



Atlas Sovereign Liquid Fund

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Atlas Money Market Fund

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Atlas Income Fund

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Atlas Stock Market Fund

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ANNUAL REPORT

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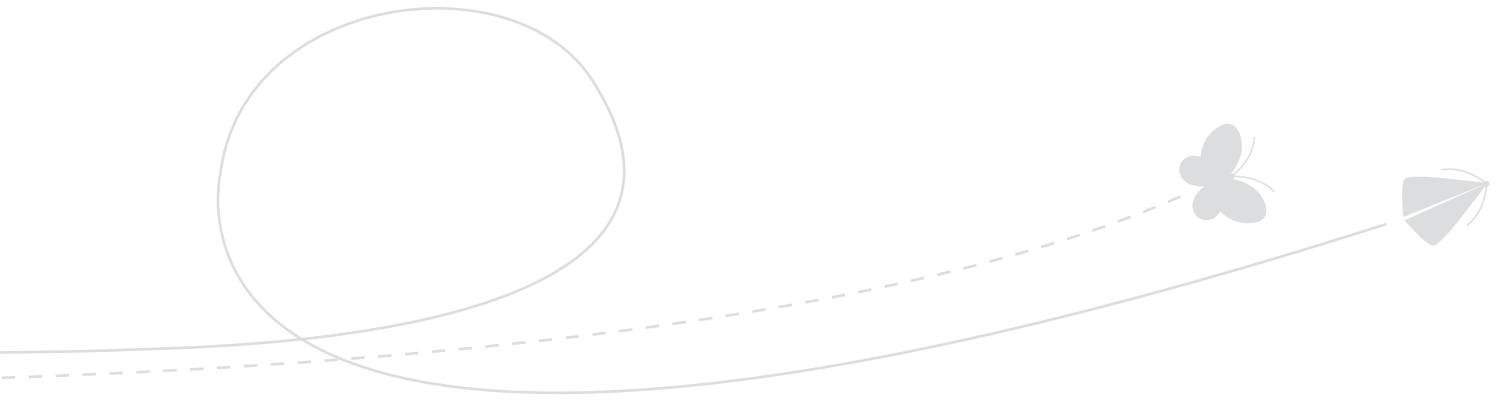
30 June 2018

Atlas  
**funds**  
*Nurturing your investments*

Managed By

 **Atlas Asset Management**

Rated AM2+ by PACRA



# MANAGING TO THE CORE!

Even the most seemingly diminutive of creatures, hold for us an education. They exhibit qualities of organization that are indeed inspirational. Planning, teamwork and controlling are attributes of a successful and solid organizational structure. At Atlas Funds these elements form the core of our institution.



## Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 as an unlisted public limited company and is registered with the Securities and Exchange Commission of Pakistan as an asset management company for managing open-ended funds and closed-end funds. AAML is also a licensed pension fund manager to manage voluntary pension funds.

AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects. Atlas Group is a diversified group dealing in engineering, financial services, power generation, real estate & trading.

AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible risk adjusted returns on a diverse range of products, meeting not only the customers' current requirements but also exceeding their future expectations. With its strong emphasis on systems and controls, quality human resource and backing of Atlas Group, AAML enjoys a distinct advantage.



# Vision

To be a market leader in providing quality fund management services with customer satisfaction as our premier goal.



Mutual Funds | Investment Plans | Pension Funds

# Creativity

The ability to creatively inspire innovation and the will to foster positive social and environmental change

# Mission

We are committed to offering our investors the best possible risk adjusted returns on a diverse range of products, providing a stimulating and challenging environment for our employees, and committing to the highest ethical and fiduciary standards. We firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders and the communities in which we operate.



Growth | Returns | Tax Savings

# Team Work

Giving unparalleled service, creating long-term, win-win relationships and focusing on executional excellence

## Contents

Organisation	06	Chairman's Review	09
Board of Directors of the Management Company	07	Directors' Report	17

### Atlas Sovereign Liquid Fund

Corporate Information	21
Fund Manager's Report	22
Performance since inception	24
Trustee Report to the Unit Holders	26
Independent Auditors' Report to the Unit Holders	27
Statement of Assets and Liabilities	30
Income Statement	31
Statement of Comprehensive Income	32
Statement of Movement in Unit Holders' Fund	33
Cash Flow Statement	34
Notes to the Financial Statements	35

### Atlas Money Market Fund

Corporate Information	56
Fund Manager's Report	57
Performance since inception	59
Trustee Report to the Unit Holders	61
Independent Auditors' Report to the Unit Holders	62
Statement of Assets and Liabilities	66
Income Statement	67
Statement of Comprehensive Income	68
Statement of Movement in Unit Holders' Fund	69
Cash Flow Statement	70
Notes to the Financial Statements	71

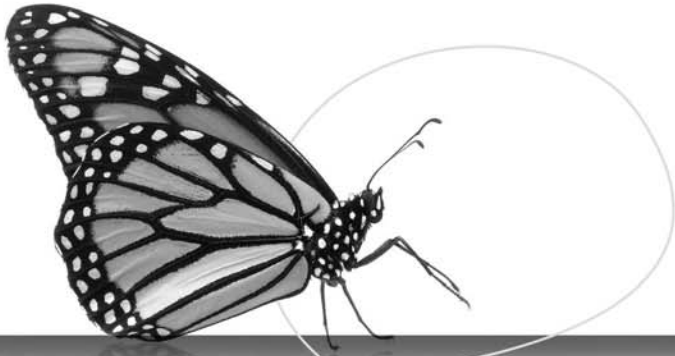
# Contents

## Atlas Income Fund

Corporate Information	94
Fund Manager's Report	95
Performance since inception	98
Trustee Report to the Unit Holders	101
Independent Auditors' Report to the Unit Holders	102
Statement of Assets and Liabilities	106
Income Statement	107
Statement of Comprehensive Income	108
Statement of Movement in Unit Holders' Fund	109
Cash Flow Statement	110
Notes to the Financial Statements	111

## Atlas Stock Market Fund

Corporate Information	144
Fund Manager's Report	145
Summary of actual proxies voted & performance since inception	147
Trustee Report to the Unit Holders	149
Independent Auditors' Report to the Unit Holders	150
Statement of Assets and Liabilities	154
Income Statement	155
Statement of Comprehensive Income	156
Statement of Movement in Unit Holders' Fund	157
Cash Flow Statement	158
Notes to the Financial Statements	159
ڈائریکٹرز رپورٹ	190



## Diversity

Understanding the social, cultural and financial diversity in our country and coming up with innovative plans to cater distinctive needs

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# Organisation

## Management Company

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Atlas Asset Management Limited

## Board of Directors of the Management Company

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**Chairman** Mr. Yusuf H. Shirazi  
(*Non-Executive Director*)

**Directors** Mr. Tariq Amin  
(*Independent Director*)  
Ms Zehra Naqvi  
(*Independent Director*)  
Mr. Frahim Ali Khan  
(*Non-Executive Director*)  
Mr. Ali H. Shirazi  
(*Non-Executive Director*)  
Mr. M. Habib-ur-Rahman  
(*Non-Executive Director*)

**Chief Executive Officer** Mr. M. Abdul Samad  
(*Executive Director*)

**Company Secretary** Ms Zainab Kazim

## Board Committees

### Audit Committee

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**Chairman** Mr. Tariq Amin  
**Members** Mr. Frahim Ali Khan  
Mr. M. Habib-ur-Rahman  
**Secretary** Mr. M. Uzair Uddin Siddiqui

### Human Resource & Remuneration Committee

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**Chairman** Mr. Frahim Ali Khan  
**Members** Mr. Ali H. Shirazi  
Mr. M. Abdul Samad  
**Secretary** Ms Zainab Kazim

## Investment Committee

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**Chairman** Mr. Muhammad Abdul Samad  
**Members** Mr. Ali H. Shirazi  
Mr. Khalid Mahmood  
Mr. Muhammad Umar Khan  
Mr. Fawad Javaid  
**Secretary** Mr. Faran-ul-Haq

## Management Committee

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**Chairman** Mr. Muhammad Abdul Samad  
**Members** Mr. Khalid Mahmood  
Ms Qurrat-ul-Ain Jafari  
Ms Mishaal H. Shirazi  
Mr. Tariq Ahmed Siddiqui  
Ms Ayesha Farooq  
**Secretary** Mr. Muhammad Umar Khan

## Risk Management Committee

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**Chairman** Mr. Muhammad Abdul Samad  
**Members** Mr. Khalid Mahmood  
**Secretary** Mr. Shaikh Owais Ahmed

## Chief Financial Officer

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Ms Qurrat-ul-Ain Jafari

## Chief Internal Auditor

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Mr. M. Uzair Uddin Siddiqui

## Registered Office

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Ground Floor, Federation House  
Sharae Firdousi, Clifton, Karachi - 75600  
Tel: (92-21) 111-MUTUAL (6-888-25)  
(92-21) 35379501-04  
Fax: (92-21) 35379280  
Email: info@atlasfunds.com.pk  
Website: www.atlasfunds.com.pk

The above information is as at 17 September 2018.

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# Board of Directors of the Management Company

## Mr. Yusuf H. Shirazi

Chairman

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Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on matters - socio - politico - economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda, and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College - University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award

## Mr. Fahim Ali Khan

Director

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Mr. Fahim Ali Khan has over 50 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University. He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France. He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Hi-Tech Limited, Atlas Autos (Pvt.) Limited, Atlas Metals (Pvt.) Limited and Atlas Foundation. Earlier, he has also served on the Boards of Atlas Honda Limited and Atlas Battery Limited, and has been the CEO of Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, and former Atlas Investment Bank Limited.

## Mr. M. Habib-ur-Rahman

Director

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Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants in England & Wales and has attended management level programme (PMD) from Harvard Business School, USA. He has been a founding member and past Chairman / Director of the Mutual Funds Association of Pakistan. He played an instrumental role in setting up the first open-end mutual fund in the private sector in Pakistan. He has been Securities and Exchange Commission of Pakistan (SECP) nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of SECP Advisory Group on Capital Markets, member of the SECP Enquiry Committee (appointed in 2001) on management of Exposure Rules by KSE / LSE and member of the SECP Enquiry Committee (appointed in 2013) on 2008 financial crisis. He was the Chief Executive Officer of Atlas Asset Management Limited from March 2004 till March 2018.

## Mr. Tariq Amin

Independent Director

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Mr. Tariq Amin is the Chairman of Orkila Pakistan (Private) Limited, a leading company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited, the Salim Habib Education Foundation and the Education City. He has varied experience both in private and public sectors. He is a law graduate from the University of Karachi. He also holds a Masters degree in English from the University of Karachi and a Post Graduate Diploma in Development Administration from the University of Leeds. Mr. Amin has been past Chairman of the Privatization Commission, Sindh. He has also been President of the Overseas Investors Chambers of Commerce & Industry (OICCI) and also the Chairman of SITE Association of Industry for four years. Mr. Amin was conferred the civil award of Chevalier De L'ordre National Du Merite by the Government of France 2001.

## Mr. Ali H. Shirazi

Director

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Mr. Ali H. Shirazi graduated with a BA from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is the Chief Executive Officer at Atlas Battery Limited and is a member of the Group Executive Committee, responsible for Group's financial services. He is on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Insurance Limited, Atlas Metals (Private) Limited, Pakistan Society of Training and Development (Vice President), YPO (Young Professional Organization), National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

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## Board of Directors of the Management Company

**Ms. Zehra Naqvi**  
Independent Director

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Ms. Zehra Naqvi was the Chief Executive Officer of Chubb Insurance Pakistan, (a wholly owned subsidiary of Chubb INA International Holdings Limited, Delaware, USA) from September 2005 to September 2017. She has over 35 years of work experience in the insurance sector. Prior to joining Chubb, she worked with Royal Exchange Assurance, a branch of Guardian Royal Exchange, UK and Adamjee Insurance Company in Pakistan. Ms. Naqvi holds a B.Sc. Degree, and an MBA Degree from the Institute of Business Administration, Karachi University. She is a Chartered Insurer from the Chartered Insurance Institute, UK and is a Certified Director from Institute of Chartered Accountants of Pakistan. She presently serves as a Non-executive Director on the Board of Chubb Insurance Pakistan Limited and as an Independent Director on the Board of Abbott Laboratories Pakistan Limited. She has served as an elected Member of the Executive Committee of the Insurance Association of Pakistan and of the Executive Committee of The American Business Council.

**Mr. M. Abdul Samad**  
Chief Executive Officer

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Mr. Muhammad Abdul Samad has a vast experience of local investment management industry. He joined Atlas Asset Management Limited (AAML) in November 2005, and has held C-suite positions for over a decade, including the Chief Investment Officer and Chief Operating Officer positions. He attended Advanced Management Program at INSEAD, on nomination by the Atlas Group. In more than twelve years of his association with AAML, he has actively been involved in new business initiatives, marketing, human resource, and risk management & compliance areas. Mr. Samad was instrumental in the outsourcing of back office functions at AAML. He has also contributed to industry related issues at association level, and was a member of technical committee on retirement schemes. Prior to joining AAML, Mr. Samad spearheaded the research function at National Investment Trust Limited, and was also a part of various merger, acquisition and corporate governance related matters beside research. He has a significant Board experience, where he has served as a director on the board of nineteen listed companies, including Atlas Battery Limited, Lucky Cement, Berger Paints, Mirpurkhas Sugar, amongst others. Currently he is serving as a Director on the Board of MUFAP also.



Give your  
**SAVINGS** the  
**ATLAS ASSET**  
**BENEFIT!**

Growth | Returns | Tax Savings

# Chairman's Review

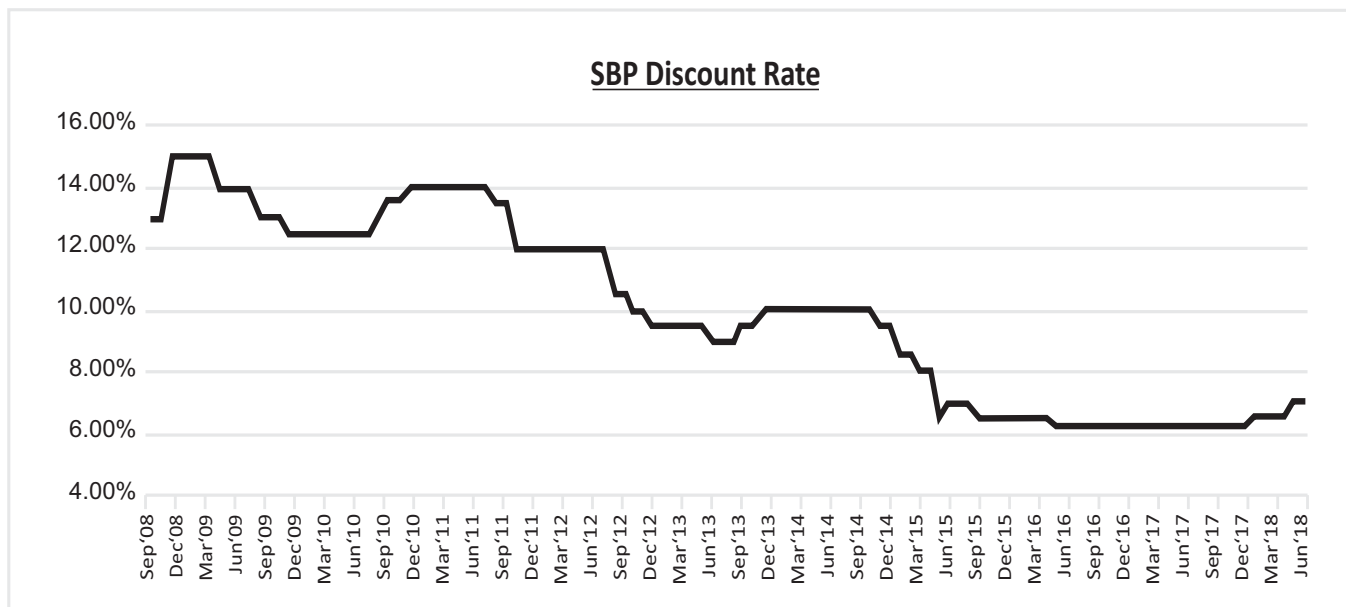
It is my pleasure to present to you the Annual Reports of Atlas Sovereign Liquid Fund (ASLF), Atlas Money Market Fund (AMF), Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF) for the financial year ended June 30, 2018.

## THE ECONOMY

The economy registered a GDP growth rate of 5.80% in FY18 that is a 13-year high, which was 5.40% in FY17. Industrial sector has shown growth on the back of rise in large-scale manufacturing (LSM increased by 6.00% YoY during July to May 2017-18), coupled with a recovery in mining activities and continued surge in construction activities. Average Consumer Index (CPI) inflation was below the target of 6.00% standing at 3.92% for the year. During FY18, the current account deficit was recorded at US\$ 17.99 billion as compared to US\$ 12.62 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 16.4 billion as on June 29, 2018 with SBP's share of US\$ 9.79 billion in the total liquid foreign exchange reserves. Foreign remittances for FY18 stood at US\$ 19.62 billion, which was an increase of 1.4% YoY compared to the corresponding period last year despite the decline in new labor proceeding abroad. The SBP in its latest monetary policy statement as on July 14, 2018 decided to increase policy rate by 100bps to 7.5% which is a cumulative increase of 175 bps since January, 2018.

## THE MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 3.92% during financial year 2017-18, as compared to 4.16% for the financial year 2016-17. The YoY uptick in inflation was due to global revival of international crude oil prices, along with rise in domestic demand due to pick up of economic activities. The government passed on the increase of fuel prices to domestic consumer, however, stable food prices offset the impact of the rise in petroleum rates.

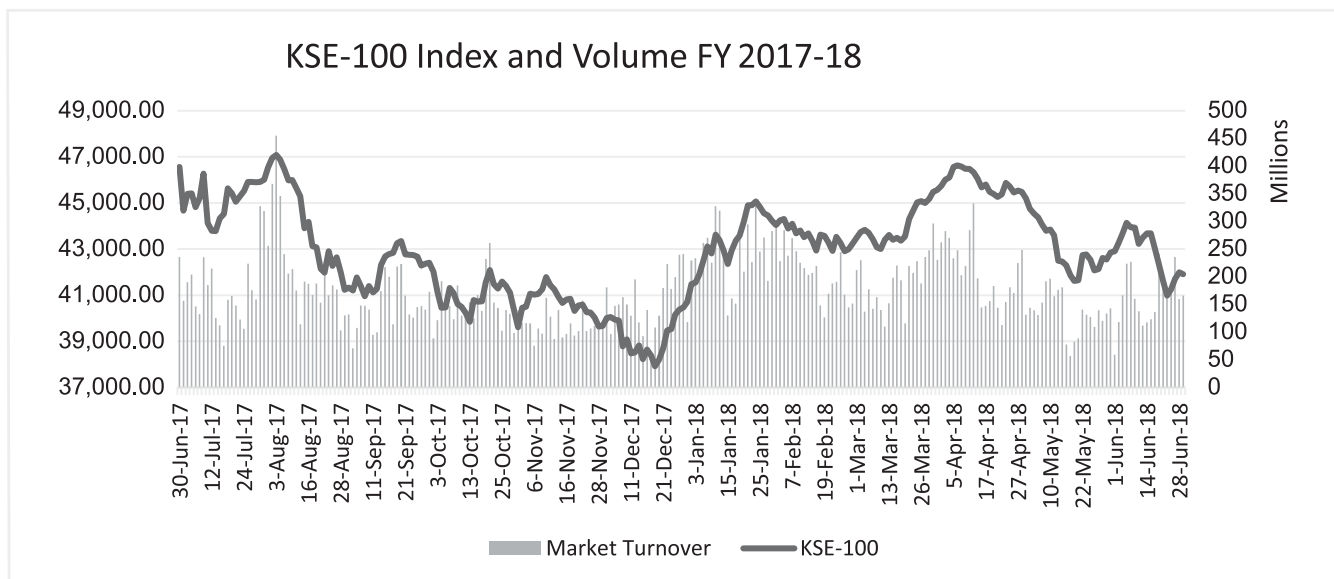


The growth in money supply (M2) witnessed an increase of 9.71% during 2017-18, which is Rs. 1,416.3 billion against the expansion of 13.69% (Rs. 1,756.0 billion) in the comparable period last year. Net Foreign Assets (NFA) declined by Rs. 472.8 billion during nine months 2017-18 as against the net contraction of Rs. 284.8 billion in the comparable period of fiscal year 2016-17. This is mainly due to high financing needs for current account deficit and foreign debt servicing payments. Net Domestic Asset (NDA) of banking system grew by 8.9% or Rs. 1,243.7 billion during nine months 2017-18 as against an increase of 8.8% or Rs. 1,040.9 billion during the corresponding period last year. Overall NDA of the banking sector remained balanced due to steady demand for private sector and Public Sector Enterprises (PSEs) credit and increase in government borrowing from the banking sector. Credit to private sector was Rs. 469.2 billion during nine months 2017-18 as against credit of Rs. 438.6 billion during the corresponding period last year due to favorable macroeconomic indicators, accommodative monetary policy and historic low policy rate especially during early periods of the fiscal year.

During the year, the cautious monetary policy was centered on consolidating the gains from historic-low policy rate at 5.75% till January, FY18 and striking a balance between subdued inflation and emerging pressures on external accounts. The SBP changed the monetary policy stance in January 2018 by 25 bps to 6 percent to anchor expected rise in inflation in view of reversal of international oil and commodities prices and to address domestic demand pressure as well as exchange rate movement. In March 2018, the Monetary Policy Committee decided to maintain policy rate at 6.0 percent for the next two months to see impact of policy. However, The Central Bank increased the policy rate by 50bps to 6.50% under its monetary policy statement announced on May 25, 2018. The central bank's decision was based on (i) rising international oil prices which may translate into inflationary pressures going forward (ii) elevated aggregate demand which has kept imports high offsetting the impact of growth in exports worsening the current account deficit and (iii) a lack of foreign inflows amidst absence of triggers. Pakistan's foreign exchange reserves have decreased to US\$ 16.4 billion at June end 2018 compared to US\$ 21.4 billion at June end 2017. The level of foreign exchange reserves declined on the back of widening current account deficit not being fully offset by financial inflows despite growth in export earnings and remittance inflows.

## THE STOCK MARKET

The KSE-100 index decreased from 46,565.29 points as on June 30, 2017 to 41,910.90 points as on June 30, 2018, decreasing by 10.00%. The average volumes during the year decreased by 56% to 175 million shares from 399 million shares traded last year. Net Foreign portfolio outflow during the year was recorded at US\$289 million compared to outflow of US\$652 million last year. On the local front Insurance Companies, and Companies were the most active participants investing US\$204 million and US\$100 million during the period. Broker Proprietary Trading Accounts, Mutual Funds and Banks/DFIs, on the other hand, reduced their exposure in the equity market by US\$44 million, US\$35 million and US\$10 million, respectively.



