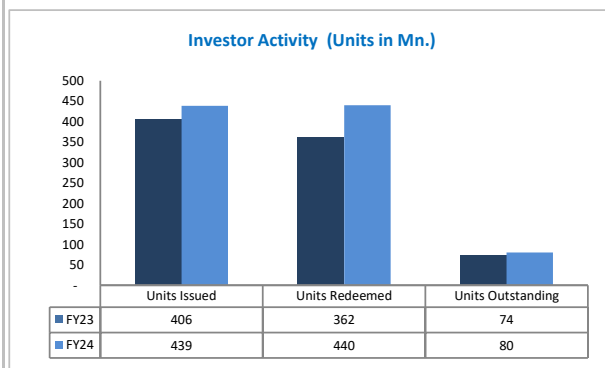
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	2,600.00	7,490.00	8,060.00

Asset Allocation - Jun'24



Credit Quality - Jun'24





Credit Quality (FY'24)	Average	Maximum	Minimum	Avg. Asset Allocation (% wise)	FY'23 Avg.	FY'24 Avg.
Govt. Sec/AAA	76.96%	88.26%	55.82%	Cash	82.79%	66.25%
AA+	5.93%	24.01%	0.00%	Placements	0.00%	4.81%
AA	14.55%	18.49%	10.18%	PIBs	0.00%	0.00%
AA-	0.00%	0.00%	0.00%	GOP Ijarah Sukuk	0.00%	1.55%
A+	0.00%	0.00%	0.00%	T-Bills	0.00%	0.00%
A	0.00%	0.00%	0.00%	Short-term Sukuks	15.46%	15.72%
A-	0.00%	0.00%	0.00%	Islamic commercial paper	0.00%	0.00%
BBB+	0.00%	0.00%	0.00%	Bai Muajjal	0.00%	9.11%
BBB	0.00%	0.00%	0.00%	Spread/MTS	0.00%	0.00%
BBB-	0.00%	0.00%	0.00%	Others	1.75%	2.56%
NR	2.55%	4.78%	1.56%			

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM (in days)	23.44	53.00	10.26	90.00	Total Return	16.95%	21.43%
Duration (in days)	23.00	48.12	10.26	90.00	Benchmark Return	6.23%	10.27%
					Peer Average	16.78%	21.42%
					Peer Ranking	6 out of 17	17 out of 24

Fund Stability Analysis

Asset Allocation:

During FY24, the fund's Assets Under Management recorded a subdued growth of ~8%, coming in at Rs.8.0b in Jun'24 (Jun'23: Rs.7.5b). During this period, the Fund demonstrated adherence to its asset allocation parameters as outlined in the offering document (OD), focusing primarily on low-risk, highly liquid Shariah-compliant money market and debt instruments. On average, cash holdings accounted for ~66% of the investments, reflecting a decline in proportion compared to the previous year (FY23: ~83%), while remaining investments were in Short term Sukuks(16%) and Bai Muajjal (~9%).

Credit Quality:

The fund's operational policy mandates investment only in instruments and avenues with a minimum rating of AA. Historically, the portfolio maintained a higher allocation to AAA-rated securities, which over time has declined. Without breaching the investment mandate, the funds proportion in AA securities increased which does not align with VIS designated benchmarks.

Market and Liquidity Risk:

Rating is supported by the duration of the Fund's assets, which is in line with the assigned rating, with average duration during FY24 recorded at 23 days.

During the review period, the quantum of liquid assets decreased to ~73% of the Fund's total assets (FY23: ~83%). The fund allocated a notable portion in corporate Sukuks which do not have an active secondary market. The fund has a higher retail base of investors at 59%. Additionally, the concentration risk of the Fund witnessed improvement, with top ten investors recorded at 35% of the AUM (FY23: ~60%).

Fund Performance:

During FY24, the Fund's YTD return slightly outperformed its peer average, but it fell to the third quartile compared to the previous year.

Financial Snapshot

	FY23	FY24
BALANCE SHEET		
Paid Up Capital	N/A	NA
Total Equity	N/A	NA
INCOME STATEMENT		
Total Income	999.0	1,496.9
Profit Before Tax	958.6	1,422.9
Profit After Tax	958.6	1,422.9
RATIO ANALYSIS		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A
FFO	N/A	N/A

Regulatory Disclosures			
Name of Rated Fund	NIT Islamic Money Market Fund	Sector	Mutual Funds
Type of Relationship	Solicited	Purpose of Rating	Fund Stability Rating (FSR)
Rating History			
Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	22-Jan-25	AAA (f)	Reaffirmed
Fund Stability	22-Dec-23	AAA(f)	Reaffirmed
Fund Stability	29-Dec-22	AAA(f)	Reaffirmed
Fund Stability	26-May-22	AAA(f)	Initial
Statement by the Rating Team	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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Rating Scale	https://docs.vis.com.pk/docs/VISRatingScales.pdf		

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