

NIT Social Impact Fund (NIT SIF)

Managed By: National Investment Trust Limited

Fund Stability Rating

Latest Rating

A+(f)

3-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

Fund Overview

Launch Date	May 16, 2022
Fund Type	Open-End
Category	Micro Finance Sector Income Fund
Risk Profile	Medium
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 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

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.

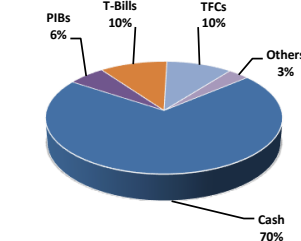
Offering Document (Extract)

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%

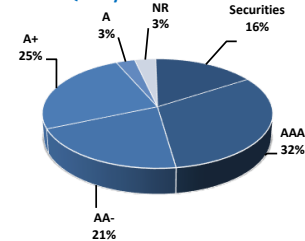
Net Assets

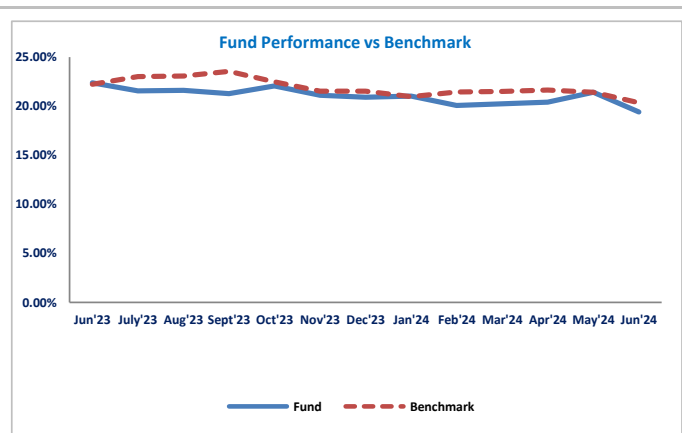
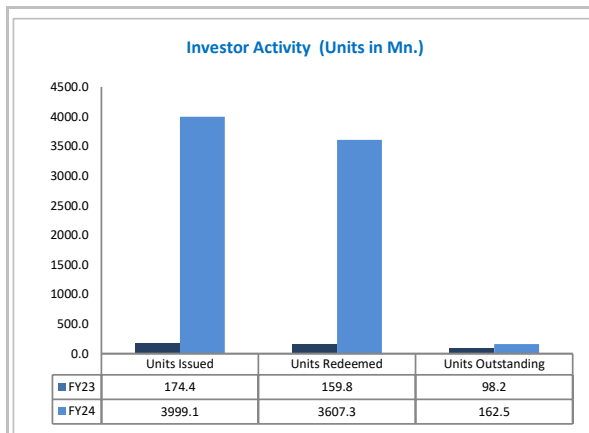
	Jun'22	Jun'23	Jun'24
Net Assets (In PKR' Millions)	735.00	1,010.00	1,660.00

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.
Government Securities	11.88%	22.22%	0.00%	Cash	89.17%	76.09%
AAA	9.28%	31.84%	2.20%	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%	0.93%
AA-	6.36%	20.88%	3.24%	GOP Ijarah Sukuk	0.00%	0.00%
A+	69.44%	89.24%	24.83%	T-Bills	0.00%	10.95%
A	0.73%	2.97%	0.00%	TFCs	8.84%	9.98%
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	1.99%	2.06%
BBB-	0.00%	0.00%	0.00%			
NR	2.05%	3.33%	1.39%			

Portfolio Maturity (FY'24)	Average	Maximum	Minimum	Benchmark	Fund Performance	FY'23	FY'24
WAM in day(s)	130.92	259.00	41.00	1460.00	Total Return (YTD)	18.60%	23.07%
Duration (In Days)	20.28	41.84	6.20	1460.00	Benchmark Return (YTD)	18.33%	21.88%
					Peer Average	16.71%	22.26%
					Peer Ranking	4 out of 24	9 out of 26

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.

Asset Allocation:

During the review period, the Assets Under Management (AUM) of the Fund grew by ~64%, reaching Rs. 1.6b as at Jun'24 (Jun'23: Rs. 1.0b). The Fund adhered to the asset allocation guidelines outlined in the offering document (OD), with the majority of assets allocated to cash, constituting ~76.09% of the investments. On the other hand, investments in government securities increased, primarily driven by T-Bills, which on an average accounted for ~11% of the Fund's portfolio (FY23: 0%), while PIBs represented a modest ~1% (FY23: 0%). Additionally, Term Finance Certificates (TFCs) made up ~10% of the Fund's assets.

Credit Quality:

During the review period, the credit quality of the Fund's investment portfolio improved, reflected in a higher allocation to AAA rated issues/issuer, which constituted ~21% of the Fund's assets, while A+-rated issues/issuer accounted for ~69% of the portfolio. The Fund's credit exposures remained within the defined thresholds and investment criteria, which permit investments in assets rated BBB and above.

Market and Liquidity Risk:

During FY24, the Fund's weighted average time to maturity (WAM) averaged 80 days, significantly below the maximum threshold of 4 years stipulated in the offering document.

Liquidity profile of the Fund is considered sound, supported by its higher proportion of liquid assets. As at Jun'24, retail investors constituted ~58% of the AUMs, while unrelated corporates made up ~42%, reflecting a significant increase from the previous year (FY23: ~2%). The top 10 investors represented ~56% of AUMs, indicating concentration risk, although this marks a notable improvement from 82% as of June '23.

Fund Performance:

During FY24, the Fund achieved a YTD return of 23.07%, outperforming both its benchmark and peer average. However, on a monthly basis, the Fund outperformed its benchmark only in Jan'24 and May'24.

Financial Snapshot

BALANCE SHEET	FY23	FY24
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
INCOME STATEMENT	FY23	FY24
Total Income	187.6	298.9
Profit Before Tax	171.5	277.2
Profit After Tax	171.5	277.2
RATIO ANALYSIS	FY23	FY24
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	3-Jan-25	A+(f)	Reaffirmed
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		

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Note: VIS' mutual fund rating is not a recommendation to buy, sell, or hold any fund, in as much as it does not comment as to suitability for a particular investor.