During the period the sectors that outperformed the market were Oil and Gas Exploration, Fertilizer, Chemical, Textile Spinning and Banks that posted 20.2%, 3.4%, 0.5%, -7.1% and -9.8% returns, respectively. Oil & Gas Exploration sector outperformed the market due to increase in international crude oil prices by 54% during the year and 16% devaluation of PKR against US\$ that will bode well for the profitability of E&P companies. Fertilizer sector increased on improving fundamentals as Urea inventory glut subsided and price of Urea was increased by Rs.200/bag, partly to offset the impact of withdrawn cash subsidy (Rs.100/bag), on tighter Urea market. Sectors that remained subdued were Cement, Refinery, Engineering, Automobile Assemblers, Power Generation & Distribution, Textiles Composite, Oil and Gas Marketing and Pharmaceuticals posting -41.9%, -39.8%, -31.7%, -30.1%, -20.3%, -19.0%, -15.8% and -14.8% returns, respectively. Cement sector underperformed due to rise in international coal price that increased by 26% YoY and lower local retention prices of cement. Refineries declined on reduced demand for Furnace oil (FO) as government shifts its focus to generate electricity from FO based power plants to LNG and Coal based power plants. Pharmaceutical declined on depreciation of PKR against US\$ which will make procurement expensive for the companies as majority of the raw material is imported.

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Four new listing on the stock exchange during FY 2017-18 were Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited. The amounts raised through IPO/Offer for Sale of Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited were Rs. 90 million, Rs. 150 million, Rs. 758 million and Rs. 2,800 million respectively. As on June 30, 2018 the market capitalization of Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited were Rs. 300 million, Rs. 769 million, Rs. 4,381 million and Rs. 24,861 million, respectively. Four new companies were listed on the stock exchange during 2016-17, namely, TPL Properties Ltd, Loads Ltd, Roshan Packages Ltd and Pakistan Stock Exchange Limited. The amounts raised through IPO by TPL Properties Ltd, Loads Ltd, Roshan Packages Ltd and Pakistan Stock Exchange Limited were Rs. 697 million, Rs. 1,700 million, Rs. 2,803 million and Rs. 4,488 million respectively.

Overall the measures taken in the fiscal budget announced by the government bodes well for the corporate sector. The government in the budget reduced corporate tax rate for non-banking companies where corporate tax rate will be reduced by 1% every year reaching 25% in tax year 2023 from 30% in tax year 2018. Super tax will be abolished in phased manner where it will be reduced by 1% every year. Government also abolished withholding tax of 5% on issuance of bonus shares. Tax on undistributed profits is reduced from 7.5% to 5% where the condition of distributing 40% of after tax profits was reduced to 20%.

## MUTUAL FUND TAXATION

### FINANCE ACT 2018

Following amendments related to mutual fund industry were introduced in the Income Tax Ordinance, 2001 through Finance Act 2018, whereby:

- The existing limit on investment of Rs.1,500,000 in securities or insurance premium has being increased to Rs.2,000,000.
- The rate of income tax on dividend for companies having filer status from Money Market Mutual Funds, income fund, REIT scheme or any other fund (other than stock fund) was reduced from 25% to 15%.

### WORKER'S WELFARE FUND (WWF)

Against the decision of the Honorable Supreme Court of Pakistan (SCP) that declared the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills, the Federal Board of Revenue (FBR) has filed a review petition in the SCP, which is pending for hearing. The Mutual Funds Association of Pakistan (MUFAP) consulted both legal and tax advisors who gave the opinion that the judgment has removed the very basis on which the demands were raised, therefore, there was no longer any liability against the mutual funds under the WWF Ordinance. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till June 30, 2015 were reversed on January 12, 2017.

### SINDH WORKER'S WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, Workers' Welfare Fund became a provincial subject. In May, 2015 the Sindh Assembly passed the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) imposing SWWF on many entities, including financial institutions.

The Sindh Revenue Board (SRB) demanded the SWWF from mutual funds on the plea that mutual funds are defined as financial institution under The Financial Institutions (Recovery of Finances) Ordinance, 2001. MUFAP has collectively on behalf of asset management companies contested that mutual funds are not financial institutions or industrial establishments but were pass through investment vehicles and did not employ workers. Mutual funds are also not included in the definition of financial institutions in the Companies Act, 2017. MUFAP has taken up the matter with the Sindh Finance Division for resolution of the matter. Although, based on legal opinion, SWWF is not applicable on mutual funds MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). Accordingly, the provision for SWWF is being made on a daily basis going forward.

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## **FEDERAL EXCISE DUTY (FED)**

The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from June 13, 2013 and this was withdrawn on June 30, 2016. On September 04, 2013 a constitutional petition was filed in SHC jointly by various AMC's, challenging the levy of FED. In a separate petition the Honorable Sindh High Court declared that the FED was unconstitutional and cannot be charged where provinces are collecting sales tax. The Federation has filed an appeal in the Honorable Supreme Court of Pakistan. However, without prejudice, the mutual funds and pension funds have on prudent basis maintained the provision for FED till June 30, 2016.

## **WITHHOLDING TAX**

With effect from July 01, 2015, FBR has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from concerned Commissioner of Income Tax (CIT) by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). So far Mutual Funds and approved pension funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to Ordinance. The Company along with other AMCs filed a petition in the Honorable Sindh High Court against the new requirement of FBR. The Honorable Sindh High Court decided that the requirement of obtaining exemption certificate will apply to those entities as well whose income are otherwise exempt from tax. Thereafter, the company has filed a petition in the Supreme Court of Pakistan, on April 20, 2016 and the hearing is still pending. In the meanwhile mutual funds are obtaining exemption certificates from Commissioner of Income Tax. However, any tax withheld is refundable.

## **ACCOUNTING FOR ELEMENT OF INCOME**

To maintain same rate of dividend (dividend equalization) the income contributed on units issued less income paid out on units redeemed (together referred as element of income) during a financial year is transferred to Income Statement. The balance in the Income Statement (of which element of income is a part) after setting off the expenses is distributed as dividend that is subjected to income tax at the applicable rate.

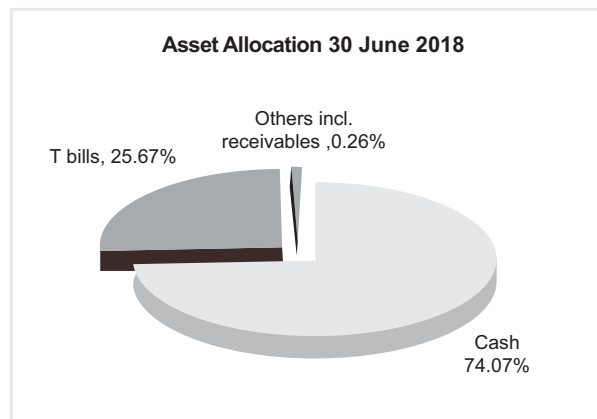
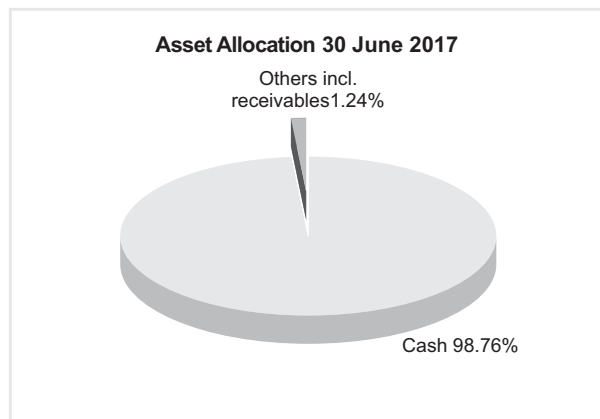
The SECP vide its statutory notification (S.R.O) no. 756(I) / 2017 dated August 03, 2017 has amended the NBFC Regulations. The amendment has been done in consultation with the Institute of Chartered Accountants of Pakistan, keeping in view the International Financial Reporting Standards. According to the amendment the "element of income" contributed on units to be issued and paid out on redemption is defined as transaction of capital nature and its receipt and payment is to be taken to Unit Holders' Fund.

The net element of income that was till the close of last financial year recognized in the income statement as an equalization account will not be available for payment as dividend on units, contributing to element of income. Accordingly dividend amount will vary with the dates of issue of units. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders' Fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

SECP vide its e-mail dated March 21, 2018, addressed MUFAP, to inform that they have no objection on the proposed accounting treatment and disclosure of element of income in the financial statements. Final Element of Income Circular dated March 21, 2018 as circulated by MUFAP includes Accounting and Tax treatment for Element of Income and Capital Gains in the prices of units Issued less those in units redeemed.

## **FUND OPERATIONS - ASLF**

The Net Asset Value per unit of the Fund increased by 5.00% to Rs. 105.00 per unit as on June 30, 2018. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated as selected by MUFAP) and 70% average 3 Month PKRV rate for the period of return stood at 5.36%. During the year the quarterly average exposure of Treasury Bills in ASLF stood at 80.07%. The ASLF's total exposure in cash deposits stood at 74.07% and 25.67% in Treasury Bills. ASLF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs 358.20 million, with 3.41 million units outstanding as of June 30, 2018.

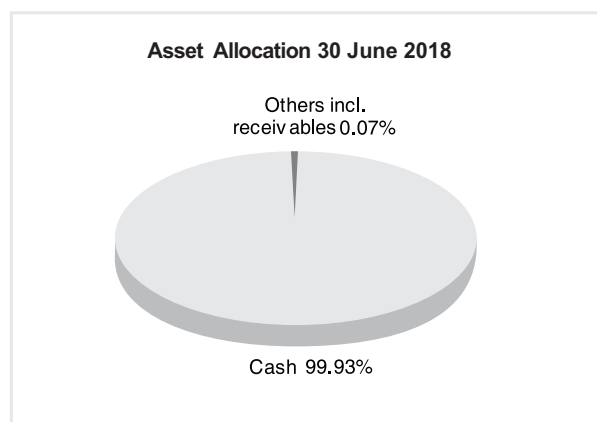
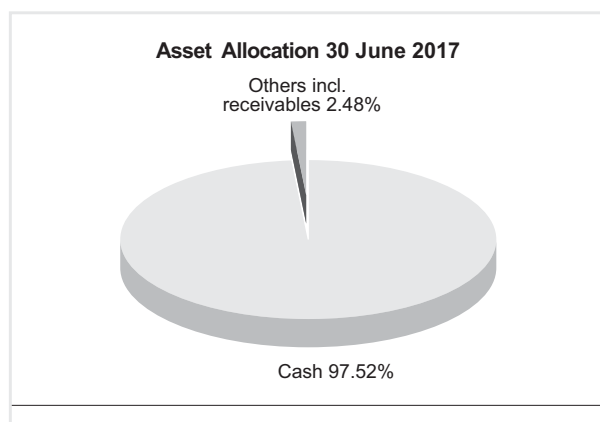


The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Liquid Fund has approved a final cash dividend of Rs 4.75 per unit for full year (4.75% on the face value of Rs. 100 per unit).

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 1,037,698 (Rs.0.30 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 905,341 up till June 30, 2016. (Rs.0.27 per unit as on June 30, 2018)

#### FUND OPERATIONS - AMF

The Net Asset Value per unit of the Fund increased by 5.49% to Rs. 529.42 per unit as on June 30, 2018. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated as selected by MUFAP) and 70% average 3 Month PKRV rate for the period of return stood at 5.36%. During the year the monthly average exposure of treasury bills in AMF stood at 50.20%. The AMF's total exposure in cash deposits stood at 99.93% and the remaining in others including receivables. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs. 13.16 billion, with 24.86 million units outstanding as of June 30, 2018.

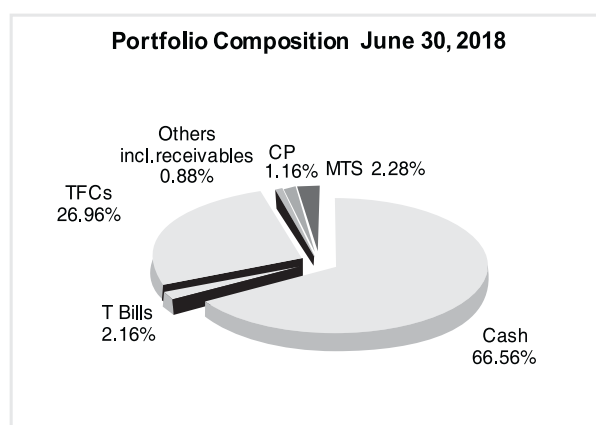
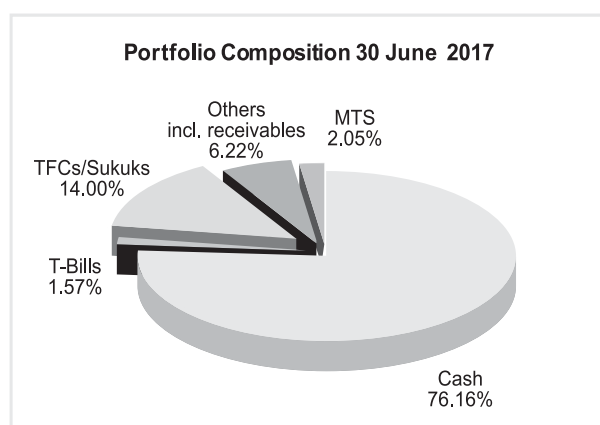


The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund has approved a final cash dividend of Rs 27.00 per unit for full year (5.40% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 13,923,061 (Rs.0.56 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,428,502 up till June 30, 2016. (Rs.0.82 per unit as on June 30, 2018)

### FUND OPERATIONS - AIF

AIF's Net Asset Value per unit increased by 4.82% to Rs. 536.95 as on June 30, 2018. The benchmark average six months KIBOR rate stood at 6.35% during the period under review. AIF's current asset allocation is 2.16% in Treasury bills, 2.28% in MTS, 26.96% in TFC/Sukuks, 66.56% in cash/deposits and 1.16% in commercial paper. The Net Assets of the Fund stood at Rs 6.74 billion with 12.55 million units outstanding as of June 30, 2018.



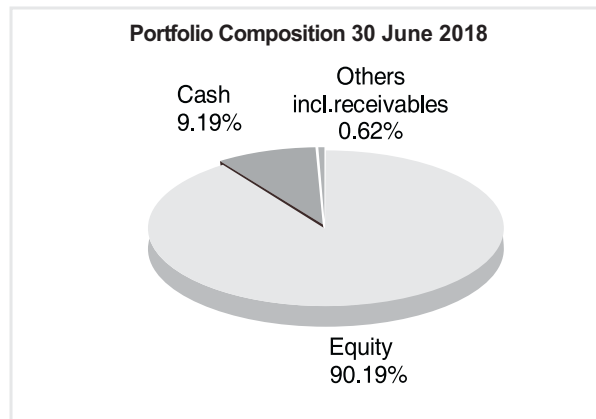
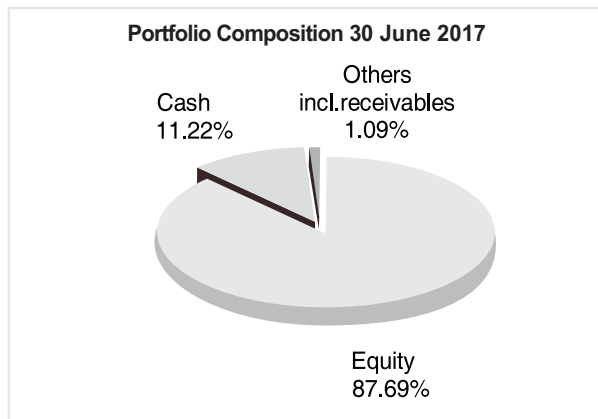
The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Income Fund has approved a final cash dividend of Rs 24.00 per unit for full year (4.80% on the face value of Rs 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs 22,649,623 (Rs.1.81 per unit). The Scheme has held provision for FED liability that amounted to Rs. 23,582,971 up till June 30, 2016. (Rs.1.88 per unit as on June 30, 2018)

### FUND OPERATIONS - ASMF

The Net Asset Value per unit of ASMF decreased by 4.75% to Rs.620.86 as on June 30, 2018. The benchmark KSE-100 index decreased by 10.00% during the same period. The KSE-100 index decreased from 46,565.29 points as on June 30, 2017 to 41,910.90 points as on June 30, 2018. The major outperformers for the index were PPL, POL, BAHL, EFERT, FFC, OGDC, PAKT, BAFL and HMB as they contributed approximately 3,064 points to the index. Decline in share price of HBL, LUCK, UBL, DGKC, PAEL, HUBC, HCAR, MLCF, SNGP and FCCL led index to shed 4,876 points. The ASMF's equity portfolio exposure was mainly in Commercial Bank, Oil & Gas Exploration and Fertilizer sectors.

ASMF's strategy will continue to focus on dividend plays and stocks, which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs 5.38 billion, with 8.66 million units outstanding as of June 30, 2018.



The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 38,835,533 (Rs.4.49 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,301,988 up till June 30, 2016. (Rs.2.34 per unit as on June 30, 2018)

#### REVOCAION OF ATLAS GOLD FUND - AGF

The Board of Directors of Atlas Asset Management Limited in its meeting held on October 26, 2017, decided to revoke the Atlas Gold Fund under clause 18.2 of the Trust Deed and clause 10.4 of the Offering Document of the Fund, subject to the process of revocation, as laid down in the Non- Banking Finance Companies and Notified Entities Regulations, 2008. Subsequently, Atlas Gold Fund has been revoked on November 3, 2017 and is no longer offered to investors. The Net Asset Value per unit during the period of Atlas Gold Fund increased by 3.09% to Rs.105.43 till the final settlement date of November 29, 2017. An amount of Rs.210.30 million has been paid to investors against final settlement. However, there is a claim for refund of tax amounting to Rs.0.33 million and also there are provisions in the books for Federal Excise Duty and Sindh Workers' Welfare Fund amounting to Rs.2.19 million that has been made as an abundant precaution. Once these issues are resolved a further payment will be made to unit holders.

#### RATINGS

- **Asset Manager Rating**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) to "AM2+" (AM Two Plus). The rating denotes high quality as the asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

- **Fund Stability Rating - ASLF**

PACRA has assigned a stability rating of "AA (f)" (Double A- fund rating) to the Fund. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

- **Fund Stability Rating - AMF**

PACRA has assigned a stability rating of "AA (f)" (Double A- fund rating) to the Fund. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

- **Fund Stability Rating - AIF**

PACRA has assigned a stability rating of "AA- (f)" (Double A Minus - fund rating) to the Fund. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risk

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## FUTURE OUTLOOK

In recent years Pakistan economy has continued its growth momentum due to better availability of energy, improving security situation and low international commodity prices. Economic activity has been strong as there is growth in industrial output as depicted in LSM index led by improvement in energy supply, infrastructure investment tied to economic corridor project CPEC, and higher credit offtake. However, slowdown in real sector growth may be witnessed next year as shortage of water is likely to constrain agriculture production, and manufacturing sector may show slowdown owing to high base-effect and on-going monetary tightening that could reduce demand. Moreover, higher domestic petroleum prices due to rising international oil prices and devaluation of Pak Rupee is likely to put pressure on inflation in coming months. Going forward, exchange rate flexibility and active monetary management is going to help arrest widening current account deficit while helping sustain growth momentum in medium term without posing a risk to economic stability. Going forward, continuous external flow would be required to maintain the stable balance of payments position. Shifting focus towards making the exports competitive through devaluation of currency and rebates, would strengthen the external sector outlook over medium to long term.

خدا جب دیتا ہے تو چھپڑ پھاڑ کے دیتا ہے

When god decides to give you something he overwhelms you

The Funds are committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

## AKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. I also thank the financial institutions and the unit holders for their help, support and the confidence reposed in the Fund and the Chief Executive Officer and his management team for their hard work, dedication and sincerity of purpose.

Karachi: 06 September 2018

**Yusuf H. Shirazi**  
Chairman

# Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Liquid Fund (ASLF), Atlas Money Market Fund (AMF), Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF) take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of ASLF, AMF, AIF and ASMF for the year ended 30 June 2018.

## EARNINGS PER UNIT, NET ASSETS AND SALES/REDEMPTIONS SUMMARY

Earnings per unit, net assets, and summary of sales / redemption of units of ASLF, AMF, AIF and ASMF for the year ended 30 June 2018 and 30 June, 2017 are as follows:

	ASLF		AMF		AIF		ASMF	
	2018	2017	2018	2017	2018	2017	2018	2017
Earnings per unit – Rupees	4.29	9.39	22.11	8.39	36.73	8.70	(29.54)	168.39
Return (YTD)	5.00%	9.39%	5.49%	6.14%	4.82%	5.48%	-4.75%	33.74%
Net assets – Rupees million	358.20	250.51	13,160.88	4,629.48	6,736.31	12,550.93	5,375.33	5,527.68
Sales – Rupees million	119.19	9,502.53	17,530.87	11,949.74	918.31	13,638.61	1,900.90	2,719.94
Sales – in units	1,166,753	90,740,877	33,927,632	23,357,832	1,762,116	27,219,389	3,118,966	4,335,654
Redemptions – Rupees million	4.40	10,042.22	9,549.10	10,822.54	7,193.35	9,191.54	1,673.15	2,583.29
Redemptions – in units	43,011	95,914,424	18,293,203	20,658,518	13,718,499	17,990,690	2,750,698	4,025,626
Units outstanding at year end	3,411,400	2,287,658	24,859,132	9,224,702	12,545,428	24,501,811	8,657,936	8,289,668

## REVOCAION OF ATLAS GOLD FUND

AGF has been revoked on November 3, 2017 and is no longer offered to investors. An amount of Rs.210.29 million has been paid to investors against final settlement. However, there is a claim for refund of tax amounting to Rs.0.33 million and also there are provisions in the books for Federal Excise Duty and Sindh Workers' Welfare Fund amounting to Rs.2.19 million that has been made as an abundant precaution. Once these issues are resolved a further payment will be made to unit holders.

## INCOME DISTRIBUTION - ASLF

The Board of Directors of AAML, the Management Company of ASLF in their meeting held on July 06, 2018 announced the distribution per unit for the financial year ended June 30, 2018 of Rs. 4.75 per unit (for full year), 4.75% on the face value of Rs.100 per unit (2017: Rs.9.50 per unit, 9.50% on the face value of Rs.100 per unit).

## INCOME DISTRIBUTION - AMF

The Board of Directors of AAML, the Management Company of AMF in their meeting held on July 06, 2018 announced the distribution per unit for the financial year ended June 30, 2018 of Rs. 27.00 per unit (for full year), 5.40% on the face value of Rs. 500 per unit (2017: interim cash dividend of Rs. 30.00 per unit, 6% on the face value of Rs. 500 per unit).

## INCOME DISTRIBUTION - AIF

The Board of Directors of AAML, the Management Company of AIF in their meeting held on July 06, 2018 announced the distribution per unit for the financial year ended June 30, 2018 of Rs. 24.00 per unit (for full year), 4.80% on the face value of Rs. 500 per unit (2017: interim cash dividend of Rs. 27.00 per unit, 5.40% on the face value of Rs. 500).

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## **INCOME DISTRIBUTION - ASMF**

The Board of Directors of AAML, the Management Company of ASMF, in their meeting held on July 06, 2018 announced NIL distribution per unit for the financial year ended June 30, 2018 (2017: Rs.15 per unit, 3% on the face value of Rs.500 per unit) as the Fund suffered a loss when reduced by realized and unrealized capital gains.

## **CHAIRMAN'S REVIEW**

The review included in the Annual Report of ASLF, AMF, AIF and ASMF deals inter alia with the performance of these Funds for the year and future prospects. The directors endorse the contents of the review.

