

NIT Social Impact Fund (NIT SIF)

Managed By: National Investment Trust Limited

Fund Stability Rating

Latest Rating

A+(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

Auditor	A. F. Ferguson & Co., Chartered Accountants
Trustee	Central Depository Company of Pakistan Limited
Front-end Load	Class A: Nil & Class B: upto 2%
Back-end Load	Class A: Nil & Class B: 3% of redemption during 1st year and 1.5% of redemption during 2nd year
Benchmark	Avg six months KIBOR
MQR Rating	AM1
Mgt. Fee	10% of gross earnings subject to 0.50% p.a maximum and 1.25% p.a maximum of Avg Annual net assets

Fund Overview

NIT Social Impact Fund (the Fund) is an open-ended mutual fund constituted under a trust deed entered on 16 August, 2021, between NIT Investment Trust Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The fund was launched on May 16, 2022.

Investment Objective

The objective of NIT Social Impact Fund is to finance strategic and financially sustainable social initiatives such as women empowerment, agriculture value chains, Micro Small Medium Enterprises development, Low cost renewable energy etc. through microfinance banks/institutions/providers.

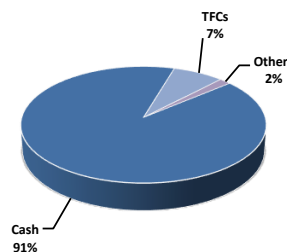
Offering Document (Extract)

Description	Minimum rating	Min- Max Limits
Investment in Micro Finance Sector:		
Term Deposit Receipts with	BBB	0%-50%
Money Market Instruments e.g. COIs, LOPs, CODs		0%-70%
Commercial Papers		0%-50%
Reverse Repo against Government Securities		0%-30%
Reverse Repo against authorized debt securities		0%-15%
All categories of Debt Securities e.g. TFCs, Sukuks,		0%-70%
Investment in Social Impact Instruments issued by other Financial Institutions;		
Green Bonds and/or Social Impact Instruments issued by Financial Institutions	BBB	0%-30%
Investment in cash and near cash instruments;		
Cash in Bank (including microfinance banks)Accounts (Excluding TDR) and other near cash instruments like T-Bills and GOP Ijara with maturity not exceeding 90 days	BBB	25%-100%
Investment in other instruments;		
Govt. Securities: Pakistan Investment Bonds, Treasury Bills, GOP Ijara Sukuks and other Government Securities	N/A	Max 30%
Debt Securities issued by provincial / local governments, or government agencies or government owned/controlled entities	N/A	Max 30%

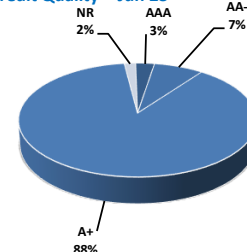
Net Assets

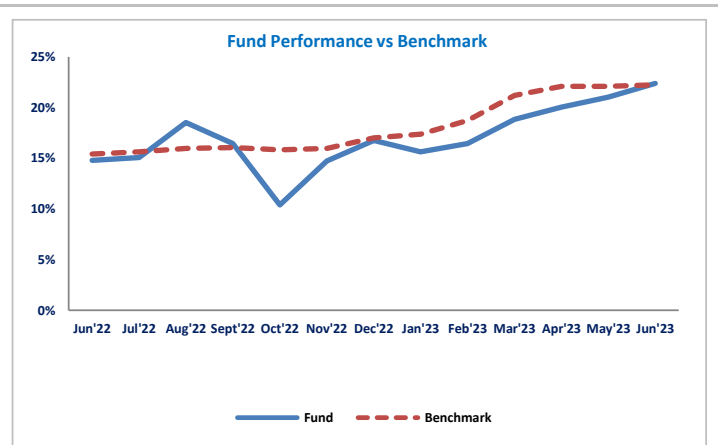
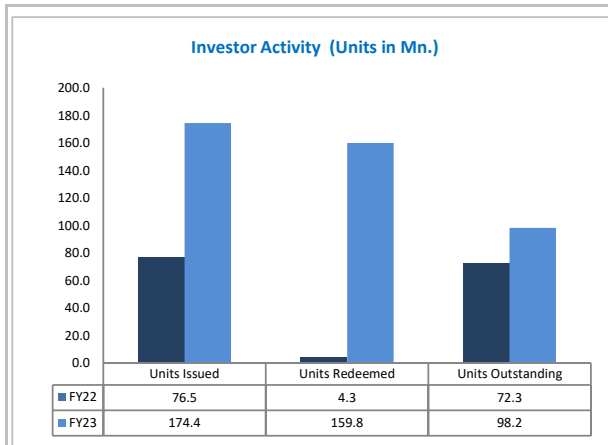
	Jun'21	Jun'22	Jun'23
Net Assets (In PKR' Millions)	-	735.00	1,010.00