## **CORPORATE GOVERNANCE**

The Company strongly believes in following the highest standards of Corporate Governance, ethics, and good business practices, which are an integral part of the Atlas Group Culture. The Code of Conduct of the Company, approved in July 2012, defines the obligations and responsibilities of all - the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole. The Code of Conduct is available on the Company's website.

With regards to SECP letter No. SCD/RS/MUFAP/346/2018 dated April 18, 2018 addressed to MUFAP, whereby open ended collective investment schemes as well as unlisted asset management companies, managing such collective investment schemes, are exempted from the requirement of the new Listing Companies (Code of Corporate Governance) Regulations, 2017.

## **STATEMENT BY THE BOARD OF DIRECTORS**

The Board of Directors states for ASLF, AMF, AIF and ASMF that:

- The financial statements, prepared by the Management Company of these funds present fairly their state of affairs, the results of operations, comprehensive income for the year, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- Statutory payments, taxes, levies properly disclosed in the Financial Statements.
- Summaries of key financial data/ performance tables of ASLF, AMF, AIF and ASMF are annexed on pages 24, 59, 98 and 147 respectively, of the Annual Report.
- The statement as to the value of investments of provident fund is not applicable in the case of these funds as these relate to retirement benefits to the employees of the Management Company, and are not chargeable to these Funds.
- The pattern of unit holdings is appended as notes 21, 24, 27 and 25 respectively, to the financial statements of ASLF, AMF, AIF and ASMF.

## **CHANGE OF CHIEF EXECUTIVE OFFICER**

The Board of Directors of AAML, in its 89th Board Meeting held on February 28, 2018 had accepted the resignation of Mr. M. Habib -ur-Rahman, and appointed Mr. Muhammad Abdul Samad as the Chief Executive Officer.

Mr. Muhammad Abdul Samad, took charge from the outgoing Chief Executive Officer, Mr. M. Habib -ur-Rahman, as the Chief Executive Officer of AAML w.e.f. March 19, 2018.

## **BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY AND COMMITTEES THEREOF**

The Board of Directors of the Management Company comprises of one executive and six non-executive directors. The Board of Directors of AAML include: Mr. Yusuf H. Shirazi, Chairman, Mr. Fahim Ali Khan, Director, Mr. M. Habib-ur-Rahman, Director, Mr. Tariq Amin, Independent Director, Mr. Ali H. Shirazi, Director, Ms Zehra Naqvi, Independent Director and Mr. Muhammad Abdul Samad, Chief Executive Officer.

There were two casual vacancies in the Board during the year, which were filled in with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008.

Six Board Meetings were held and attended during FY 2017-18. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 25, 28, 31 and 29 respectively to the financial statements of ASLF, AMF, AIF and ASMF.

Committees of the Board comprise the Audit Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel as required under the NBFC Regulations, 2008). Board Evaluation Committee was dissolved vide Circular Resolution no.138 passed by the Board dated March 22, 2018. These meetings were attended by the Directors as per the following details:

**Audit Committee (AC)** - four AC meetings were held during the year, and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Tariq Amin	Independent Director	4
2	Mr. Shamshad Nabi*	Independent Director	3
3	Mr. Frahim Ali Khan	Non-Executive Director	4
4	Mr. M. Habib -ur-Rahman**	Non-Executive Director	1

\* Resigned w.e.f. March 22, 2018

\*\* Member w.e.f. March 22, 2018

**Human Resource & Remuneration Committee (HR & RC)** - four meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Frahim Ali Khan	Non-Executive Director	4
2	Mr. Ali H. Shirazi	Non-Executive Director	4
3	Mr. M. Habib-ur-Rahman	Ex- Chief Executive Officer	2
4	Mr. M. Abdul Samad	Chief Executive Officer	2

**Investment Committee (IC)** - 34 meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	6
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	21
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer - Member IC	34
4	Mr. Khalid Mahmood (executive management)	Fund Manager Member IC	30
5	Mr. M. Umar Khan (executive management)	Fund Manager Member IC	31
6	Mr. Fawad Javaid (executive management)	Fund Manager Member IC	33
7	Mr. Faran-ul-Haq (executive management)	Fund Manager Member IC	34

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## **TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS**

The connected persons have made no transactions in the Fund's units during the year except as disclosed in notes 17, 19, 21 and 20 respectively, to the financial statements of ASLF, AMF, AIF and ASMF.

## **RATINGS UPDATE**

### **ASSET MANAGER RATING**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two Plus)] on 30 June 2018. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### **FUND STABILITY RATING - ASLF**

PACRA has maintained the stability rating of "AA (f)" (Double A; fund rating) to the Fund on 29 May 2018. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

### **FUND STABILITY RATING - AMF**

PACRA has maintained the stability rating of "AA (f)" (Double A; fund rating) to the Fund on 29 May 2018. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

### **FUND STABILITY RATING - AIF**

PACRA has maintained the stability rating of "AA- (f)" (Double A Minus fund rating) to the Fund on 29 May 2018. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

## **AUDITORS**

The Audit Committee of the Board of Directors, in their meeting held on 03 September 2018, recommended the re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, being eligible, as auditors of the Atlas Money Market Fund, for the financial year ending 30 June 2019, and the re-appointment of M/s. EY Ford Rhodes, Chartered Accountants, Karachi, being eligible, as auditors of Atlas Sovereign Liquid Fund, Atlas Income Fund and Atlas Stock Market Fund, respectively for the financial year ending 30 June 2019.

## **ACKNOWLEDGEMENT**

The Board of Directors of the Management Company thanks the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee, for their dedication and hard work, and the Unit Holders, for their confidence in the Management Company.

For and on behalf of the Board

**Muhammad Abdul Samad**  
Chief Executive Officer

**Frahim Ali Khan**  
Director

Karachi: 06 September 2018

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# Atlas Sovereign Liquid Fund

## Corporate Information

### Trustee

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Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

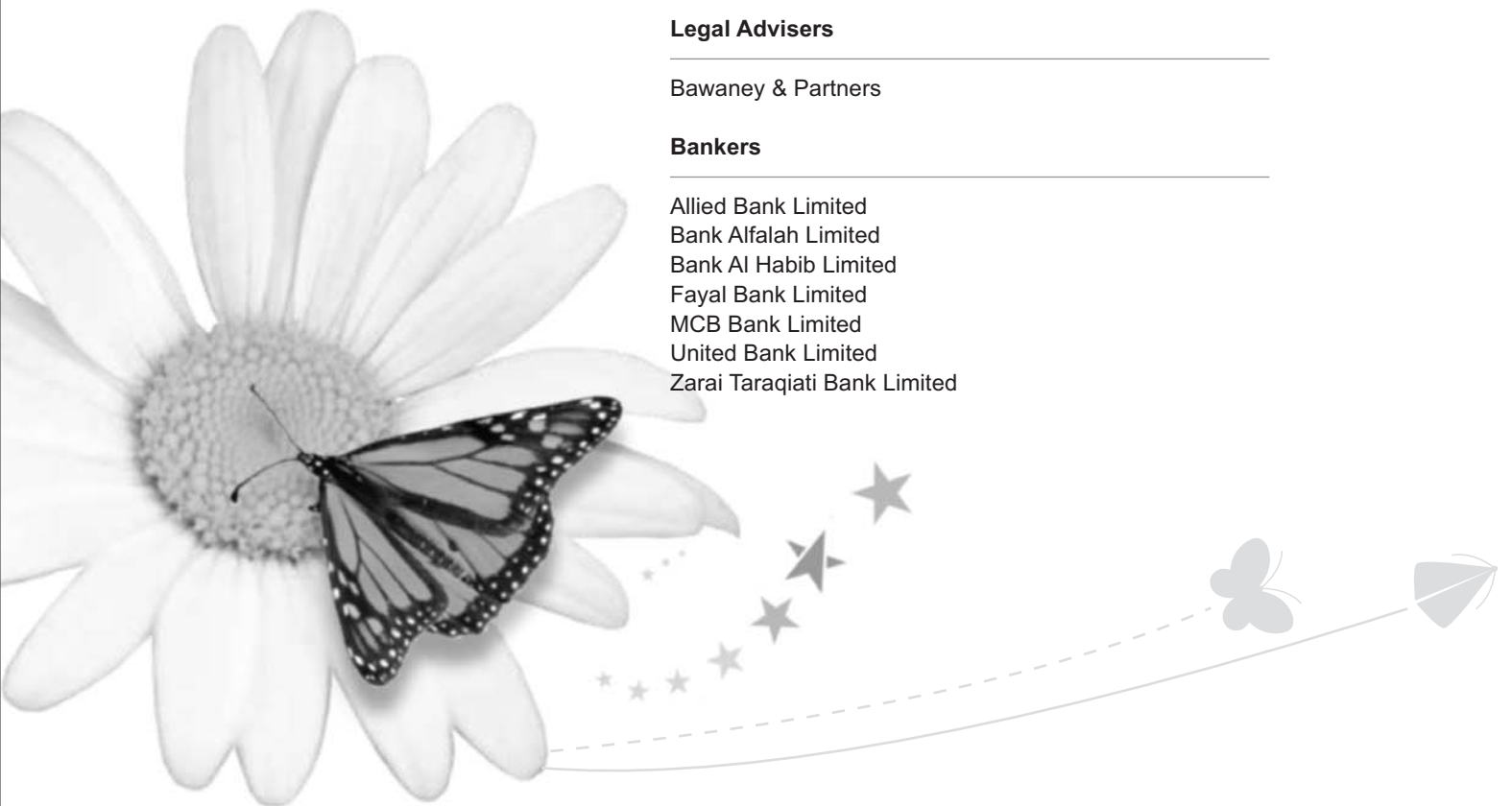
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Bawaney & Partners

### Bankers

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Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Fayal Bank Limited  
MCB Bank Limited  
United Bank Limited  
Zarai Taraqati Bank Limited



## Fund Manager's Report

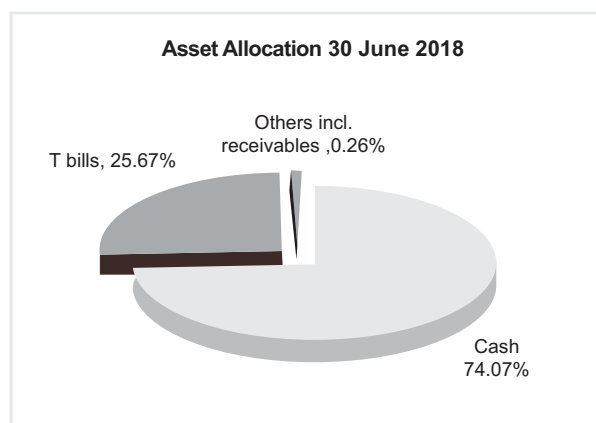
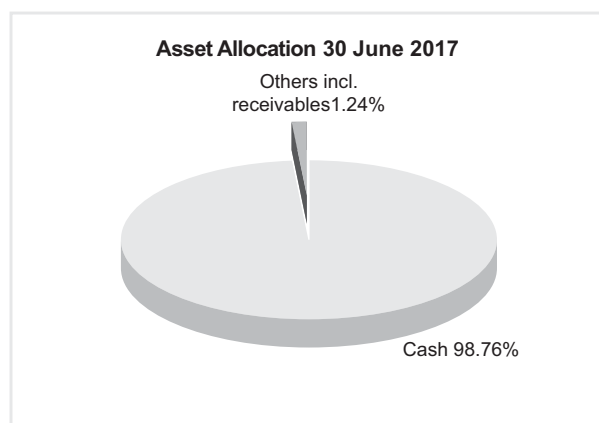
Atlas Sovereign Liquid Fund (ASLF) is an Open-ended Money Market Fund. The objective of ASLF is to provide unit-holders competitive returns with low risk and high liquidity by investing primarily in short-term Government Securities. The Fund will invest 70% of assets - based on quarterly average investments calculated on daily basis in authorized short term Government Securities and remaining in short term money market investment avenues with a maximum time to maturity of six months and weighted average time to maturity of ninety days. This is intended to reduce risk while maintaining liquidity. The Fund's investment strategy will be based on fundamental credit analysis of counter parties.

The Benchmark for "Atlas Sovereign Liquid Fund" is 30% that would be an average of "3-Month deposit rates of three scheduled banks (AA and above rated) as selected by MUFAP" for the period of return; and 70% that would be an average of "3 Month PKRV rate".

The Consumer Price Index (CPI) on average was recorded at 3.92% during FY2017-18, as compared to 4.16% for the financial year 2016-17. The YoY uptick in inflation was due to global revival of international crude oil prices, along with rise in domestic demand due to pick up of economic activities. The government passed on the increase of fuel prices to domestic consumer, however, stable food prices offset the impact of the rise in petroleum rates.

During the year, the cautious monetary policy was centered on consolidating the gains from historic-low policy rate at 5.75 percent till January, FY2017-18 and striking a balance between subdued inflation and emerging pressures on external accounts. The SBP changed the monetary policy stance in January 2018 by 25 bps to 6 percent to anchor expected rise in inflation in view of reversal of international oil and commodities prices and to address domestic demand pressure as well as exchange rate movement. In March 2018, the Monetary Policy Committee decided to maintain policy rate at 6.0 percent for the next two months to see impact of policy. However, The Central Bank increased the policy rate by 50bps to 6.50% under its monetary policy statement announced on May 25, 2018. The central bank's decision was based on (i) rising international oil prices which may translate into inflationary pressures going forward (ii) elevated aggregate demand which has kept imports high offsetting the impact of growth in exports worsening the current account deficit and (iii) a lack of foreign inflows amidst absence of triggers. Pakistan's foreign exchange reserves have decreased to US\$ 16.4 billion at June end 2018 compared to US\$ 21.4 billion at June end 2017. The level of foreign exchange reserves declined on the back of widening current account deficit not being fully offset by financial inflows despite growth in export earnings and remittance inflows.

The Net Asset Value per unit of the Fund increased by 5.00% to Rs. 105.00 per unit as on June 30, 2018. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated as selected by MUFAP) and 70% average 3 Month PKRV rate for the period of return stood at 5.36%. During the year the quarterly average exposure of treasury bills in ASLF stood at 80.07%. The ASLF's total exposure in cash deposits stood at 74.07% and 25.67% in Treasury Bills. ASLF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs. 358.20 million, with 3.41 million units outstanding as of June 30, 2018.



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Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	Percentage
Individual	29	2,900,901	0.81%
Associated companies / Directors	5	181,284,143	50.61%
Retirement Funds	2	174,011,723	48.58%
<b>Total</b>	<b>36</b>	<b>358,196,767</b>	<b>100.00 %</b>

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 1,037,698 (Rs. 0.30 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 905,341 up till June 30, 2016. (Rs. 0.27 per unit as on June 30, 2018)

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Liquid Fund has approved a final cash dividend of Rs 4.75 per unit for full year (4.75% on the face value of Rs. 100 per unit).

The Total Expense Ratio (TER) of the Fund is 1.25% including Government levy, SWWF and SECP Fee of 0.26%.

During the year under review, the Investment Committee held 34 meetings to review investment of the Fund and the Risk Committee held 22 meetings to review risk management.

Karachi: 06 September 2018

**Fawad Javaid**  
Fund Manager

## Performance Since Inception

	2018	2017	2016	2015*
Net Assets (Rs. in '000)	358,197	250,510	746,960	604,907
Number of units in issue	3,411,400	2,287,658	7,461,205	5,898,379
Net assets value per unit (Rs.)	105.00	109.50	100.11	102.55
Net income (Rs. in 000)	14,631	21,473	12,781	15,854
Earnings per unit (Rs.)	4.29	9.39	1.71	2.69
Annual return of the fund (%)	5.00	9.39	5.79	8.32
Offer Price ** (Rs.)	105.00	109.54	100.11	102.55
Redemption Price ** (Rs.)	105.00	109.54	100.11	102.55
Highest offer Price (Rs.)	104.97	109.54	105.76	104.61
Lowest offer Price (Rs.)	100.14	100.25	100.02	100.12
Highest repurchase price per unit (Rs.)	104.97	109.54	105.76	104.61
Lowest repurchase price per unit (Rs.)	100.14	100.25	100.02	100.12
Weighted average portfolio (No. of days) (Rs.)	2.82	0.98	10.83	1.72

For the Period From 24 November 2014 to 30 June 2015 (Date of Launch: 01 December 2014)

\*\*Relates to announced prices

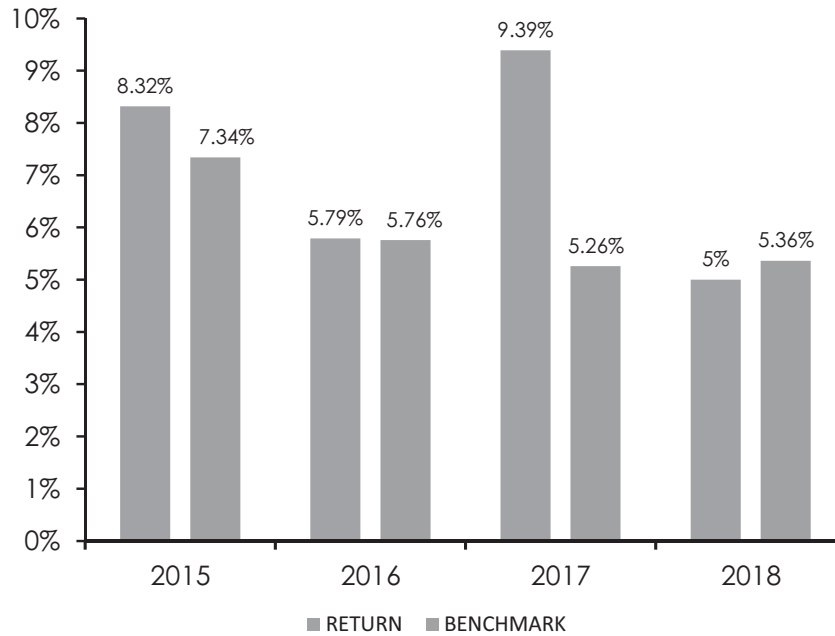
**Note:** Past Performance of the Fund is not indicative of future performance, and the price and investment return may go down, as well as up.

## Distribution Details

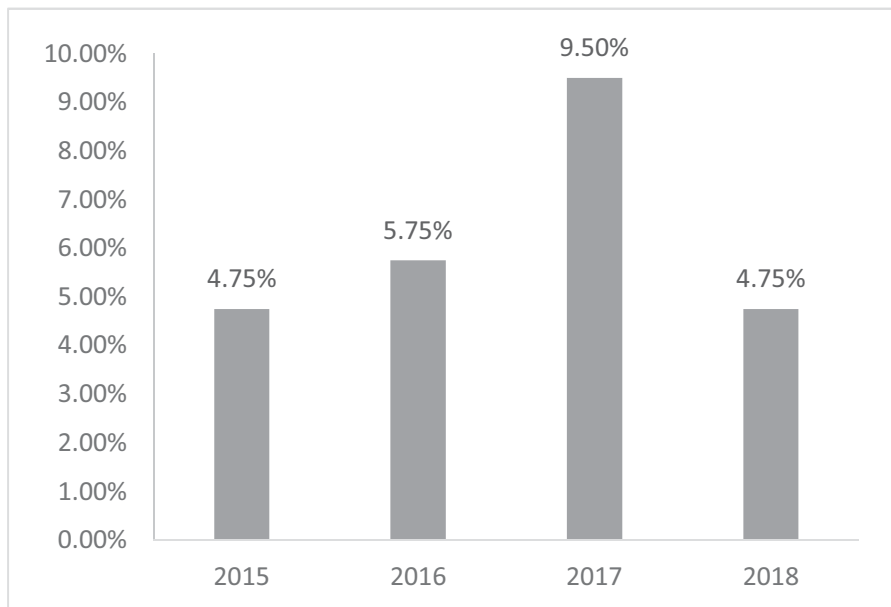
Distribution Details	2018	2017	2016	2015*
Interim Distribution - Cash Dividend	-	-	5.75	2.25
Interim Distribution as a % of opening NAV	-	-	5.75%	2.25%
Distribution date	-	-	24-Jun-16	8-Jun-15
Final Distribution - Cash Dividend	4.75	9.50	-	2.50
Final Distribution as a % of opening NAV	4.75%	9.49%	-	2.50%
Distribution date	6-Jul-18	7-Jul-17	-	7-Jul-15

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## Yearly Performance (Annualized)



## Payout History (% on Opening NAV)



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## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Sovereign Liquid Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 11 September 2018

**Aftab Ahmed Diwan**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Sovereign Liquid Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Atlas Sovereign Liquid Fund** (the Fund), which comprise the statement of financial position as at June 30, 2018, and the statement of income, comprehensive income, cash flows and movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
<p><b>1. Existence and valuation of debt securities</b></p> <p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the investments held by the Fund comprised of debt instruments which represent significant percentage of the total assets of the Fund as at the year end.</p> <p>In view of the significance of these debt instruments in relation to the total assets and the NAV of the Fund, we have consider the existence and valuation of such debt instruments as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of debt instruments. Our key procedure included the following:</p> <ul style="list-style-type: none"> <li>- We tested controls over acquisition, disposals and periodic valuation of debt instruments portfolio.</li> <li>- We performed substantive audit procedures on year-end balance of portfolio including review custodian's statement, related reconciliations and re-performance of debt instruments valuations on the basis of prices provided by the Mutual Funds Association of Pakistan (MUFAP).</li> <li>- We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of debt instruments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the debt instruments portfolio in accordance with the requirements of the Regulations.</li> </ul>

Key Audit Matter	How the matter was addressed in our audit
<p><b>2. Amendment to the NBFC Regulations, 2008</b></p>	
<p>As disclosed in note 3.14 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the Securities and Exchange Commission of Pakistan through its SRO no. 756(I)/2017 dated 03 August 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations).</p> <p>These amendments are considered significant to our audit because application of the said amendments resulted in change in accounting policy relating to presentation "element of income / loss" in the financial statements and certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' (the Statements).</p>	<p>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the amended provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the revised Regulations and assessed its implementation by the Fund.</p> <p>We evaluated the adequacy of disclosures regarding the change in accounting policy with respect to element of income / loss in accordance with the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto</p>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

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if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Karachi: 06 September 2018