Asset Allocation - Jun'23



Credit Quality - Jun'23





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	98.82%	89.17%
AAA	2.16%	4.93%	0.71%	Placements with Banks	0.00%	0.00%
AA+	0.00%	0.00%	0.00%	Placements with DFIs	0.00%	0.00%
AA	0.00%	0.00%	0.00%	PIBs	0.00%	0.00%
AA-	8.84%	14.25%	0.00%	GOP Ijarah Sukuk	0.00%	0.00%
A+	87.13%	97.72%	80.31%	T-Bills	0.00%	0.00%
A	0.00%	0.00%	0.00%	TFCs	0.00%	8.84%
A-	0.00%	0.00%	0.00%	CP	0.00%	0.00%
BBB+	0.00%	0.00%	0.00%	Spread/MTS	0.00%	0.00%
BBB	0.00%	0.00%	0.00%	Others	1.18%	1.99%
BBB-	0.00%	0.00%	0.00%			
NR	1.87%	2.49%	1.29%			

Portfolio Maturity (FY'23)	Average	Maximum	Minimum	Fund Performance	FY'22	FY'23
WAM in day(s)	79.86	147.62	1.00	Total Return (YTD)	14.93%	18.60%
Duration (In Days)	9.10	17.13	1.00	Benchmark Return (YTD)	15.20%	18.33%
				Peer Average	14.10%	16.71%
				Peer Ranking	9 out of 34	4 out of 24

Fund Stability Analysis

The NIT Social Impact Fund has been assigned a Fund Stability rating of A+(f) based on the asset allocation, credit quality of the investment, and market risk.

Fund's Asset Allocation:

The fund has adhered to the asset allocation guidelines set forth in the offering document, with the predominant share of investments held in cash (89.17% in FY23) and a smaller segment allocated to Term Finance Certificates (TFCs), constituting 8.84% in FY23.

Credit Quality:

The fund's policy mandates investments in avenues rated 'BBB' or higher, a standard it has continuously met. Majority of the fund's portfolio comprises A+ (87.13%) and AA- (8.84%) rated securities. However, concentration risk is heightened with 80.73% of investment portfolio invested in a single bank.

Market and Liquidity Risk:

As of Jun'23, the fund has 225 investors, with retail investors making up 97.78% of the total, while corporates and affiliated parties comprise the remainder. The AUMs of the top 10 investors represented approximately 82.42%, depicting high concentration risk.

Fund Performance:

Overall, the NIT Social Impact Fund has demonstrated a strong performance, with a total YTD return (including dividends) of ~18.60% in June 2023, outperforming both the benchmark return and the peer average. However, on a month on month basis the fund generated an average return of 17.19%, underperforming the benchmark of 18.35%.

Financial Snapshot			
BALANCE SHEET		FY22	FY23
Paid Up Capital		N/A	N/A
Total Equity		N/A	N/A
INCOME STATEMENT		FY22	FY23
Total Income		15.7	187.6
Profit Before Tax		13.7	171.5
Profit After Tax		13.7	171.5
RATIO ANALYSIS		FY22	FY23
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 Social Impact 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-Dec-23	A+(f)	Reaffirmed
Fund Stability	30-Dec-22	A+(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		

Lead Analyst	Analyst
Amin Hamdani	Vernon Joseph Vellozo
amin.hamdani@vis.com.pk	vernon.joseph@vis.com.pk

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