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2018

	Note	2018 ----- Rupees -----	2017 -----
<b>Assets</b>			
Bank balances	4	267,945,874	265,276,299
Investments	5	92,878,298	-
Profit receivable on bank deposits		232,155	2,355,205
Other receivables	6	453,482	453,482
Deferred formation cost	7	260,000	520,000
<b>Total assets</b>		<b>361,769,809</b>	<b>268,604,986</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	1,735,345	3,276,711
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	49,789	248,142
Payable to the Securities and Exchange Commission of Pakistan	10	224,555	637,610
Payable against redemption of units		-	8,300,408
Accrued expenses and other liabilities	11	1,563,353	5,632,496
<b>Total liabilities</b>		<b>3,573,042</b>	<b>18,095,367</b>
<b>NET ASSETS</b>		<b>358,196,767</b>	<b>250,509,619</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>358,196,767</b>	<b>250,509,619</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>3,411,400</b>	<b>2,287,658</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>105.00</b>	<b>109.50</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		----- Rupees -----	
<b>Income</b>			
Interest Income	13	18,549,092	52,063,804
Capital loss on sale of investments - net		(169,359)	(168,565)
Net unrealized diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(8,187)	-
		<b>(177,546)</b>	<b>(168,565)</b>
Element of loss / capital losses included in prices of units sold less those in units redeemed - net	3.14	-	(21,760,335)
<b>Total income</b>		<b>18,371,546</b>	<b>30,134,904</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	1,347,312	3,825,661
Sindh Sales Tax on remuneration of the Management Company	8.2	175,151	497,336
Accounting and Operational charges	8.4	201,472	847,991
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	449,105	1,139,111
Sindh Sales Tax on Remuneration of Trustee	9.2	58,384	148,084
Annual fees to the Securities and Exchange Commission of Pakistan	10	224,555	637,610
Sindh Sales Tax on accounting and operational charges		-	67,839
Auditors' remuneration	15	286,450	267,481
Annual rating fee		273,460	273,460
Annual listing fee		27,500	55,000
Securities transaction cost		11,123	20,915
Printing charges		16,096	52,257
Legal and professional charges		102,920	123,760
Amortisation of formation cost	7	260,000	260,000
Bank charges		8,503	29,354
Reversal of provision for Workers' Welfare Fund	11.1	-	(323,547)
Provision for Sindh Workers' Welfare Fund	11.1	298,590	739,107
<b>Total expenses</b>		<b>3,740,621</b>	<b>8,661,419</b>
<b>Net income for the year before taxation</b>		<b>14,630,925</b>	<b>21,473,485</b>
<b>Taxation</b>	16	-	-
<b>Net income for the year after taxation</b>		<b>14,630,925</b>	<b>21,473,485</b>
<b>Earning per unit</b>	3.12		
<b>Allocation of net income for the year:</b>			
- Income already paid on units redeemed		78,044	
- Income available for distribution		14,552,881	
		<b>14,630,925</b>	
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	
- Excluding capital gains		14,552,881	
		<b>14,552,881</b>	

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>14,630,925</b>	<b>21,473,485</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>14,630,925</u></b>	<b><u>21,473,485</u></b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018		Net Assets
	Capital Value	Undistributed income	
Note	-----Rupees-----		
Capital value	228,274,827	-	228,274,827
<b>Undistributed income brought forward</b>			
- Realised income	-	22,234,792	22,234,792
- Unrealised income	-	-	-
<b>Net assets at beginning of the year (unit outstanding: 2,287,658) (Rs. 109.50 per unit)</b>	<b>228,274,827</b>	<b>22,234,792</b>	<b>250,509,619</b>
Issuance of 1,166,753 units	119,190,903	-	119,190,903
Redemption of 43,011 units	(4,323,888)	(78,044)	(4,401,932)
Total comprehensive income for the year	-	14,630,925	14,630,925
Cash dividend declared for the year ended 30 June 2017 @ Rs. 9.50 per unit declared on 7 July 2017	-	(21,732,748)	(21,732,748)
<b>Net assets at end of the year (unit outstanding: 3,411,400) (Rs. 105.00 per unit)</b>	<b>343,141,842</b>	<b>15,054,925</b>	<b>358,196,767</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	13,858,968	-
- Unrealised income	-	1,195,957	-
	-	<b>15,054,925</b>	-
			<b>June 30, 2017</b>
			<b>--- (Rupees) ---</b>
Capital value			<b>746,198,677</b>
<b>Undistributed income brought forward</b>			
- Realised loss			(1,774,823)
- Unrealised income			2,536,130
			<b>761,307</b>
<b>Net assets at beginning of the year (Unit outstanding: 7,461,205) (Rs. 100.11 per unit)</b>			<b>746,959,984</b>
Issue of 90,740,877 units			9,502,534,564
Redemption of 95,914,424 units			(10,042,218,749)
Element of income and capital gains included in prices of units sold less those in units redeemed transferred to income statement - net	3.14		<b>(539,684,185)</b>
Other income (net of expenses) for the year			21,642,050
Capital loss on sale of investments - net			(168,565)
<b>Total Comprehensive income for the year</b>			<b>21,473,485</b>
<b>Net assets at end of the year (Unit outstanding: 2,287,658) (Rs. 109.50 per unit)</b>			<b>250,509,619</b>
<b>Undistributed income carried forward</b>			
- Realised income			22,234,792
- Unrealised income			-
			<b>22,234,792</b>

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year after taxation	14,630,925	21,473,485
<b>Adjustments for:</b>		
Profit on savings and term deposits	(18,549,092)	(52,063,804)
Capital loss on sale of investments - net	169,359	168,565
Amortisation of formation cost	260,000	260,000
Net unrealized diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	8,187	-
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	-	21,760,335
Provision for workers' welfare fund	-	(323,547)
Provision for sindh workers' welfare fund	298,590	739,107
	<b>(17,812,956)</b>	<b>(29,459,344)</b>
<b>(Increase) / decrease in assets</b>		
Prepayment and other receivables	-	-
<b>(Decrease) / increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(1,541,366)	942,315
Payable to the Central Depository Company of Pakistan Limited - Trustee	(198,353)	176,930
Payable to the Securities and Exchange Commission of Pakistan	(413,055)	166,217
Accrued expenses and other liabilities	(4,367,733)	1,510,319
	<b>(6,520,507)</b>	<b>2,795,781</b>
	<b>(9,702,538)</b>	<b>(5,190,078)</b>
Interest received	5,768,475	10,427,130
Investments made during the year	(2,674,908,245)	(12,019,694,976)
Investments sold / matured during the year	2,596,756,068	12,282,968,100
	<b>(72,383,702)</b>	<b>273,700,254</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(82,086,240)</b>	<b>268,510,176</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipt from issuance of units	119,190,903	9,502,534,564
Net payment against redemption of units	(12,702,340)	(10,033,918,341)
Cash payout against distribution	(21,732,748)	-
<b>Net cash generated / (used in) financing activities</b>	<b>84,755,815</b>	<b>(531,383,777)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,669,575</b>	<b>(262,873,601)</b>
Cash and cash equivalents at the beginning of the year	265,276,299	528,149,900
<b>Cash and cash equivalents at the end of the year</b>	<b>4 267,945,874</b>	<b>265,276,299</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Sovereign Liquid Fund (the Fund) is an open ended Fund constituted by a Trust Deed entered into on 19 August, 2014 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First Supplemental Trust Deed dated 23 May 2017 and the offering document has been revised through First Supplement dated 24 March 2015, Second Supplement dated 3 August 2015, Third Supplement dated 23 June 2016, Fourth Supplement dated 13 October 2016, Fifth Supplemental dated 2 June 2017 and 6th Supplemental dated 18 April 2018 with the approval of the Securities and Exchange Commission of Pakistan (SECP). The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund is categorised as a 'money market scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis from 01 December 2014 and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the Trust Deed, the objective of the Fund is to provide unit-holders competitive returns with low risk and high liquidity. The Fund aims to deliver this objective by investing primarily in short term Government securities, bank deposits (excluding TDRs), treasury bills, money market placements, deposits, certificates of deposits (CoDs), certificate of musharikas (CoMs), commercial papers and reverse repo with weighted average time to maturity of net assets not exceeding 90 days and in case of a single asset, maximum time to maturity of six months. The investment objectives and policies are more fully defined in Fund's Offering document.
- 1.4 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of directives issued under the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

#### **New Standards, Interpretations and Amendments**

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## Standard

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

## 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

2.2.1 The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 2 Share-based Payments – Classification and Measurement of Share- based Payments Transactions (Amendments)	01 January 2018
- IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
- IFRS 9 Financial Instruments	01 July 2018
- IFRS 9 Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
- IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 15 Revenue from Contracts with Customers	01 July 2018
- IFRS 16 Leases	01 January 2019
- IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
- IAS 28 Long-term Interests in Associates and Joint Ventures - (Amendments)	01 January 2019
- IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
- IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application. However, the Fund is currently evaluating the requirements of IFRS-9 and potential impact on the financial statements of the Fund.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- Classification and valuation of investments (note 3.1.1, 3.1.4 and 5)
- Impairment of financial assets (note 3.1.5)
- Taxation (note 3.8 and 16)
- Provisions (note 3.6 and 11.1)

## 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair values.

## 2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out as below. These policies have been applied consistently to all years except for the changes in accounting policies as explained in the note 3.14 below.

### 3.1 Financial assets

#### 3.1.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows :

#### a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## c) Available-for-sale

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss, or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.1.2 Regular way contracts

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

### 3.1.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

### 3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

#### a) Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

##### Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising on changes in the fair values of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in fair value of 'available-for-sale financial assets' are taken to the Statement of Comprehensive Income' as 'other comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised as 'other comprehensive income' is transferred to the Income Statement as capital gain / (loss).

#### b) Loans and receivables

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

### 3.1.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement is reclassified from unit holders' fund to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the income statement.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by the SECP.

## 3.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

## 3.1.7 Derivatives

Derivative instruments are initially recognised at fair values and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Presently, the Fund does not have any derivative instrument.

## 3.2 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Any gain on derecognition of financial liability is taken to income statement.

## 3.3 Issue and redemption of units

Units issued are recorded at the offer price determined by the management company for the applications received by the distribution company / management company during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the distribution company / management company receives redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

## 3.4 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Income from investments in government securities is recognised on an accrual basis using effective interest method at the rate of return implicit in the instrument.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Interest income on bank balances and term deposits is recognised on an accrual basis.

## 3.5 Expenses

All expenses chargeable to the Fund including remuneration of management company, trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.7 Deferred formation cost

Formation cost refers to all the preliminary and floatation expenses of the Fund incurred upto the initial issue of units to the extent allowable under the NBFC Regulations. These costs are being amortised over a period of five years commencing from December 2014, in accordance with the requirements of the NBFC Regulations. These expenses were paid off by the management company and are re reimbursable to it by the Fund.

### 3.8 Taxation

The Fund is exempt from taxation under Clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

### 3.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.10 Distribution to unit holders

Distribution to unit holders is recognised upon declaring and approval by the Distribution Committee of the Board of Directors of Management Company under powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Director of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.11 Net asset value per unit

The net asset value (NAV) per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

### 3.12 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management the determination of cumulative weighted average number of outstanding units for calculation EPU is not practicable.

### 3.13 Cash and cash equivalents

These comprise balances with banks, cheques in hand and short-term highly liquid investments with original maturities of three months or less.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.14 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The SECP through its SRO no. 756(l)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations with respect to the accounting treatment and disclosure requirements as summarized below:

(a) The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting year.

(b) The revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund.

(c) The regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year was recognised in the Income Statement.

The above changes resulted in a change in accounting policy with respect to the presentation element of income / (loss) and capital gains / (loss). As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its SRO no. 756(l)/2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs. 2.49 million. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

Additionally, the revised regulations required that for the purpose of maintaining the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The income paid on redemption of units during the year will be considered as distribution of income during the year and therefore, will be deducted from the net income to arrive at the income available for distribution to the unit holders at the end of the year. MUFAP, in consultation with the SECP, has specified the methodology of determination of income paid on units redeemed during the year which has been followed by the Fund.

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
<b>4 BANK BALANCES</b>			
Balances with banks in:			
- savings accounts	4.1	<u>267,945,874</u>	<u>265,276,299</u>
<b>4.1</b>	The rate of return on these balances range from 4.00% to 7.35% per annum (30 June 2017: 3.75% to 6.75% per annum).		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5 INVESTMENTS	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
<b>At fair value through profit or loss - held for trading</b>			
Government securities - Market Treasury Bills	5.1	<u>92,878,298</u>	<u>-</u>

## 5.1 Market Treasury Bills - held-for-trading

Treasury bills	Face value (Rupees)				(Rupees)		Percentage	
	As at 1 July 2017	Acquired during the year	Sold / matured during the year	As at 30 June 2018	Amortised cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets
3 Months - T-bills	-	2,492,200,000	2,399,200,000	93,000,000	92,886,485	92,878,298	100.00	25.93
6 Months - T-bills	-	206,000,000	206,000,000	-	-	-	-	-
	-	<u>2,698,200,000</u>	<u>2,605,200,000</u>	<u>93,000,000</u>	<u>92,886,485</u>	<u>92,878,298</u>	<u>100.00</u>	<u>25.93</u>

5.2 The cost of investments as on 30 June 2018 is Rs. 91,682,341 (30 June 2017: Rs.Nil).

5.3 These Market Treasury Bills carry purchase yields ranging from 6.21% to 6.72% per annum and will mature between 05 July 2018 and 30 August 2018.

6 OTHER RECEIVABLE	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
Other receivable	6.1	<u>453,482</u>	<u>453,482</u>

6.1 As per Clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, during the year ended 30 June 2016, several Companies (including banks) deducted withholding tax on profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015.

In this connection, a petition has been filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Pending resolution of the matter, the cumulative amount of withholding tax deducted on profit received by the Fund on bank deposits till 30 June 2017 has been shown as other receivables as, in the opinion of the management, the amount of tax deducted at source will be refunded.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
<b>7 DEFERRED FORMATION COST</b>			
Formation cost		520,000	780,000
Amortized formation cost		(260,000)	(260,000)
		<b>260,000</b>	<b>520,000</b>
<b>8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (Related party)</b>			
Remuneration of the Management Company	8.1	132,163	1,067,107
Sindh Sales Tax payable on remuneration of the Management Company	8.2	148,464	270,004
Federal Excise Duty payable on remuneration of the Management Company	8.3	905,341	905,341
Formation cost payable		520,000	780,000
Accounting and operational charges payable	8.4	29,377	235,425
Sindh Sales Tax payable on accounting and operational charges payable		-	18,834
		<b>1,735,345</b>	<b>3,276,711</b>

**8.1** In accordance with the provisions of the NBFC Regulations amended vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1% of the average annual net assets in case of money market schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter, at the rate of 2% of such assets. Accordingly, the Management Company has charged its remuneration at the rate of 0.45% (2017: 0.45%) per annum of the average annual net assets of the year. The fee is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs. 175,151 (2017: Rs. 497,336) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 296,691 (2017: Rs.384,846) has been paid to the Management Company which acts as a collecting agent.

**8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 8.2 above, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the previous year, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 0.905 million (30 June 2017: Rs 0.905 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs. 0.27 per unit (30 June 2017: Re. 0.40 per unit).

## 8.4 ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto the maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund in respect of the back office accounting function to an independent service provider.

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
<b>9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	9.1	44,061	219,595
Sindh Sales Tax on Trustee fee	9.2	5,728	28,547
		<b>49,789</b>	<b>248,142</b>

9.1 The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- upto Rs 1,000 million                      0.15% per annum of net assets
- Rs 1,000 to Rs 10,000 million      Rs 1.50 million plus 0.075% per annum of net assets exceeding Rs 1,000 million
- exceeding Rs 10,000 million        Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10,000 million

9.2 During the year, an amount of Rs. 58,384 (2017: 148,084) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 81,203 (2017: 128,282) was paid to the Trustee which acts as a collecting agent.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
Annual fee payable	10.1	<b>224,555</b>	<b>637,610</b>

10.1 In accordance with the NBFC Regulations, the Fund is required to pay SECP an amount of 0.075% of the average annual net assets of the Fund as annual fee.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2018 Rupees	2017 Rupees
Transaction charges payable		1,204	1,227
Auditors' remuneration payable		231,925	210,325
Printing charges payable		6,224	21,915
Fund Rating Fee Payable		273,460	-
Withholding tax payable		1,664	9,795
CGT Payable		193	4,539,142
Dividend payable		10,985	10,985
Legal and professional charges payable		-	100,000
Provision for Sindh Workers' Welfare Fund	11.1	1,037,698	739,107
		<b>1,563,353</b>	<b>5,632,496</b>

**11.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds. MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 31 March 2018 would have been higher by Re. 0.30 per unit (30 June 2017: Re. 0.32 per unit).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2018 and 30 June 2017.

	2018	2017
	----- Rupees -----	
<b>13 INTEREST INCOME</b>		
PLS saving and term deposit accounts	3,645,425	12,552,590
Government securities - Market Treasury Bills	14,903,667	39,511,214
	<b><u>18,549,092</u></b>	<b><u>52,063,804</u></b>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2018 is 1.25% (30 June 2017:1.02%) which includes 0.26% (30 June 2017: 0.21%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

	2018	2017
	----- Rupees -----	
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	111,000	125,000
Half yearly review of condensed interim financial information	62,500	62,500
Certification charges	50,000	16,000
Review of Statement of Compliance with Code of Corporate Governance	-	40,000
Sindh Sales tax on Services	21,080	19,480
Out of pocket expenses	41,870	4,501
	<b><u>286,450</u></b>	<b><u>267,481</u></b>

## 16 TAXATION

**16.1** The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund during the year ended 30 June 2018 subsequent thereto to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**17.1** Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and key management personnel of the Management Company.

**17.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

**17.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 17.4 The details of transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

	2018	2017
	----- Rupees -----	
<b>Transactions for the year</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	1,347,312	3,825,661
Remuneration paid	2,282,256	2,945,952
Sindh sales tax on remuneration of the Management Company	175,151	497,336
Issue of 3,206 (2017: Nil) units	320,588	-
Redemption of nil (2017: 4,975) units	-	500,000
Cash dividend	427,451	-
Outstanding 48,201 (2017: 44,995) units at - net asset value	5,061,082	4,926,941
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	449,105	1,139,111
Sindh sales tax payable on remuneration of the Trustee	58,384	148,084
Remuneration paid	624,639	981,983
<b>Atlas Battery Limited (Group Company)</b>		
Issue of Nil (2017: 14,498,969) units	-	1,519,056,940
Redemption of nil (2017: 14,498,969) units	-	1,519,781,888
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 105 (2017: 24,558,675) units	10,748	2,573,994,728
Redemption of nil (2017: 29,554,179) units	-	3,093,403,973
Outstanding 105 (2017: Nil) units at - net asset value	11,031	-
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 110,791 (2017: Nil) units	11,079,147	-
Cash dividend	14,772,196	-
Outstanding 1,665,759 (2017: 1,554,968) units at - net asset value	174,904,743	170,268,994
<b>Cherat Cement Company Limited (Unit Holder with more than 10% holding)</b>		
Issue of 45,350 (2017: Nil) units	4,534,967	-
Outstanding 681,836 (2017: 636,487) units at - net asset value	71,592,806	69,695,281
Cash dividend	6,046,623	-
<b>Directors and their close family members and key management Personnel and executive of the Management Company</b>		
Issue of 14,775 (2017: 57,987) units	1,504,319	5,650,000
Redemption of 20,372 (2017: 57,269) units	2,103,694	6,105,345
Cash dividend	171,466	-
Outstanding 12,452 (2017: 17,095) units at - net asset value	1,307,460	1,871,911
17.5	Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.	
17.6	The transactions with related parties / connected persons are in the normal course of business at contracted rates and terms determined in accordance with market rates.	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2018		
	Loans and receivables	At fair value through profit or loss	Total
	----- (Rupees) -----		
<b>Assets</b>			
Bank balances	267,945,874	-	267,945,874
Investments	-	92,878,298	92,878,298
Profit receivable on bank deposits	232,155	-	232,155
Other receivables	453,482	-	453,482
	<b>268,631,511</b>	<b>92,878,298</b>	<b>361,509,809</b>

	As at 30 June 2018		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees) -----		
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	1,735,345	1,735,345
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	49,789	49,789
Accrued expenses and other liabilities	-	523,798	523,798
	-	<b>2,308,932</b>	<b>2,308,932</b>

	As at 30 June 2017		
	Loans and receivables	At fair value through profit or loss	Total
	----- (Rupees) -----		
<b>Assets</b>			
Bank balances	265,276,299	-	265,276,299
Profit receivable on bank deposits	2,355,205	-	2,355,205
Other receivables	453,482	-	453,482
	<b>268,084,986</b>	-	<b>268,084,986</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	As at 30 June 2017		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees) -----		
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	3,276,711	3,276,711
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	248,142	248,142
Payable against redemption of units	-	8,300,408	8,300,408
Accrued expenses and other liabilities	-	244,452	244,452
	<u>-</u>	<u>12,069,713</u>	<u>12,069,713</u>

## 19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**19.1** The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

### 19.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. As of 30 June 2018, the Fund is exposed to such risk in respect of bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2018, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 2,679,459 (2017: Rs. 2,636,182). In case of 100 basis points decrease in market interest rates as at 30 June 2017, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 2,679,459 (2017: Rs. 2,636,182).

#### b) Sensitivity analysis for Fixed rate instruments

Presently, the Fund holds treasury bills which exposes the Fund to fair value interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2018, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 0.93 million (2017: Nil). In case of 100 basis points decrease in market interest rates as at 30 June 2018 with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 0.93 million (2017: Nil).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The composition of the fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the impact on the Fund's net assets of the future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2018 can be determined as follows: The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2018 can be determined as follows:

----- As at 30 June 2018-----					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	(Rupees)				
<b>Financial assets</b>					
Bank balances	4.00% - 7.35%	267,945,874	-	-	267,945,874
Investments		92,878,298	-	-	92,878,298
Profit receivable on bank deposits		232,155	-	-	232,155
Other receivables		-	-	453,482	453,482
		<b>361,056,327</b>	-	<b>453,482</b>	<b>361,509,809</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	1,735,345	1,735,345
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	49,789	49,789
Accrued expenses and other liabilities		-	-	523,798	523,798
		-	-	<b>2,308,932</b>	<b>2,308,932</b>
<b>Total interest rate sensitivity gap</b>		<b>361,056,327</b>	-	<b>(1,855,450)</b>	<b>359,200,877</b>

----- As at 30 June 2017 -----					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	(Rupees)				
<b>Financial assets</b>					
Bank balances	3.75% - 6.75%	265,276,299	-	-	265,276,299
Investments		-	-	-	-
Profit receivable on bank deposits		2,355,205	-	-	2,355,205
Other receivables		-	-	453,482	453,482
		<b>267,631,504</b>	-	<b>453,482</b>	<b>268,084,986</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	3,276,711	3,276,711
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	248,142	248,142
Payable against redemption of units		-	-	8,300,408	8,300,408
Accrued expenses and other liabilities		-	-	244,452	244,452
		-	-	<b>12,069,713</b>	<b>12,069,713</b>
<b>Total interest rate sensitivity gap</b>		<b>267,631,504</b>	-	<b>(11,616,231)</b>	<b>256,015,273</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## (ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## (iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## 19.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short-term instruments in order to maintain liquidity.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

----- As at 30 June 2018 -----					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Financial assets</b>					
Bank balances and term deposits	267,945,874	-	-	-	267,945,874
Investments	-	92,878,298	-	-	92,878,298
Profit receivable on bank deposits	232,155	-	-	-	232,155
Other receivables	-	453,482	-	-	453,482
	<b>268,178,029</b>	<b>93,331,780</b>	-	-	<b>361,509,809</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	1,215,345	260,000	-	260,000	1,735,345
Payable to the Central Depository Company of Pakistan Limited - Trustee	49,789	-	-	-	49,789
Payable against redemption of units	-	-	-	-	-
Accrued expenses and other liabilities	12,189	511,609	-	-	523,798
	<b>1,277,323</b>	<b>771,609</b>	-	<b>260,000</b>	<b>2,308,932</b>
<b>Net assets / (liabilities)</b>	<b>266,900,706</b>	<b>92,560,171</b>	-	<b>(260,000)</b>	<b>359,200,877</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at 30 June 2017 -----					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Financial assets</b>					
Bank balances	265,276,299	-	-	-	265,276,299
Investments	-	-	-	-	-
Receivable against sale of units	2,355,205	-	-	-	2,355,205
Profit receivable on bank deposits	-	453,482	-	-	453,482
	<b>267,631,504</b>	<b>453,482</b>	<b>-</b>	<b>-</b>	<b>268,084,986</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	2,236,711	260,000	-	780,000	3,276,711
Payable to the Central Depository Company of Pakistan Limited - Trustee	248,142	-	-	-	248,142
Payable against redemption of units	8,300,408	-	-	-	8,300,408
Accrued expenses and other liabilities	12,212	232,240	-	-	244,452
	<b>10,797,473</b>	<b>492,240</b>	<b>-</b>	<b>780,000</b>	<b>12,069,713</b>
<b>Net assets / (liabilities)</b>	<b>256,834,031</b>	<b>(38,758)</b>	<b>-</b>	<b>(780,000)</b>	<b>256,015,273</b>

## 19.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. The Fund is exposed to credit risk with respect to its bank balances, interest accrued. The Fund's policy is to enter into financial contracts in accordance with the interest risk management policies and investment guidelines approved by the Investment Committee. As of 30 June 2018, 25.93% (2017: Nil%) of Fund's net assets are invested in government securities. The Fund's maximum exposure to credit risk (excluding government securities) as of 30 June 2018 amounts to Rs. 268,631,511 (2017: Rs. 268,084,986).

### 19.4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. Banks with which the Fund has maintained balances are rated AA+ / AAA / AA. The credit risk associated with government securities is limited as these are guaranteed by the Federal Government.

## 19.5 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of government securities is determined by reference to the quotation obtained from the brokers on the Reuters page. The fair values of financial assets and liabilities of the Fund, other than government securities, approximate their carrying amount due to short-term maturities of these instruments.

## 19.6 Fair value hierarchy

The Fund uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2018, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique.

## 20 UNIT HOLDERS FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. As required under NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	2018			2017		
	Number of unit holders	Investment Amount Rupees	Percentage of total	Number of unit holders	Investment Amount Rupees	Percentage of total
Individuals	29	2,900,901	0.81	36	3,735,558	1.49
Associated companies / Directors	5	181,284,143	50.61	4	177,075,692	70.69
Retirement Funds	2	174,011,723	48.58	1	69,698,369	27.82
	<b>36</b>	<b>358,196,767</b>	<b>100.00</b>	<b>41</b>	<b>250,509,619</b>	<b>100.00</b>

## 22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2018		2017	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Pearl Securities Limited	49.51%	Invest Capital Markets Limited	42.39%
Next Capital Limited	34.48%	Invest and Finance Securities Limited	34.51%
BMA Capital Management Limited	12.71%	JS Global Capital Limited	19.28%
Invest Capital Markets Limited	3.30%	Next Capital Limited	3.82%
	<b>100.00%</b>		<b>100.00%</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 23 MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	18 Years
Mr. Ali H. Shirazi	Director	Masters in Law	14.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	14 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	10 Years
Mr. Fawad Javaid	Fund Manager	CMA	10 Years
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	7 Years

## 24 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Fawad Javaid	Fund Manager	CMA	Atlas Islamic Income Fund Atlas Money Market Fund

## 25 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The details of dates of Board meetings of the management company of the Fund and the attendance of the Board members are given below:

Name of Directors	Meeting held on					
	07 July 2017	30 August 2017	26 October 2017	28 February 2018	27 April 2018	20 June 2018
Mr. Yusuf H. Shirazi	P	P	P	P	L	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Shamshad Nabi (Resigned w.e.f. Mar. 22,2018)	L	P	P	P	N/A	N/A
Mr. Frahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. Arshad P. Rana (Resigned w.e.f. Mar. 19,2018)	P*	P*	P*	P	N/A	N/A
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms Zehra Naqvi (w.e.f.Apr. 26, 2018)	N/A	N/A	N/A	N/A	N/A	P**
Mr. M. Abdul Samad (Appointed CEO w.e.f. Mar. 19, 2018)	N/A	N/A	N/A	N/A	P**	P
Ms. Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Appointed Co.Sec. w.e.f. Jan. 31, 2018)	N/A	N/A	N/A	P**	P	P

\* Attended through teleconference call.

\*\* Joined

P Present

L Leave of absence

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 26 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two plus) [2017: AM2+ (AM Two plus)] on 30 June 2018

Moreover, PACRA has maintained the stability rating of the Fund at "AA (f)" [2017: "AA (f)"] on 29 May 2018.

## 27 NON - ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of Management Company, in the meeting held on 06 July 2018 (2017: 07 July 2017) approved a final cash dividend of Rs. 4.75 per unit for full year (2017: 9.50) on the face value of Rs. 100 each (i.e. 4.75%) amounting to Rs. 13,834,442 (2017: 21,732,748) The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

## 28 GENERAL

**28.1** Figures have been rounded off to the nearest Rupee unless otherwise stated.

**28.2** Units have been rounded off to the nearest decimal place.

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 06 September 2018.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Money Market Fund

## Corporate Information

### Trustee

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Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

### Auditors

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A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisers

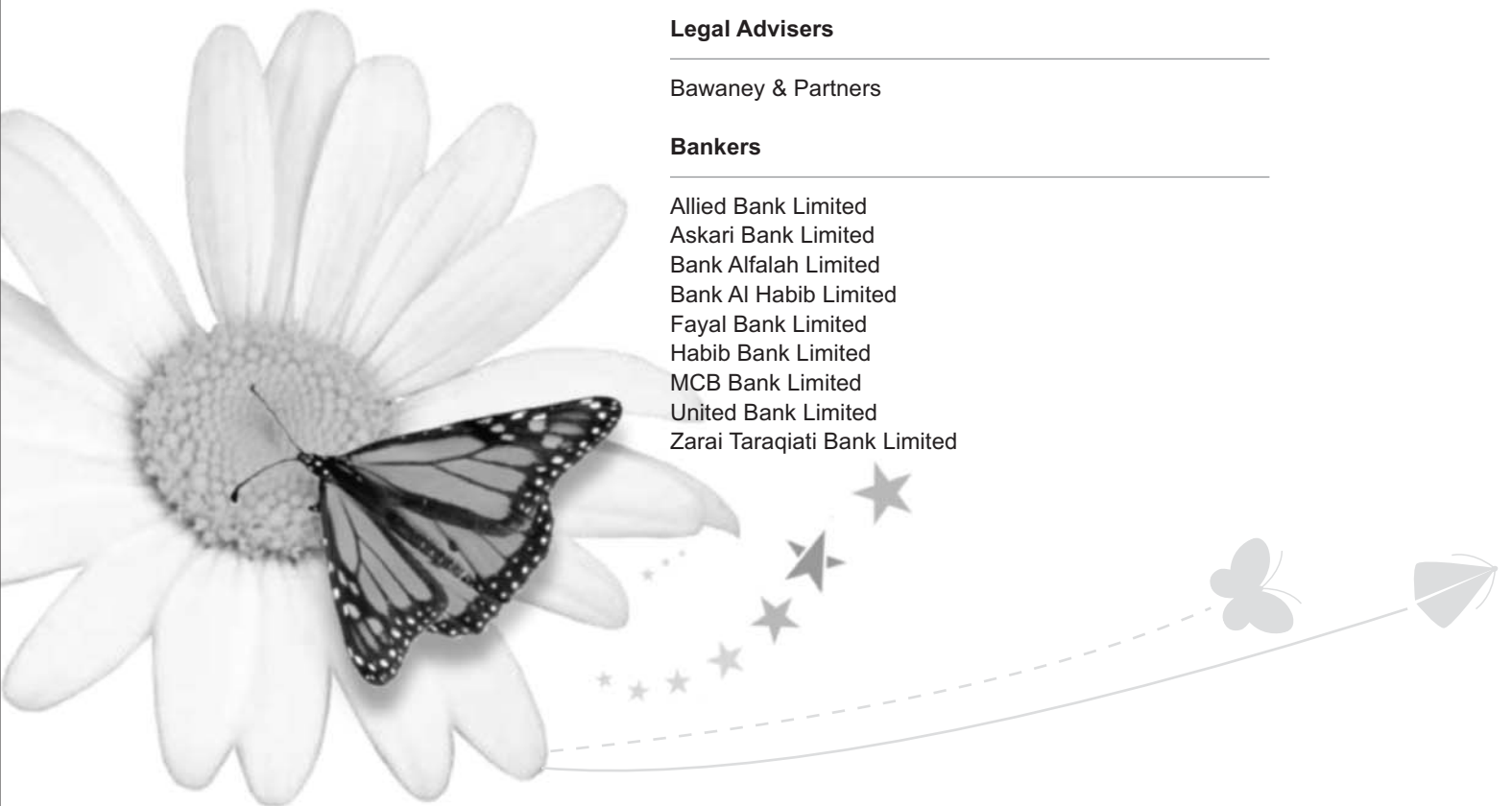
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Bawaney & Partners

### Bankers

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Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Fayal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
United Bank Limited  
Zarai Taraqjati Bank Limited



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## Fund Manager's Report

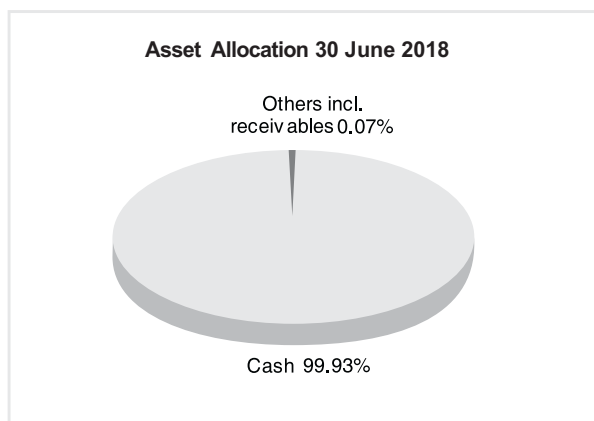
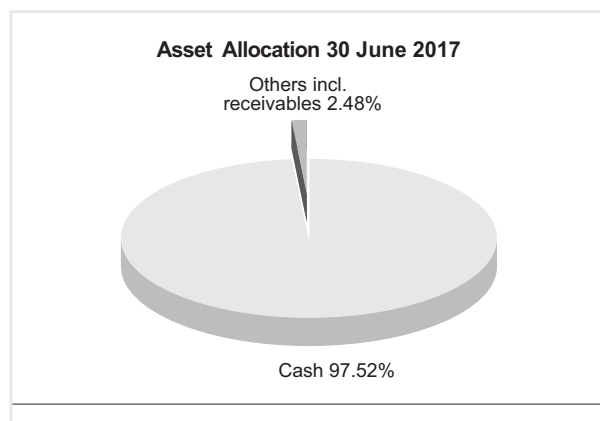
Atlas Money Market Fund (AMF) is an Open-ended Money Market Fund. The investment objective of AMF is to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in authorized short term money market investment avenues with a maximum time to maturity of six months and weighted average time to maturity of ninety days. This is intended to reduce risk while maintaining liquidity. The Fund's investment strategy will be based on fundamental credit analysis of counter parties. Specifically, the investment strategy will seek to invest in those money market instruments that offer attractive market returns and are issued by sponsors with good credit rating, strong financials and ability to repay.

The Benchmark for "Atlas Money Market Fund" is 30% that would be an average of "3-Month deposit rates of three scheduled banks (AA and above rated) as selected by MUFAP" for the period of return; and 70% that would be an average of "3 Month PKRV rate".

The Consumer Price Index (CPI) on average was recorded at 3.92% during financial year 2017-18, as compared to 4.16% for the financial year 2016-17. The YoY uptick in inflation was due to global revival of international crude oil prices, along with rise in domestic demand due to pick up of economic activities. The government passed on the increase of fuel prices to domestic consumer, however, stable food prices offset the impact of the rise in petroleum rates.

During the year, the cautious monetary policy was centered on consolidating the gains from historic-low policy rate at 5.75% till January, FY18 and striking a balance between subdued inflation and emerging pressures on external accounts. The SBP changed the monetary policy stance in January 2018 by 25 bps to 6 percent to anchor expected rise in inflation in view of reversal of international oil and commodities prices and to address domestic demand pressure as well as exchange rate movement. In March 2018, the Monetary Policy Committee decided to maintain policy rate at 6.0 percent for the next two months to see impact of policy. However, The Central Bank increased the policy rate by 50bps to 6.50% under its monetary policy statement announced on May 25, 2018. The central bank's decision was based on (i) rising international oil prices which may translate into inflationary pressures going forward (ii) elevated aggregate demand which has kept imports high offsetting the impact of growth in exports worsening the current account deficit and (iii) a lack of foreign inflows amidst absence of triggers. Pakistan's foreign exchange reserves have decreased to US\$ 16.4 billion at June end 2018 compared to US\$ 21.4 billion at June end 2017. The level of foreign exchange reserves declined on the back of widening current account deficit not being fully offset by financial inflows despite growth in export earnings and remittance inflows.

The Net Asset Value per unit of the Fund increased by 5.49% to Rs. 529.42 per unit as on June 30, 2018. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated as selected by MUFAP) and 70% average 3 Month PKRV rate for the period of return stood at 5.36%. During the year the monthly average exposure of treasury bills in AMF stood at 50.20%. The AMF's total exposure in cash deposits stood at 99.93% and the remaining in others including receivables. AMF's presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs. 13.16 billion, with 24.86 million units outstanding as of June 30, 2018.



The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund has approved a final cash dividend of Rs 27.00 per unit for full year (5.40% on the face value of Rs. 500 per unit).

**Breakdown of Unit holding by size:**

Type of investor	No. of Investors	Amount of Investment (Rs.)	Percentage
Individuals	280	844,024,718	6.41%
Associated Companies / Directors	9	8,251,511,367	62.70%
Insurance Companies	1	5,135,099	0.04%
Banks / DFIs	1	500,289,308	3.80%
Retirement Funds	15	448,026,036	3.40%
Public Limited Companies	6	1,600,163,012	12.16%
Others	13	1,511,733,647	11.49%
<b>Total</b>	<b>325</b>	<b>13,160,883,187</b>	<b>100.00%</b>

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 13,923,061 (Rs.0.56 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,428,502 up till June 30, 2016. (Rs.0.82 per unit as on June 30, 2018)

The Total Expense Ratio (TER) of the Fund is 0.90% including Government levy, SWWF and SECP Fee of 0.26%.

During the year under review, the Investment Committee held 34 meetings to review investment of the Fund and the Risk Committee held 22 meetings to review risk management.

Karachi: 06 September 2018

**Fawad Javaid**  
Fund Manager

## Performance Since Inception

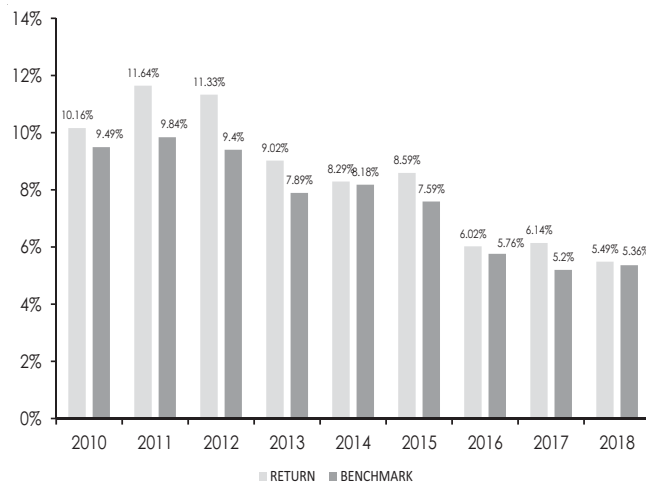
	2018	2017	2016	2015	2014	2013	2012	2011	2010*
Net assets (Rs. in '000)	13,160,883	4,629,482	3,269,852	3,699,654	6,049,597	3,821,637	4,532,025	3,316,616	1,410,417
Number of units in issue	24,859,132	9,224,702	6,525,388	7,345,095	12,038,054	7,607,048	9,015,663	6,415,479	2,746,118
Net asset value per unit (Rs.)	529.42	501.86	501.10	503.69	502.54	502.38	502.68	516.97	513.60
Net income (Rs. in '000)	549,628	77,403	56,325	97,766	496,778	348,581	467,312	283,224	62,542
Earnings per unit (Rs.)	22.11	8.39	8.63	13.31	41.27	45.82	51.83	44.15	22.77
Annual return of the Fund (%)	5.49	6.14	6.02	8.59	8.29	9.02	11.33	11.64	10.16
Offer price ** (Rs.)	529.42	501.86	501.10	503.69	502.54	502.19	502.54	516.97	513.60
Redemption price ** (Rs.)	529.42	501.86	501.10	503.69	502.54	502.19	502.54	516.97	513.60
Highest offer price (Rs.)	529.33	530.81	533.67	544.97	506.35	508.59	508.12	517.25	513.60
Lowest offer price (Rs.)	502.63	501.18	500.76	503.60	501.14	502.07	502.27	501.41	502.07
Highest repurchase price per unit (Rs.)	529.33	530.81	533.67	544.97	506.35	508.59	508.12	517.25	513.60
Lowest repurchase price per unit (Rs.)	502.63	501.18	500.76	503.60	501.14	502.07	502.27	501.41	502.07
Weighted average portfolio (No. of days) (Rs.)	1.01	0.97	9.30	6.95	47.49	44.61	55.12	78.82	50.81

\* Date of Launch: 20 January 2010

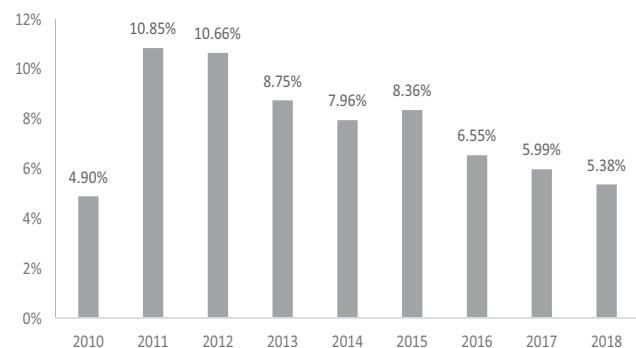
\*\*Relates to announced prices

**Note:** Past Performance of the Fund is not indicative of future performance, and the price and investment return may go down, as well as up.

### Yearly Performance (Annualized)



### Payout History (% on Opening NAV)



## Distribution History

Distribution Details	2018	2017	2016	2015
Interim distribution cash dividend	-	30.00	33.00	42.00
Interim distribution as a % of opening Ex-NAV of units	-	5.99	6.55	8.36
Date of distribution	-	20-Jun-17	24-Jun-16	29-Jun-15
Final distribution cash dividend	27.00	-	-	-
Final distribution as a % of Ex-NAV of units	5.38	-	-	-
Date of distribution	6-Jul-18	-	-	-

Monthly Distribution - 2014	Date of distribution	Distribution per unit (Rs.)	Distribution as a % of Opening Ex-NAV of units
1st Interim distribution	31 July 2013	3.00	0.60%
2nd Interim distribution	30 August 2013	3.00	0.60%
3rd Interim distribution	27 September 2013	3.00	0.60%
4th Interim distribution	24 October 2013	3.25	0.65%
5th Interim distribution	29 November 2013	3.25	0.65%
6th Interim distribution	27 December 2013	3.25	0.65%
7th Interim distribution	31 January 2014	3.50	0.70%
8th Interim distribution	28 February 2014	3.25	0.65%
9th Interim distribution	28 March 2014	3.50	0.70%
10th Interim distribution	29 April 2014	3.50	0.70%
11th Interim distribution	30 May 2014	3.50	0.70%
12th Interim distribution	18 June 2014	4.00	0.80%

Monthly Distribution - 2013	Date of distribution	Distribution per unit (Rs.)	Distribution as a % of Opening Ex-NAV of units
1st Interim distribution	27 July 2012	4.00	0.80%
2nd Interim distribution	31 August 2012	4.00	0.80%
3rd Interim distribution	28 September 2012	3.75	0.75%
4th Interim distribution	31 October 2012	3.75	0.75%
5th Interim distribution	30 November 2012	3.25	0.65%
6th Interim distribution	26 December 2012	3.25	0.65%
7th Interim distribution	31 January 2013	3.25	0.65%
8th Interim distribution	28 February 2013	2.75	0.55%
9th Interim distribution	29 March 2013	3.00	0.60%
10th Interim distribution	30 April 2013	4.00	0.80%
11th Interim distribution	31 May 2013	4.00	0.80%
12th Interim distribution	27 June 2013	5.00	0.99%

Monthly Distribution - 2012	Date of distribution	Distribution per unit (Rs.)	Distribution as a % of Opening Ex-NAV of units
1st Interim distribution	29 July 2011	4.00	0.80%
2nd Interim distribution	26 August 2011	5.00	1.00%
3rd Interim distribution	28 September 2011	5.00	1.00%
4th Interim distribution	28 October 2011	5.00	1.00%
5th Interim distribution	25 November 2011	4.00	0.80%
6th Interim distribution	28 December 2011	4.00	0.80%
7th Interim distribution	27 January 2012	4.00	0.80%
8th Interim distribution	24 February 2012	4.00	0.80%
9th Interim distribution	29 March 2012	4.00	0.80%
10th Interim distribution	27 April 2012	4.50	0.90%
11th Interim distribution	25 May 2012	5.00	1.00%
12th Interim distribution	27 June 2012	5.00	1.00%

Quarterly Distribution	2011	2010*
First quarter Interim distribution (Bonus)	11.50	11.00
First quarter Interim distribution as a % of opening Ex-NAV of units	2.30%	2.20%
Date of distribution - Interim	12 October 2010	6 April 2010
Second quarter Interim distribution (Bonus)	13.75	-
Second quarter Interim distribution as a % of opening Ex-NAV of units	2.75%	-
Date of distribution - Interim	11 January 2011	-
Third quarter Interim distribution (Bonus)	14.00	-
Third quarter Interim distribution as a % of opening Ex-NAV of units	2.80%	-
Date of distribution - Interim	7 April 2011	-

Final Distribution		
Final Distribution (Bonus)	15.00	13.50
Final Distribution as a % of opening Ex-NAV of units	3.00%	2.70%
Date of distribution - Final	7 July 2011	8 July 2010

\* Date of Launch: 20 January 2010.

**Note:** The distribution % has been calculated on the opening Ex-NAV of units at the start of each financial year.

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# TRUSTEE REPORT TO THE UNIT HOLDERS

## **Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Money Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 11 September 2018

**Aftab Ahmed Diwan**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

# INDEPENDENT AUDITOR'S REPORT

## To the Unitholders of Atlas Money Market Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Money Market Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2018, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No	Key Audit Matter	How the matter was addressed in our audit
1	<b>Amendments to NBFC Regulations, 2008</b>  (Refer note 3.9 to the annexed financial statements)  The Securities and Exchange Commission of Pakistan through its notification [SRO 756(I)/2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The impacts of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly includes changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund'.  The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned notification. The change in accounting policy has been applied prospectively from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy the element of income which was previously recognized as part of the income for the year	<p>We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</p> <p>We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</p> <p>We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations. We recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p> <p>We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</p>

S. No	Key Audit Matter	How the matter was addressed in our audit
	<p>in the Income Statement is now considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Fund. Element of income is explained in note 3.9.</p> <p>The SECP notification also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>In order to avail tax exemption, the Fund has to distribute 90 percent of its accounting income (excluding realised and unrealised capital gains). However, at the time of distribution of income, the element of income contributed on issue of units recognized in the equity during the year is required to be refunded on the units in the same proportion in which income is distributed from the Income Statement i.e after taking into account the amount of income already paid on units redeemed. Management has developed a system for carrying out the calculations for such distributions.</p> <p>These calculations are important from the point of view of ensuring compliance with the applicable requirements. The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as key audit matter.</p>	<p>We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</p> <p>We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</p> <p>We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations. We recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p> <p>We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</p>
<b>2</b>	<b>Net Asset Value</b>	
	<p>(Refer notes 4 to the financial statements)</p> <p>The balances with banks constitute the most significant component of the net asset value. The balances with banks as at June 30, 2018 amounted to Rs 13.224 billion.</p> <p>The proper valuation of balances with banks for the determination of NAV of the Fund as at June 30, 2018 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2018 and reconciled it with the books and records of the Fund;</li> <li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirement**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Salman Hussain.

Karachi: 14 September 2018

**A. F. Ferguson & Co.**  
Chartered Accountants

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2018

	Note	2018 Rupees	2017
<b>Assets</b>			
Cash and bank balances	4	13,224,116,066	4,591,434,541
Investments	5	-	-
Receivable against issue of units	6	-	104,820,272
Profit receivable on bank balances		5,027,146	5,758,203
Other receivables	7	3,586,604	6,032,954
<b>Total assets</b>		<b>13,232,729,816</b>	<b>4,708,045,970</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	30,963,521	26,120,150
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	1,035,151	423,406
Payable to the Securities and Exchange Commission of Pakistan	10	7,692,651	3,878,749
Payable against redemption of units	11	309,512	3,303,193
Unclaimed dividend		25,152	25,152
Accrued expenses and other liabilities	12	31,820,642	44,812,894
<b>Total liabilities</b>		<b>71,846,629</b>	<b>78,563,544</b>
<b>NET ASSETS</b>		<b>13,160,883,187</b>	<b>4,629,482,426</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>13,160,883,187</b>	<b>4,629,482,426</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>24,859,132</b>	<b>9,224,702</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>529.42</b>	<b>501.86</b>

The annexed notes from 1 to 33 form an integral part of these financial statements

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 ----- Rupees -----	2017 -----
<b>Income</b>			
Profit on savings and term deposits		273,041,358	140,553,530
Income from government securities		372,416,832	173,396,694
Capital loss on sale of investments - net		(3,653,585)	(1,356,583)
Element of loss / capital losses included in prices of units issued less those in units redeemed - net		-	(225,426,290)
<b>Total income</b>		<b>641,804,605</b>	<b>87,167,351</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	46,155,900	23,272,490
Sindh Sales Tax on remuneration of the Management Company	8.2	6,000,267	3,025,424
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	8,211,080	4,628,748
Sindh Sales Tax on remuneration of the Trustee	9.2	1,067,440	601,737
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	7,692,650	3,878,749
Accounting and operational charges	14	10,168,444	4,398,306
Sindh Sales Tax on accounting and operational charges		-	351,864
Auditors' remuneration	15	649,338	1,804,667
Annual rating fee		355,499	355,498
Annual listing fee		27,500	55,000
Securities transaction cost		70,886	98,963
Printing charges		345,077	236,347
Legal and professional charges		102,920	123,760
Bank charges		112,314	67,807
Reversal of provision for Workers' Welfare Fund		-	(35,840,884)
Provision for Sindh Workers' Welfare Fund	12.1	11,216,906	2,706,155
<b>Total expenses</b>		<b>92,176,221</b>	<b>9,764,631</b>
<b>Net income for the year before taxation</b>		<b>549,628,384</b>	<b>77,402,720</b>
<b>Taxation</b>	17	-	-
<b>Net income for the year after taxation</b>		<b>549,628,384</b>	<b>77,402,720</b>
<b>Earnings per unit</b>	18		
<b>Allocation of net income for the period:</b>			
- Net income for the period after taxation		549,628,384	
- Income already paid on units redeemed		(155,278,178)	
		<b>394,350,206</b>	
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	
- Excluding capital gains		394,350,206	
		<b>394,350,206</b>	

The annexed notes from 1 to 33 form an integral part of these financial statements

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>549,628,384</b>	<b>77,402,720</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>549,628,384</u></b>	<b><u>77,402,720</u></b>

The annexed notes from 1 to 33 form an integral part of these financial statements

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018		
	Capital Value	Undistributed income	Net Assets
	-----Rupees-----		
Capital value	4,617,006,642	-	4,617,006,642
<b>Undistributed income brought forward</b>			
- Realised income	-	12,475,784	12,475,784
- Unrealised income	-	-	-
<b>Net assets at the beginning of the period (Units outstanding: 9,224,702) (Rs. 501.86 per unit)</b>	<b>4,617,006,642</b>	<b>12,475,784</b>	<b>4,629,482,426</b>
Issue of 33,927,632 (2017: 23,357,832) units	17,530,869,301	-	17,530,869,301
Redemption of 18,293,203 (2017: 20,658,518) units	(9,393,818,746)	(155,278,178)	(9,549,096,924)
Total comprehensive income for the period	-	549,628,384	549,628,384
<b>Net assets at the end of the period (Units outstanding: 24,859,132) (Rs. 529.42 per unit)</b>	<b>12,754,057,197</b>	<b>406,825,990</b>	<b>13,160,883,187</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	406,825,990	-
- Unrealised income	-	-	-
	-	<b>406,825,990</b>	-
		<b>Note</b>	<b>June 30, 2017 --- (Rupees) ---</b>
Capital Value			3,264,380,343
<b>Undistributed income brought forward</b>			
- Realised loss			(699,621)
- Unrealised income			6,171,570
<b>Net assets at beginning of the year (Units outstanding: 6,525,388) (Rs. 501.10 per unit)</b>			<b>3,269,852,292</b>
Issuance of 23,357,832 units			11,949,743,787
Redemption of 20,658,518 units			(10,822,543,778)
			<b>4,397,052,301</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net		3.9	225,426,290
Other net income for the year			78,759,303
Capital loss on sale of investments - net			(1,356,583)
<b>Total comprehensive income for the year</b>			<b>77,402,720</b>
Interim cash distribution of Rs. 30 per unit for the year ended 30 June 2017 declared on 20 June 2017			(70,398,885)
<b>Net assets at end of the year (Units outstanding: 9,224,702) (Rs. 501.86 per unit)</b>			<b>4,629,482,426</b>
<b>Undistributed income carried forward</b>			
- Realised income			12,475,784
- Unrealised loss			-
			<b>12,475,784</b>

The annexed notes from 1 to 33 form an integral part of these financial statements

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

Note	2018	2017
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year after taxation	549,628,384	77,402,720
<b>Adjustments for:</b>		
Profit on savings and term deposits	(273,041,358)	(140,553,530)
Income from government securities	(372,416,832)	(173,396,694)
Capital loss on sale of investments - net	3,653,585	1,356,583
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	225,426,290
Reversal of provision for Workers' Welfare Fund	-	(35,840,884)
Provision for Sindh Workers' Welfare Fund	11,216,906	2,706,155
	<b>(630,587,699)</b>	<b>(120,302,080)</b>
<b>Decrease / (Increase) in assets</b>		
Other receivables	2,446,350	(2,598,879)
<b>(Decrease) / Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	4,843,371	891,112
Payable to the Central Depository Company of Pakistan Limited - Trustee	611,745	121,221
Payable to the Securities and Exchange Commission of Pakistan	3,813,902	562,815
Accrued expenses and other liabilities	(24,209,158)	32,289,122
	<b>(14,940,140)</b>	<b>33,864,270</b>
	<b>(93,453,105)</b>	<b>(11,633,969)</b>
Taxation	-	-
Interest received	273,772,415	136,382,322
Investments made during the year	(59,980,721,744)	(35,211,314,897)
Investments sold / matured during the year	60,349,484,991	36,117,299,804
	<b>642,535,662</b>	<b>1,042,367,229</b>
<b>Net cash generated from operating activities</b>	<b>549,082,557</b>	<b>1,030,733,260</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	17,635,689,573	11,844,923,515
Net payments against redemption of units	(9,552,090,605)	(10,819,250,130)
Cash payout against distribution	-	(70,398,885)
<b>Net cash generated from financing activities</b>	<b>8,083,598,968</b>	<b>955,274,500</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,632,681,525</b>	<b>1,986,007,760</b>
Cash and cash equivalents at the beginning of the year	4,591,434,541	2,605,426,781
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b> <b>13,224,116,066</b>	<b>4,591,434,541</b>

The annexed notes from 1 to 33 form an integral part of these financial statements

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Money Market Fund (the Fund) is an open-ended Fund constituted under a Trust Deed entered into on 4 December 2009 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The offering document of the Fund has been revised through the First, Second, Third and Fourth Supplements dated 24 March 2015, 3 August 2015, 30 September 2016 and 2 June 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'money market scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit on 20 January 2010. Thereafter, the units are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide its investors competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund aims to deliver this objective mainly by investing in government securities, cash and near cash instruments which include cash in bank accounts, treasury bills, deposits with scheduled banks, certificates of deposit (CODs), certificates of Musharaka (COMs), commercial papers, and reverse repo; with a weighted average time to maturity of not more than 90 days and in case of a single asset, maximum time to maturity of six months. The investment objectives and policy are explained in the Fund's offering document.
- 1.4 The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

### 2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

The following standards, interpretations and amendments with respect to accounting and reporting standards were effective during the current year:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
- Amendment to IAS 7, 'Cashflow statements', regarding the disclosure initiative.	01 January 2017
- Annual improvements 2014-2016 IFRS 12, 'Disclosure of interests in other entities'.	01 January 2017

The adoption of the above amendments and improvements to accounting and reporting standards and interpretations did not have any effect on the financial statements of the Fund for the year ended 30 June 2017.

## **2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2018 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

Further, the following new standards have been notified by the SECP for the purpose of applicability in Pakistan:

<b>Standard, interpretation or amendment</b>	<b>Effective date (accounting periods beginning on or after)</b>
- IFRS 9 - Financial Instruments	01 July 2018
- IFRS 15 - Revenue from Contracts with Customers	01 July 2018
- IFRS 16 - Leases	01 January 2019

Management expects to apply these standards as in the year in which they become effective. These standards may impact the financial statements of the Fund on adoption.

Further SECP vide its letter dated November 21, 2017 accepted the request of Mutual Funds Association of Pakistan (MUFAP) for relaxation from the applicability of provisions relating to impairment under IFRS 9 "Financial Instruments" on the mutual funds. Management also expects that changes in classification and measurement requirements of IFRS 9 will not have a significant impact on the financial statements of the Fund.

## **2.4 Critical accounting estimates and judgments**

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of investments and provision there against (notes 3.2 and 5) and taxation (notes 3.12 and 17).

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair values.

## 2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the changes in accounting policies as explained in notes 3.9.1 and 3.9.2 below.

### 3.1 Cash and cash equivalents

These comprise balances with banks, cheques in hand and short-term highly liquid investments with original maturities of three months or less.

### 3.2 Financial assets

#### 3.2.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows:

#### a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss, or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

#### 3.2.2 Regular way contracts

All regular way purchases / sales of financial assets are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the assets. Regular way purchases / sales of assets require delivery of securities within two days after the transaction date as per the stock exchange regulations.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.2.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement.

## 3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

### a) Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

#### Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

Net gains and losses arising on changes in the fair values of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in fair value of 'available-for-sale financial assets' are taken to the Statement of Comprehensive Income' as 'other comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised as 'other comprehensive income' is transferred to the Income Statement as capital gain / (loss).

### b) Loans and receivables

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

## 3.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement is reclassified from unit holders' fund to 'income statement'.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by the SECP.

## 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

## 3.2.7 Derivatives

Derivative instruments are initially recognised at fair values and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

## 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## 3.6 Net asset value per unit

The Net Asset Value (NAV) per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

## 3.7 Issue and redemption of units

Units issued are recorded at the offer price determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receives redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

## 3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Distribution Committee of the Board of Directors of the Management Company under the powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified methodology of determination of income paid on units redeemed during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on a clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs 135.477 million net off charge for SWWF with immaterial effect on the 'net assets attributable to the unit holders' and NAV per unit of the Fund as disclosed in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund' respectively. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

### 3.10 Revenue recognition

- Interest income on bank balances and term deposits is recognised on an accrual basis.
- Income from investments in government securities is recognised on an accrual basis using the effective interest method at the rate of return implicit in the instrument.
- Capital gains / (losses) arising on sale of investments are recorded at the date on which the transaction takes place.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

## 3.11 Expenses

All expenses chargeable to the Fund are recognised in the Income Statement on an accrual basis.

## 3.12 Taxation

### Current

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend.

### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year as cash dividend.

## 3.13 Earnings per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year.

<b>4 CASH AND BANK BALANCES</b>	<b>Note</b>	<b>2018</b> ----- Rupees -----	<b>2017</b> ----- Rupees -----
Balances with banks in savings accounts	4.1	13,200,471,066	4,582,854,541
Cheques in hand	4.2	23,645,000	8,580,000
		<b><u>13,224,116,066</u></b>	<b><u>4,591,434,541</u></b>

4.1 The rate of return on these accounts ranges between 4.00% and 7.35% (2017: 3.75% and 6.75%) per annum.

4.2 This denotes cheques received against issue of units which were deposited and cleared in the bank account subsequent to the year end by 04 July 2018.

<b>5 INVESTMENTS</b>	<b>Note</b>	<b>2018</b> ----- Rupees -----	<b>2017</b> ----- Rupees -----
<b>At fair value through profit or loss - held for trading</b>			
<b>Investments in government securities</b>			
- Market Treasury Bills	5.1	<u>-</u>	<u>-</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 5.1 Government Securities - Market Treasury Bills

Particulars	Face value				Amortised cost as at 30 June 2018	Market value as at 30 June 2017	Market value as a percentage of total investment	Market value as a percentage of net assets
	As at 01 July 2017	Purchased during the year	Sold / matured during the year	As at 30 June 2018				
	----- (Rupees) -----				----- (Percentage) -----			
15 days	-	205,000,000	205,000,000	-	-	-	-	-
3 Months	-	54,811,850,000	54,811,850,000	-	-	-	-	-
6 Months	-	5,542,000,000	5,542,000,000	-	-	-	-	-
<b>30 June 2018</b>	<b>-</b>	<b>60,558,850,000</b>	<b>60,558,850,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2017</b>	<b>738,000,000</b>	<b>35,519,100,000</b>	<b>36,257,100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 6 RECEIVABLE AGAINST ISSUE OF UNITS

This denotes Rs Nil (2017: Rs 94.067 million), Nil (2017: Rs 7.936 million) and Rs Nil (2017: Rs 2.817 million) in respect of units issued to the unit holders of Atlas Stock Market Fund, Atlas Islamic Stock Fund and Atlas Gold Fund respectively.

	Note	2018 ----- Rupees -----	2017 -----
<b>7 OTHER RECEIVABLES</b>			
Other receivables	7.1	<b>3,586,604</b>	<b>6,032,954</b>

7.1 As per Clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, during the year ended 30 June 2016, several Companies (including banks) deducted withholding tax on profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) / 2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the cumulative amount of withholding tax deducted on profit received by the Fund on bank deposits till 30 June 2018 has been shown as other receivables as, in the opinion of the management, the amount of tax deducted at source will be refunded.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (Related party)	Note	2018 ----- Rupees -----	2017 -----
Remuneration of the Management Company	8.1	5,483,460	1,878,314
Sindh Sales Tax payable on remuneration of the Management Company	8.2	3,833,012	3,364,343
Federal Excise Duty payable on remuneration of the Management Company	8.3	20,428,502	20,428,502
Accounting and operational charges payable	14	1,218,547	415,732
Sindh Sales Tax payable on accounting and operational charges		-	33,259
		<b>30,963,521</b>	<b>26,120,150</b>

**8.1** During the year ended 30 June 2018, the Management Company has charged its remuneration at the rate of 0.45% (2017: 0.45%) per annum of the average net assets for the year. The fee is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs. 6,000,267 (2017: Rs. 3,025,424) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 5,531,598 (2017: Rs. 2,952,267) was paid to the Management Company which acts as a collecting agent.

**8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 8.2, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 amounting to Rs 20.429 million (30 June 2017: Rs 20.429 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained, the net asset value of the Fund as at 30 June 2018 would have been higher by Re. 0.82 (30 June 2017: Rs. 2.21) per unit.

9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2018 ----- Rupees -----	2017 -----
Trustee fee	9.1	916,063	374,696
Sindh Sales Tax on trustee fee	9.2	119,088	48,710
		<b>1,035,151</b>	<b>423,406</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets	Tariff per annum
- upto Rs 1,000 million	0.15% per annum of net assets
- Rs 1,000 million to Rs 10,000 million	Rs 1.50 million plus 0.075% per annum of net assets exceeding Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10,000 million
- exceeding Rs 10,000 million	

9.2 During the year ended 30 June 2018, an amount of Rs. 1,067,440 (2017: Rs 601,737) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 997,062 (2017: Rs 590,137) was paid to the Trustee which acts as a collecting agent.

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
<b>10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	10.1	<b>7,692,651</b>	<b>3,878,749</b>

10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as a money market scheme is required to pay the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.

### 11 PAYABLE AGAINST REDEMPTION OF UNITS

This includes Rs Nil (2017: Rs 116,647) transferred to Atlas Stock Market Fund against request for transfer of units made.

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		461,455	442,854
Printing charges payable		226,417	129,350
Legal and professional charges payable		-	100,000
Withholding tax payable		30,775	8,460,024
Capital gain tax payable		16,823,435	32,959,157
Provision for Sindh Workers' Welfare Fund	12.1	13,923,061	2,706,155
Zakat payable		-	15,354
Fund rating fee payable		355,499	-
		<b>31,820,642</b>	<b>44,812,894</b>

12.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs. 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2018, the net asset value of the Fund as at June 30, 2018 would have been higher by Re. 0.56 per unit (2017: Re 0.29 per unit).

## 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2018 and 30 June 2017.

## 14 ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less.

Keeping in view the aforementioned provisions, the Management Company charged accounting and operational charges to the Fund.

## 15 AUDITORS' REMUNERATION

	2018	2017
	----- Rupees -----	
Annual audit fee	357,443	315,000
Half yearly review of condensed interim financial information	157,500	157,500
Other Certifications	40,000	40,000
Professional charges for tax services	-	1,050,000
Sindh Sales Tax on services	44,395	125,000
Out of pocket expenses	50,000	117,167
	<b>649,338</b>	<b>1,804,667</b>

## 16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2018 is 0.65% (2017: 0.88%) after netting off 0.25% (2017: 0.21%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

## 17 TAXATION

**17.1** The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has declared the required minimum percentage of income earned by the Fund subsequent to the year ended 30 June 2018 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 18 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 19.1** Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund directors and their close family members and key management personnel of the Management Company.
- 19.2** Transactions with connected persons essentially comprise sale and repurchase of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 19.4** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

	2018	2017
	----- Rupees -----	
<b>Atlas Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	46,155,900	23,272,490
Remuneration paid	42,550,754	22,615,772
Sindh Sales Tax on remuneration of the Management Company	6,000,267	3,025,424
Accounting and operational charges	10,168,444	4,398,306
Sindh Sales Tax on accounting and operational charges	-	351,864
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	8,211,080	4,628,748
Sindh Sales Tax on remuneration of the Trustee	1,067,440	601,737
Remuneration paid	7,669,713	4,519,127
<b>Atlas Foundation (Group Company)</b>		
Issue of 10,905 (2017: 3,850) units	5,600,000	1,932,610
Outstanding 100,649 (2017: 89,744) units - at net asset value	53,285,796	45,038,839
Cash dividend declared	-	2,576,813
<b>Atlas Battery Limited (Group Company)</b>		
Issue of 1,902,047 (2017: nil) units	975,708,017	-
Redemption of 1,369,520 (2017: nil) units	702,297,156	-
Outstanding 532,527 (2017: nil) units - at net asset value	281,930,697	-
<b>Atlas Fund of Funds (Fund under common management)</b>		
Issue of 34,016 (2017: 32,377) units	17,100,000	16,254,752
Redemption of 34,016 (2017: 32,377) units	17,993,931	17,149,663

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of 115,887 (2017: nil) units	60,209,000	-
Redemption of 6,766 (2017: 119,751) units	3,500,000	-
Outstanding 109,121 (2017: nil) units - at net asset value	57,770,882	-
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Redemption of nil (2017: 119,751) units	-	60,420,326
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 10,571,154 (2017: 3,781,164) units	5,389,780,725	1,950,000,000
Redemption of 985,571 (2017: 5,577,428) units	500,000,000	2,917,605,815
Outstanding 9,585,583 (2017: nil) units - at net asset value	5,074,799,245	-
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 314,490 (2017: 174,975) units	162,000,000	90,000,000
Redemption of 314,490 (2017: 174,975) units	166,383,895	90,927,675
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of nil (2017: 124,465) units	-	64,889,479
Redemption of nil (2017: 9,539) units	-	5,000,000
Outstanding 243,374 (2017: 243,374) units - at net asset value	128,847,159	122,139,766
Cash dividend declared	-	6,889,479
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Issue of nil (2017: 6,994) units	-	3,535,537
Outstanding 18,918 (2017: 18,918) units - at net asset value	10,015,626	9,494,243
Cash dividend declared	-	535,537
<b>Honda Atlas Cars (Pakistan) Limited (Group Company)</b>		
Issue of 964,581 (2017: 4,986,679) units	500,000,000	2,529,447,005
Redemption of nil (2017: 2,433,810) units	-	1,289,140,604
Outstanding 3,517,450 (2017: 2,552,869) units - at net asset value	1,862,208,294	1,281,182,956
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 10,706 (2017: nil) units	5,500,000	-
Outstanding 10,706 (2017: nil) units - at net asset value	5,667,756	-
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 57,409 (2017: nil) units	29,567,000	-
Redemption of nil (2017: 893) units	-	463,558
Outstanding 57,409 (2017: nil) units - at net asset value	30,393,222	-
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 1,669,629 (2017: nil) units	880,000,000	-
Outstanding 1,669,629 (2017: nil) units - at net asset value	883,934,770	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of nil (2017: 24) units	-	11,883
Redemption of 420 (2017: nil) units	211,646	-
Outstanding nil (2017: 420) units - at net asset value	-	210,664
Cash dividend declared	-	11,883
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of nil (2017: 1,189) units	-	596,757
Outstanding 21,081 (2017: 21,081) units - at net asset value	11,160,565	10,579,580
Cash dividend declared	-	596,757
<b>Atlas Die Casting (Private) Limited (Group Company)</b>		
Issue of nil (2017: 198,172) units	-	104,267,587
Redemption of 198,172 (2017: nil) units	102,870,816	-
Outstanding nil (2017: 198,172) units - at net asset value	-	99,454,710
Cash dividend declared	-	5,690,116
<b>Colgate-Palmolive (Pakistan) Limited (Unit Holder with more than 10% holding)</b>		
Issue of nil (2017: 3,509,712) units	-	1,800,000,000
Redemption of nil (2017: 3,310,992) units	-	1,747,919,441
Outstanding nil (2017: 1,596,233) units - at net asset value	-	801,085,438
<b>Cherat Cement Company Limited -WPPF</b>		
Issue of 98,641 (2017: nil) units	50,000,000	-
Outstanding 98,641 (2017: nil) units - at net asset value	52,222,376	-
<b>Mr. Amin Mohammad Lakhani (Unit Holder with more than 10% holding)</b>		
Issue of nil (2017: 66,728) units	-	33,495,320
Redemption of 867,486 (2017: nil) units	454,000,000	-
Outstanding 439,809 (2017: 1,307,295) units - at net asset value	232,843,713	656,079,133
Cash dividend declared	-	37,217,022
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Issue of 608,091 (2017: 8,215) units	318,383,031	4,163,564
Redemption of 31,900 (2017: 8,183) units	16,750,664	4,150,766
Outstanding 670,704 (2016: 94,513) units - at net asset value	355,084,285	47,432,294
Cash dividend declared	-	2,848,405

**19.5** Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2018			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
----- (Rupees) -----				
<b>Financial assets</b>				
Cash and bank balances	13,224,116,066	-	-	13,224,116,066
Profit receivable on bank balances	5,027,146	-	-	5,027,146
	<b>13,229,143,212</b>	<b>-</b>	<b>-</b>	<b>13,229,143,212</b>

	As at 30 June 2018			
		At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----				
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company		-	30,963,521	30,963,521
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	1,035,151	1,035,151
Payable against redemption of units		-	309,512	309,512
Unclaimed dividend		-	25,152	25,152
Accrued expenses and other liabilities		-	1,043,371	1,043,371
		<b>-</b>	<b>33,376,707</b>	<b>33,376,707</b>

	As at 30 June 2017			
	Loans and receivables	At fair value through profit or loss	Available-for-sale	Total
----- (Rupees) -----				
<b>Financial assets</b>				
Cash and bank balances	4,591,434,541	-	-	4,591,434,541
Receivable against issue of units	104,820,272	-	-	104,820,272
Profit receivable on bank balances	5,758,203	-	-	5,758,203
	<b>4,702,013,016</b>	<b>-</b>	<b>-</b>	<b>4,702,013,016</b>

	As at 30 June 2017			
		At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----				
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company		-	26,120,150	26,120,150
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	423,406	423,406
Payable against redemption of units		-	3,303,193	3,303,193
Unclaimed dividend		-	25,152	25,152
Accrued expenses and other liabilities		-	672,204	672,204
		<b>-</b>	<b>30,544,105</b>	<b>30,544,105</b>

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 21.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

#### (i) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. As of 30 June 2018, the Fund is exposed to such risk in respect of balances with other banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

As at 30 June 2018, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in market interest rates as at 30 June 2018, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 132,004,711 (2017: Rs 45,828,545).

#### b) Sensitivity analysis for fixed rate instruments

As at 30 June 2018 & 30 June 2017 the Fund does not have any instrument which expose it to fair value interest rate risk.

The composition of the Fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 and 30 June 2017 is not necessarily indicative of the impact on the Fund's net income for the year and net assets of the future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2018 and 30 June 2017 can be determined as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at 30 June 2018 -----						
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees) -----						
<b>Financial assets</b>						
Cash and bank balances	4.00% - 7.35%	13,200,471,066	-	-	23,645,000	13,224,116,066
Profit receivable on bank balances		-	-	-	5,027,146	5,027,146
		<u>13,200,471,066</u>	<u>-</u>	<u>-</u>	<u>28,672,146</u>	<u>13,229,143,212</u>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	30,963,521	30,963,521
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,035,151	1,035,151
Payable against redemption of units		-	-	-	309,512	309,512
Unclaimed dividend		-	-	-	25,152	25,152
Accrued expenses and other liabilities		-	-	-	1,043,371	1,043,371
		<u>-</u>	<u>-</u>	<u>-</u>	<u>33,376,707</u>	<u>33,376,707</u>
<b>On-balance sheet gap (a)</b>		<u>13,200,471,066</u>	<u>-</u>	<u>-</u>	<u>(4,704,561)</u>	<u>13,195,766,505</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a + b)</b>		<u>13,200,471,066</u>	<u>-</u>	<u>-</u>		
<b>Cumulative interest rate sensitivity gap</b>		<u>13,200,471,066</u>	<u>13,200,471,066</u>	<u>13,200,471,066</u>		

----- As at 30 June 2017 -----						
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees) -----						
<b>Financial assets</b>						
Cash and bank balances	3.75% - 6.75%	4,582,854,541	-	-	8,580,000	4,591,434,541
Receivable against issue of units		-	-	-	104,820,272	104,820,272
Profit receivable on bank balances		-	-	-	5,758,203	5,758,203
		<u>4,582,854,541</u>	<u>-</u>	<u>-</u>	<u>119,158,475</u>	<u>4,702,013,016</u>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	26,120,150	26,120,150
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	423,406	423,406
Payable against redemption of units		-	-	-	3,303,193	3,303,193
Unclaimed dividend		-	-	-	25,152	25,152
Accrued expenses and other liabilities		-	-	-	672,204	672,204
		<u>-</u>	<u>-</u>	<u>-</u>	<u>30,544,105</u>	<u>30,544,105</u>
<b>On-balance sheet gap (a)</b>		<u>4,582,854,541</u>	<u>-</u>	<u>-</u>	<u>88,614,370</u>	<u>4,671,468,911</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a + b)</b>		<u>4,582,854,541</u>	<u>-</u>	<u>-</u>		
<b>Cumulative interest rate sensitivity gap</b>		<u>4,582,854,541</u>	<u>4,582,854,541</u>	<u>4,582,854,541</u>		

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### (ii) **Currency risk Foreign**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and, hence, is not exposed to such risk.

### (iii) **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not have any instrument as at 30 June 2018 which expose it to price risk.

### **21.2 Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest a majority of its assets in short-term instruments in order to maintain liquidity.

The Fund can borrow in the short-term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at 30 June 2018 -----					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Financial assets</b>					
Cash and bank balances	13,224,116,066	-	-	-	13,224,116,066
Profit receivable on bank deposits	5,027,146	-	-	-	5,027,146
	<b>13,229,143,212</b>	-	-	-	<b>13,229,143,212</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	30,963,521	-	-	-	30,963,521
Payable to the Central Depository Company of Pakistan Limited - Trustee	1,035,151	-	-	-	1,035,151
Payable against redemption of units	309,512	-	-	-	309,512
Unclaimed dividend	25,152	-	-	-	25,152
Accrued expenses and other liabilities	-	1,043,371	-	-	1,043,371
	<b>32,333,336</b>	<b>1,043,371</b>	-	-	<b>33,376,707</b>
<b>Net assets / (liabilities)</b>	<b>13,196,809,876</b>	<b>(1,043,371)</b>	-	-	<b>13,195,766,505</b>

----- As at 30 June 2017 -----					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Financial assets</b>					
Cash and bank balances	4,591,434,541	-	-	-	4,591,434,541
Receivable against issue of units	104,820,272	-	-	-	104,820,272
Profit receivable on bank deposits	5,758,203	-	-	-	5,758,203
	<b>4,702,013,016</b>	-	-	-	<b>4,702,013,016</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	26,120,150	-	-	-	26,120,150
Payable to the Central Depository Company of Pakistan Limited - Trustee	423,406	-	-	-	423,406
Payable against redemption of units	3,303,193	-	-	-	3,303,193
Unclaimed dividend	25,152	-	-	-	25,152
Accrued expenses and other liabilities	-	672,204	-	-	672,204
	<b>29,871,901</b>	<b>672,204</b>	-	-	<b>30,544,105</b>
<b>Net assets / (liabilities)</b>	<b>4,672,141,115</b>	<b>(672,204)</b>	-	-	<b>4,671,468,911</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 21.3 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. The Fund is exposed to credit risk with respect to its bank balances and profit receivable on bank deposits. The Fund's policy is to enter into financial contracts in accordance with the interest risk management policies and investment guidelines approved by the Investment Committee. As at 30 June 2018, the Fund did not hold investments in government guaranteed securities. Furthermore, the Fund's maximum exposure to credit risk as of 30 June 2018 amounts to Rs. 13,229,143,212 (2017: Rs 4,702,013,016).

### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. The credit risk associated with government securities is limited as these are guaranteed by the Federal Government. As at 30 June 2018, the Fund did not hold investments in government guaranteed securities. Banks with which the Fund has maintained balances are rated as follows:

Rating	2018	2017
AA+	1.20%	12.72%
AAA	98.80%	87.28%
	<b>100.00%</b>	<b>100.00%</b>

## 22 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value of financial assets and financial liabilities.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The Fund carries investments in government securities at fair values which are categorised as financial assets at fair value through profit or loss. The fair values of these securities are determined by reference to the rates announced by the Financial Marketing Association of Pakistan. The fair values of all other financial assets and liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2018, the Fund does not have any assets or liabilities that are measured at fair values using the aforementioned valuation techniques.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. As required under NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

## 24 UNIT HOLDING PATTERN OF THE FUND

Category	30 June 2018			30 June 2017		
	Number of unit holders	Investment amount Rupees	Percentage of total	Number of unit holders	Investment amount Rupees	Percentage of total
Individuals	280	844,024,718	6.41%	96	786,791,958	17.00%
Associated Companies / Directors	9	8,251,511,367	62.70%	7	1,468,364,994	31.72%
Insurance Companies	1	5,135,099	0.04%	9	113,348,045	2.45%
Banks / DFIs	1	500,289,308	3.80%	-	-	-
Retirement Funds	15	448,026,036	3.40%	10	243,360,395	5.25%
Public Limited Companies	6	1,600,163,012	12.16%	5	1,367,773,023	29.54%
Others	13	1,511,733,647	11.49%	6	649,844,011	14.04%
	<b>325</b>	<b>13,160,883,187</b>	<b>100.00%</b>	<b>133</b>	<b>4,629,482,426</b>	<b>100%</b>

## 25 LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2018		2017	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest Capital Markets Limited	53.55	Invest Capital Markets Limited	36.97
Pearl Securities Limited	28.85	Invest and Finance Securities Limited	29.70
Arif Habib Limited	13.77	Pearl Securities Limited	12.58
BMA Capital Management Limited	3.83	JS Global Capital Limited	9.44
		BMA Capital Management Limited	7.42
		Next Capital Limited	3.53
		Arif Habib Limited	0.36

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 26 MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	18 Years
Mr. Ali H. Shirazi	Director	Masters in Law	14.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	14 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	10 Years
Mr. Fawad Javaid	Fund Manager	CMA	10 Years
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	7 Years

## 27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by by the Fund Manager
Mr. Fawad Javaid	Fund Manager	CMA	Atlas Islamic Income Fund Atlas Sovereign Liquid Fund

## 28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Names of Directors	Meeting held on					
	07 July 2017	30 August 2017	26 October 2017	28 February 2018	27 April 2018	20 June 2018
Mr. Yusuf H. Shirazi	P	P	P	P	L	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Shamshad Nabi (Resigned w.e.f. Mar. 22,2018)	L	P	P	P	N/A	N/A
Mr. Frahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. Arshad P. Rana (Resigned w.e.f. Mar. 19,2018)	P*	P*	P*	P	N/A	N/A
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms Zehra Naqvi (w.e.f.Apr. 26, 2018)	N/A	N/A	N/A	N/A	N/A	P**
Mr. M. Abdul Samad (Appointed CEO w.e.f. Mar. 19, 2018)	N/A	N/A	N/A	N/A	P**	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Appointed Co.Sec. w.e.f. Jan. 31, 2018)	N/A	N/A	N/A	P**	P	P

\* Attended through teleconference call.

\*\* Joined

P Present

L Leave of absence

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 29 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two Plus)] on 30 June 2018. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Moreover, PACRA has maintained the stability rating of the Fund at "AA (f)" [2017: "AA (f)"] on 29 May 2018.

## 30 NON ADJUSTING EVENT AFTER THE REPORTING PERIOD

The board of directors of Management Company in the meeting held on 06 July 2018, approved a final cash dividend of Rs. 27.00 per unit (for full year) on the face value of Rs. 500 each (i.e 5.40%) amounting to Rs. 386,348,605. The financial statement of the fund for the year ended 30 June 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the fund for the year ending 30 June 2019.

## 31 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

## 32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 06 September 2018 .

## 33 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Income Fund

## Corporate Information

### Trustee

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Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

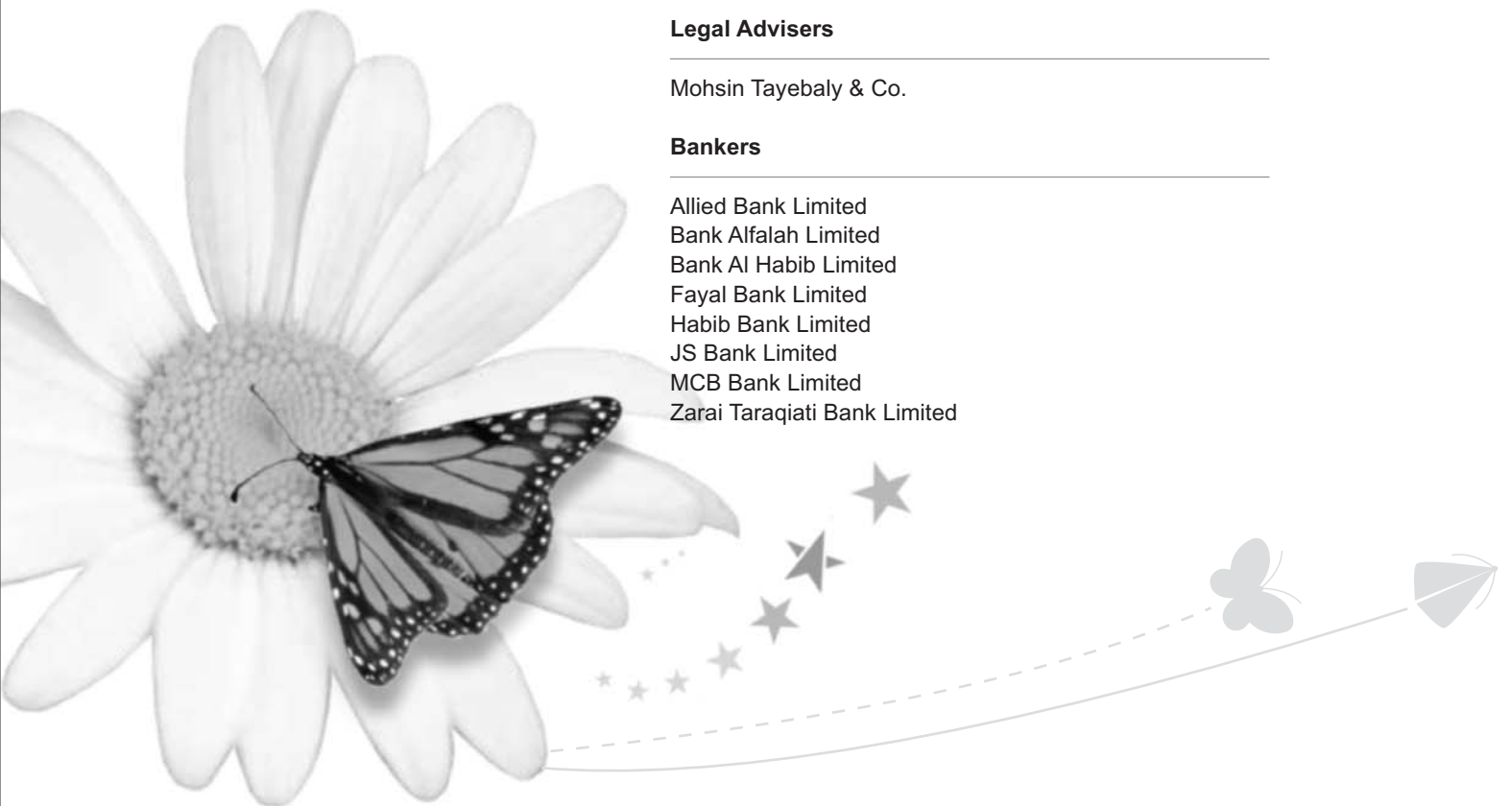
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Mohsin Tayebaly & Co.

### Bankers

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Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Fayal Bank Limited  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Zarai Taraqati Bank Limited



# Fund Manager's Report

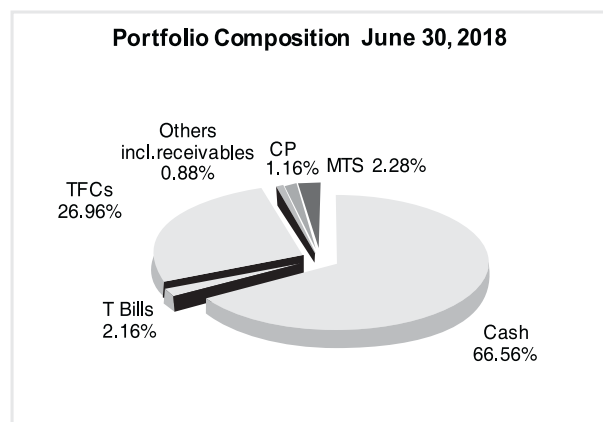
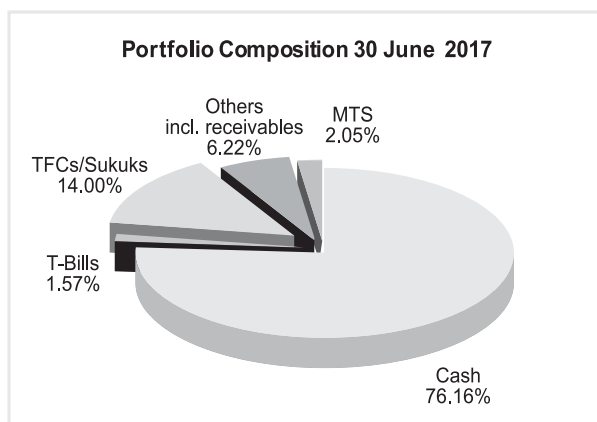
Atlas Income Fund (AIF) is an Open-ended Income Fund. The objective of AIF is to achieve a good rate of current income along with capital preservation and to provide investors with liquidity and the facility to join or leave the fund at their convenience. The Fund primarily invests in a diversified portfolio of long, medium and short term fixed income instruments. The Fund's strategy is based on the conviction that economic environment drives long term performance, and that active management of credit risk can produce consistently superior results. Fundamental and market analysis are used to identify overall portfolio, bond market sectors, yield curve and credit positioning to provide high and sustainable rates of return. The fund employs strategies such as overall portfolio duration and yield curve positioning to deal with market and reinvestment risks.

Atlas Income Fund performance benchmark is average Six Months KIBOR (offer) rate.

The Consumer Price Index (CPI) on average was recorded at 3.92% during financial year 2017-18, as compared to 4.16% for the financial year 2016-17. The YoY uptick in inflation was due to global revival of international crude oil prices, along with rise in domestic demand due to pick up of economic activities. The government passed on the increase of fuel prices to domestic consumer, however, stable food prices offset the impact of the rise in petroleum rates.

During the year, the cautious monetary policy was centered on consolidating the gains from historic-low policy rate at 5.75% till January, FY18 and striking a balance between subdued inflation and emerging pressures on external accounts. The SBP changed the monetary policy stance in January 2018 by 25 bps to 6 percent to anchor expected rise in inflation in view of reversal of international oil and commodities prices and to address domestic demand pressure as well as exchange rate movement. In March 2018, the Monetary Policy Committee decided to maintain policy rate at 6.0 percent for the next two months to see impact of policy. However, The Central Bank increased the policy rate by 50bps to 6.50% under its monetary policy statement announced on May 25, 2018. The central bank's decision was based on (i) rising international oil prices which may translate into inflationary pressures going forward (ii) elevated aggregate demand which has kept imports high offsetting the impact of growth in exports worsening the current account deficit and (iii) a lack of foreign inflows amidst absence of triggers. Pakistan's foreign exchange reserves have decreased to US\$ 16.4 billion at June end 2018 compared to US\$ 21.4 billion at June end 2017. The level of foreign exchange reserves declined on the back of widening current account deficit not being fully offset by financial inflows despite growth in export earnings and remittance inflows.

AIF's Net Asset Value increased by 4.82% to Rs. 536.95 as on June 30, 2018. The benchmark average six months KIBOR rate stood at 6.35% during the period under review. AIF's current asset allocation is 2.16% in Treasury Bills, 2.28% in MTS, 26.96% in TFC/Sukuks, 66.56% in cash/deposits and 1.16% in Commercial Paper. The Net Assets of the Fund stood at Rs 6.74 billion with 12.55 million units outstanding as of June 30, 2018.



AIF return was lower than the benchmark. During the year, duration was reduced in AIF to lower the interest rate risk on account of worsening external account balance and possible resurgence in inflation which may lead to increase in interest rates.

The non-performing assets and provisions, are as detailed below:

(Rupees '000)

Non-compliant Investments	Value of Investment before Provision	Provision Held	Value of Investment After Provision	% of Net Assets	Suspended Markup (fully provided)
Agritech Limited -Sukuk	15,225	15,225	-	-	15,087.19
Agritech Limited -PPTFC	29,976	29,976	-	-	29,525.48
Agritech Limited -TFC -IV	7,494	7,494	-	-	7,545.18
Agritech Limited -TFC II	11,015	11,015	-	-	-
Azgard Nine Limited TFC	7,872	7,872	-	-	6,144.50
Azgard Nine Limited – V	5,375	5,375	-	-	-
Telecard Limited	4,669	4,669	-	-	293.72
<b>Total</b>	<b>81,626</b>	<b>81,626</b>			<b>58,596.06</b>

### The Administrative Plans:

The Management Company is offering investment plans that allow investors focused combination investment strategic in Atlas Income fund (AIF) and Atlas Stock Market Fund (ASMF). The investment plans were offered from September 2008, and the returns are as under:

Administrative Plans	Proportionate Investment in		Return (period ended)				
	AIF	ASMF	2013-14	2014-15	2015-16	2016-17	2017-18
Atlas Bachat Plan	85%	15%	11.7%	13.3%	7.6%	9.7%	3.4%
Atlas Bachat Balanced Plan	50%	50%	19.3%	16.0%	6.5%	19.6%	0.04%
Atlas Bachat Growth Plan	15%	85%	26.8%	18.6%	5.5%	29.5%	-3.3%

### Breakdown of Unit Holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage
Individuals	267	264,496,460	3.93%
Associated Companies / Directors	10	6,017,551,375	89.33%
Retirement Funds	23	405,512,648	6.02%
Public Limited Companies	2	1,923,666	0.03%
Others	12	46,823,541	0.70%
<b>Total</b>	<b>314</b>	<b>6,736,307,690</b>	<b>100.00%</b>

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The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs 22,649,623 (Rs.1.81 per unit). The Scheme has held provision for FED liability that amounted to Rs. 23,582,971 up till June 30, 2016. (Rs.1.88 per unit as on June 30, 2018)

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Income Fund has approved a final cash dividend of Rs 24.00 per unit for full year (4.80% on the face value of Rs 500 per unit).

The Total Expense Ratio (TER) of the Fund is 1.34% including Government levy, SWWF and SECP Fee of 0.29%.

During the year under review, the Investment Committee held 34 meetings to review investment of the Fund and the Risk Committee held 22 meetings to review risk management.

Karachi: 06 September 2018

**Muhammad Umar Khan**  
Fund Manager

## Performance Since Inception

	2018	2017	2016	2015	2014	2013	2012
Net assets (Rs. in '000)	6,736,308	12,550,927	7,808,327	5,576,232	3,896,867	1,939,998	931,487
Number of units in issue	12,545,428	24,501,811	15,273,112	10,928,688	7,734,075	3,851,364	1,855,552
Net asset value per unit (Rs.)	536.95	512.24	511.25	510.24	503.86	503.72	502.00
Net income (Rs. in '000)	460,808	213,245	444,672	168,149	184,945	139,186	53,314
Earnings per unit (Rs.)	36.73	8.70	29.11	15.39	23.91	36.14	28.73
Annual return of the Fund (%)	4.82	5.48	8.02	10.19	8.45	9.58	6.06
Offer price ** (Rs.)	536.95	512.24	511.25	510.24	503.80	508.56	507.02
Redemption price ** (Rs.)	536.95	512.24	511.25	510.24	503.86	503.52	502.00
Highest offer price (Rs.)	536.86	538.50	550.09	565.53	518.68	523.74	535.51
Lowest offer price (Rs.)	513.00	510.39	510.77	504.10	502.10	507.30	483.57
Highest repurchase price per unit (Rs.)	536.86	538.50	550.09	565.53	518.11	518.55	530.21
Lowest repurchase price per unit (Rs.)	513.00	510.39	510.77	504.10	502.10	502.28	478.78
Weighted average portfolio (No. of days)	652.86	417.19	845.19	98.20	329.65	59.05	87.24

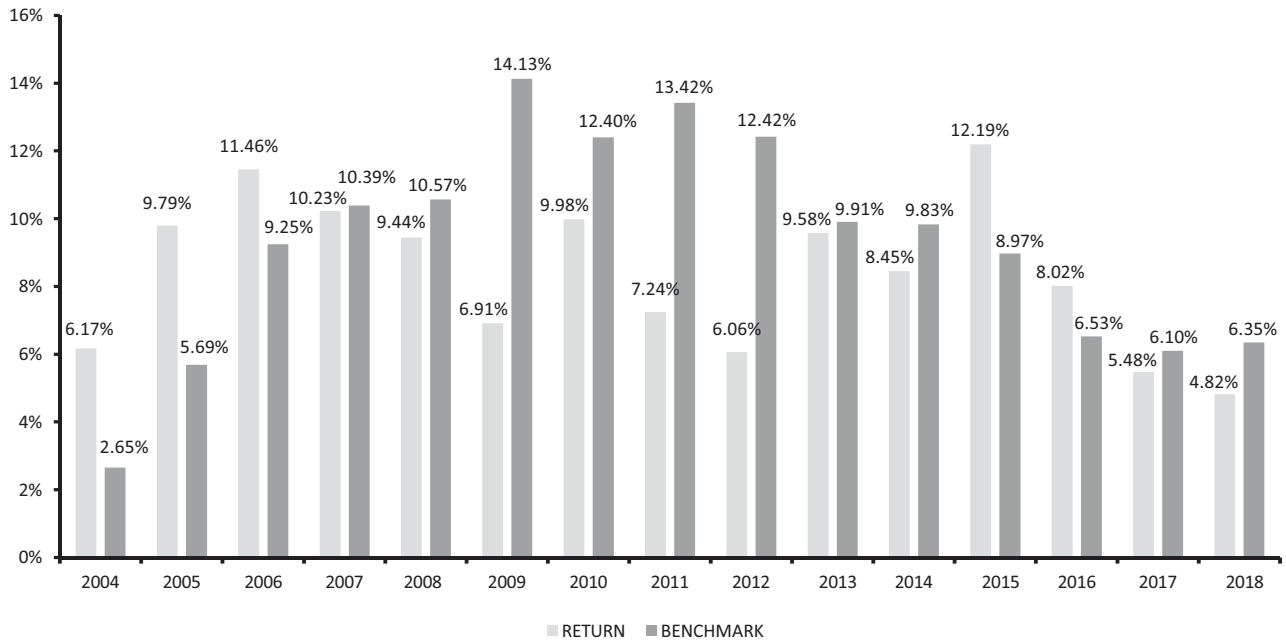
	2011	2010	2009	2008	2007	2006	2005	2004*
Net assets (Rs. in '000)	786,935	1,282,287	1,748,265	4,150,406	3,853,940	2,675,604	1,153,856	371,324
Number of units in issue	1,530,383	2,509,323	3,403,895	7,930,536	6,988,480	4,796,790	2,101,528	742,343
Net asset value per unit (Rs.)	514.21	511.01	513.61	523.34	551.47	557.79	549.06	500.21
Net income (Rs. in '000)	63,171	161,118	154,107	433,326	357,866	276,820	103,093	13,941
Earnings per unit (Rs.)	41.28	64.21	45.27	54.64	51.21	57.71	49.06	18.78
Annual return of the Fund (%)	7.24	9.98	6.91	9.44	10.23	11.46	9.79	6.17
Offer price ** (Rs.)	519.35	516.04	518.75	533.81	557.60	566.65	554.55	505.21
Redemption price ** (Rs.)	514.21	510.93	513.61	523.34	546.67	555.54	549.06	500.21
Highest offer price (Rs.)	524.74	525.88	528.18	547.01	557.60	566.79	556.84	529.24
Lowest offer price (Rs.)	500.55	507.89	474.68	513.92	513.33	511.77	510.90	520.91
Highest repurchase price per unit (Rs.)	519.54	520.67	517.82	536.28	546.67	555.54	545.92	518.86
Lowest repurchase price per unit (Rs.)	495.59	501.32	466.39	503.84	503.26	500.45	500.88	510.70
Weighted average portfolio (No. of days)	67.57	70.58	58.63	76.47	26.19	47.17	21.47	33.70

Date of Launch: 22 March 2004.

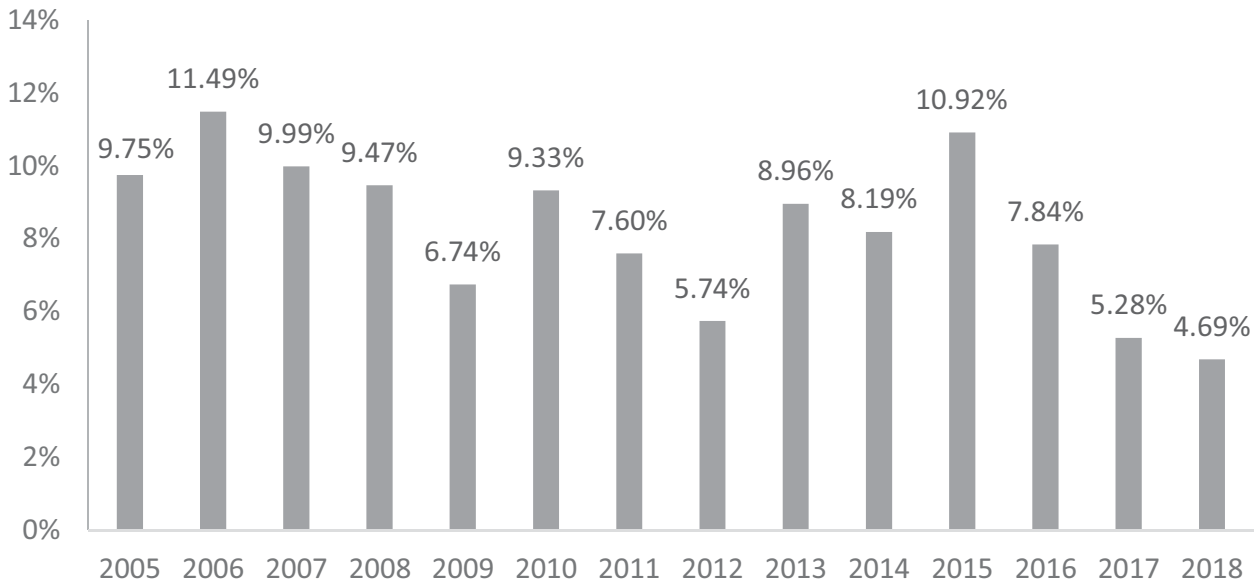
\* For the period from 15 September 2003 to 30 June 2004.

\*\* Relates to announced prices.

### Yearly Performance (Annualized)



### Payout History (% on opening Ex - NAV)



## Distribution History

Distribution Details	2018	2017	2016	2015
Interim distribution cash dividend	-	27.00	40.00	55.00
Interim distribution as a % of opening Ex-NAV of units	-	5.28	7.84	10.92
Date of distribution	-	20-Jun-17	24-Jun-16	29-Jun-15
Final distribution cash dividend	24.00	-	-	-
Final distribution as a % of Ex-NAV of units	4.69	-	-	-
Date of distribution	6-Jul-18	-	-	-

Distribution details	2014	2013	2012	2011	2010	2009	2008
First Interim distribution (Bonus)	9.50	12.50	-	-	12.50	13.75	25.00
First Interim distribution as a % of opening Ex-NAV of units	1.89	2.49	-	-	2.49	2.75	4.99
Date of distribution - Interim	4 October 2013	5 October 2012	-	-	27 October 2009	25 October 2008	3 April 2008
Second Interim distribution (Bonus)	9.50	12.50	-	12.50	13.75	7.50	-
Second Interim distribution as a % of opening Ex-NAV of units	1.89	2.49	-	2.49	2.74	1.50	-
Date of distribution - Interim	7 January 2014	4 January 2013	-	11 January 2011	21 January 2010	24 April 2009	-
Third Interim distribution (Bonus)	9.50	10.00	-	12.00	12.50	-	-
Third Interim distribution as a % of opening Ex-NAV of units	1.89	1.99	-	2.39	2.49	-	-
Date of distribution - Interim	4 April 2014	5 April 2013	-	7 April 2011	6 April 2010	-	-
Fourth Interim distribution (Bonus)	12.75	10.00	-	-	-	-	-
Fourth Interim distribution as a % of opening Ex-NAV of units	2.53	1.99	-	-	-	-	-
Date of distribution - Interim	18 June 2014	27 June 2013	-	-	-	-	-
Interim distribution (Bonus)	-	-	28.75	-	-	-	-
Interim distribution as a % of opening Ex-NAV of units	-	-	5.74	-	-	-	-
Date of distribution - Interim	-	-	27 June 2012	-	-	-	-
Final Distribution (Bonus)	-	-	-	13.75	8.00	12.50	22.50
Final Distribution as a % of opening Ex-NAV of units	-	-	-	2.73	1.60	2.50	4.49
Date of distribution - Final	-	-	-	7 July 2011	8 July 2010	3 July 2009	4 July 2008

Distribution details	2007	2006	2005	2004*
Final Distribution (Bonus)	50.00	57.50	48.75	18.75
Final Distribution as a % of opening Ex-NAV of units	9.99	11.49	9.75	3.75
Date of distribution - Final	20 July 2007	19 July 2006	15 July 2005	29 July 2004

\* For the period from 15 September 2003 to 30 June 2004.

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## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 11 September 2018

**Aftab Ahmed Diwan**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Income Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Income Fund** (the Fund), which comprise the statement of financial position as at June 30, 2018, and the statement of income, comprehensive income, cash flows and movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of debt securities</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the investments held by the Fund comprised of debt instruments which represent significant percentage of the total assets of the Fund as at the year end</p> <p>In view of the significance of these debt instruments in relation to the total assets and the NAV of the Fund, we have consider the existence and valuation of such debt instruments as a key audit matter</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of debt instruments. Our key procedure included the following:</p> <ul style="list-style-type: none"><li>- We tested controls over acquisition, disposals and periodic valuation of debt instruments portfolio.</li><li>- We performed substantive audit procedures on year-end balance of portfolio including review custodian's statement, related reconciliations and re-performance of debt instruments valuations on the basis of prices provided by the Mutual Fund Association of Pakistan (MUFAP).</li><li>- We considered credit impairment provisions in respect of debt securities which have been classified and reported under default category by MUFAP at the valuation date and assessed the adequacy of the impairment provision against such securities with reference to the requirements laid down by the Securities and Exchange Commission of Pakistan's circular No. 33 of 2012.</li></ul>

Key Audit Matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>- We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of debt instruments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the debt instruments portfolio in accordance with the requirements of the Regulations.</li> </ul>
<b>2. Amendment to the NBFC Regulations, 2008</b>	
<p>As disclosed in note 3.12 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the Securities and Exchange Commission of Pakistan through its SRO no. 756(I)/2017 dated 03 August 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations).</p> <p>These amendments are considered significant to our audit because application of the said amendments resulted in change in accounting policy relating to presentation "element of income / loss" in the financial statements and certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' (the Statements).</p>	<p>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the amended provisions of the NBFC Regulations. We also considered the guidelines issued by MUFAP in respect of the accounting for element of income / loss as per the revised Regulations and assessed its implementation by the Fund.</p> <p>We evaluated the adequacy of disclosures regarding the change in accounting policy with respect to element of income / loss in accordance with the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</p>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other matter**

The financial statements of the Fund for the year ended 30 June 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 13 September 2017.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Karachi: 06 September 2018

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2018

	Note	2018	2017
		-----Rupees-----	
<b>Assets</b>			
Cash and bank balances	4	4,566,844,339	9,679,898,539
Investments	5	2,077,435,737	1,980,963,380
Receivable against sale of investments		-	606,306,265
Receivable against issue of units		-	43,351,347
Receivable against Margin Trading System		156,652,992	260,438,209
Interest / profit accrued	6	49,472,429	56,382,183
Deposits, prepayment and other receivables	7	11,140,036	82,601,725
<b>Total assets</b>		<b>6,861,545,533</b>	<b>12,709,941,648</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	33,860,303	34,141,339
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	686,415	888,411
Payable to the Securities and Exchange Commission of Pakistan	10	7,365,523	6,911,284
Payable against redemption of units	11	41,457,746	6,399,179
Unclaimed dividend		40,464	40,464
Accrued expenses and other liabilities	12	41,827,392	110,634,308
<b>Total liabilities</b>		<b>125,237,843</b>	<b>159,014,985</b>
<b>NET ASSETS</b>		<b>6,736,307,690</b>	<b>12,550,926,663</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>6,736,307,690</b>	<b>12,550,926,663</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>12,545,428</b>	<b>24,501,811</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>536.95</b>	<b>512.24</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		-----Rupees-----	
<b>Income</b>			
Interest income	14	625,196,826	601,581,713
Gain on spread transactions		367,432	20,961,625
Capital loss on sale of investments - net		(5,511,552)	(42,674,626)
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(28,148,138)	28,920,510
		<b>(33,659,690)</b>	<b>(13,754,116)</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.12	-	(271,103,485)
<b>Total income</b>		<b>591,904,568</b>	<b>337,685,737</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	78,565,580	72,950,970
Sindh Sales Tax on remuneration of the Management Company	8.2	10,213,525	9,483,626
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	8,474,488	8,048,573
Sindh Sales Tax on remuneration of the Trustee	9.2	1,101,683	1,046,314
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	7,365,523	6,911,284
Securities transaction cost	15	4,643,173	22,854,044
Auditors' remuneration	16	661,055	657,279
Accounting and operational charges	17	9,573,734	6,534,087
Sindh Sales Tax on accounting and operational charges		-	522,727
Annual rating fee		355,705	355,704
Annual listing fee		27,500	55,000
Printing charges		443,709	416,204
Legal and professional charges		194,930	123,760
Bank charges		71,805	88,705
Reversal of Provision for Workers' Welfare Fund	12.1	-	(18,852,977)
Provision for Sindh Workers' Welfare Fund	12.1	9,404,243	13,245,380
<b>Total expenses</b>		<b>131,096,653</b>	<b>124,440,680</b>
<b>Net income for the year before taxation</b>		<b>460,807,915</b>	<b>213,245,057</b>
<b>Taxation</b>	19	-	-
<b>Net income for the year after taxation</b>		<b>460,807,915</b>	<b>213,245,057</b>
<b>Earnings per unit</b>	20		
<b>Allocation of net income for the year:</b>			
- Income already paid on units redeemed		159,644,023	
- Income available for distribution		301,163,892	
		<b>460,807,915</b>	
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	
- Excluding capital gains		301,163,892	
		<b>301,163,892</b>	

The annexed notes from 1 to 36 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	-----Rupees-----	
<b>Net income for the year after taxation</b>	<b>460,807,915</b>	<b>213,245,057</b>
<b>Other comprehensive income for the year</b>		
<b><i>Item that may be reclassified subsequently to Income Statement</i></b>		
- Net unrealised appreciation in the value of investments classified as 'available-for-sale'	-	118,002
<b>Total comprehensive income for the year</b>	<b>460,807,915</b>	<b>213,363,059</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018		
	Capital Value	Undistributed income	Net Assets
	-Rupees-		
Capital value	12,422,462,948	-	12,422,462,948
<b>Undistributed income brought forward</b>			
- Realised income	-	99,100,360	99,100,360
- Unrealised income	-	28,976,066	28,976,066
- Net unrealised appreciation in the value of investment classified as 'available for sale'- net	-	387,289	387,289
<b>Net assets at end of the year (Unit outstanding: 24,501,811) (Rs. 512.24 per unit)</b>	<b>12,422,462,948</b>	<b>128,463,715</b>	<b>12,550,926,663</b>
Issuance of 1,762,116 units	918,308,458	-	918,308,458
Redemption of 13,718,499 units	(7,033,704,034)	(159,644,023)	(7,193,348,057)
Total comprehensive income for the year	-	460,807,915	460,807,915
- Net unrealised diminution in the value of investment classified as 'available for sale'- net	-	(387,289)	(387,289)
<b>Net assets at end of the year (Unit outstanding: 12,545,428) (Rs. 536.95 per unit)</b>	<b>6,307,067,372</b>	<b>429,240,318</b>	<b>6,736,307,690</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	457,388,456	-
- Unrealised loss	-	(28,148,138)	-
	-	<b>429,240,318</b>	-
		<b>Note</b>	<b>June 30, 2017</b>
Capital value			7,705,893,998
<b>Undistributed income brought forward</b>			
- Realised income			50,518,522
- Unrealised income			53,249,277
- Net unrealised diminution in the value of investment classified as 'available for sale'- net			(1,334,329)
			<b>102,433,470</b>
<b>Net assets at beginning of the year (Unit outstanding: 2,219,389) (Rs. 511.25 per unit)</b>			<b>7,808,327,468</b>
Issue of 27,219,389 units			13,638,607,030
Redemption of 17,990,690 units			(9,191,537,949)
			<b>4,447,069,081</b>
Element of income and capital gains included in prices of units sold less those in units redeemed transferred to income statement - net	3.12		271,103,485
Other income (net of expenses) for the year			226,999,173
Capital loss on sale of investments - net			(42,674,626)
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net			28,920,510
Net unrealised appreciation in the value of investment classified as 'available for sale'			118,002
<b>Total Comprehensive income for the year</b>			<b>213,363,059</b>
Cash dividend declared for the year ended 30 June 2017 @ Rs. 27 per unit declared on 20 June 2017			(188,936,430)
<b>Net assets at end of the year (Unit outstanding: 24,501,811) (Rs. 512.24 per unit)</b>			<b>12,550,926,663</b>
<b>Undistributed income carried forward</b>			
- Realised income			99,100,360
- Unrealised income			28,976,066
			<b>128,076,426</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

Note	2018	2017
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year after taxation	460,807,915	213,245,057
<b>Adjustments for:</b>		
Interest / profit income	(625,196,826)	(601,581,713)
Gain on spread transactions	(367,432)	(20,961,625)
Capital loss on sale of investments - net	5,511,552	42,674,626
Net unrealised dimunition/(appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	28,148,138	(28,920,510)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	271,103,485
Reversal of provision for Workers' Welfare Fund	-	(18,852,977)
Provision for Sindh Workers' Welfare Fund	9,404,243	13,245,380
	<b>(582,500,325)</b>	<b>(343,293,334)</b>
<b>Decrease in assets</b>		
Receivable against Margin Trading System	103,785,217	829,715,358
Deposits, prepayment and other receivables	71,461,689	(74,113,580)
	<b>175,246,906</b>	<b>755,601,778</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(281,036)	1,629,330
Payable to the Central Depository Company of Pakistan Limited - Trustee	(201,996)	6,538
Payable to the Securities and Exchange Commission of Pakistan	454,239	1,194,513
Accrued expenses and other liabilities	(78,211,159)	(36,343)
	<b>(78,239,952)</b>	<b>2,794,038</b>
	<b>(24,685,456)</b>	<b>628,347,539</b>
Interest received	402,055,946	441,983,021
Investments made during the year	41,015,910,632	41,783,653,888
Investments sold / redeemed / matured during the year	(40,161,339,730)	(40,348,547,754)
<b>Net cash generated from operating activities</b>	<b>1,231,941,392</b>	<b>2,505,436,694</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	961,659,805	13,595,866,052
Net payments against redemption of units	(7,158,289,490)	(9,185,157,080)
Cash payout against distribution	-	(188,936,430)
<b>Net cash (used in) / generated from financing activities</b>	<b>(6,196,629,686)</b>	<b>4,221,772,542</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4,964,688,294)</b>	<b>6,727,209,236</b>
Cash and cash equivalents at the beginning of the year	9,679,898,539	3,151,610,471
<b>Cash and cash equivalents at the end of the year</b>	<b>4,715,210,245</b>	<b>9,878,819,707</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on 20 February 2003 between Atlas Asset Management Limited (AAML) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. MCBFSL resigned on 11 June 2005 as the trustee and the Central Depository Company of Pakistan Limited (CDC) was appointed in its place with effect from that date. The Trust Deed has been revised through the Deed of Change of Trustee and the First, Second, Third, Fourth and Fifth Supplemental Trust Deeds dated 11 June 2005, 29 October 2007, 23 June 2010, 12 November 2010 and 23 May 2017 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Supplements dated 21 June 2005, 29 October 2007, 29 February 2008, 23 June 2010, 12 November 2010, 14 October 2013, 24 March 2015, 3 August 2015, 13 April 2016, 29 September 2016 and 2 June 2017 respectively with the approval of the SECP. The investment activities and administration of the Fund are managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as an 'income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from 22 March 2004 and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in a diversified portfolio offering good returns and consistent growth. The Fund aims to deliver this objective mainly by investing in Government securities, cash in bank accounts, Certificate of Investments (COIs), money market placements, deposits, Certificates of Deposits (CODs), Certificates of Musharikas (COMs), Term Deposit Receipts (TDRs), commercial papers, reverse repos, term finance certificates (TFCs) / sukuks, transactions on Margin Trading System (MTS), spread transactions and any other instruments that may be allowed by the SECP. The investment objectives and policies are explained in the Fund's offering document.
- 1.4 The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of directives issued under the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## New Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

### Standard

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)  
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

## 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

2.2.1 The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
- IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
- IFRS 9 - Financial Instruments	01 July 2018
- IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
- IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 15 - Revenue from Contracts with Customers	01 July 2018
- IFRS 16 - Leases	01 January 2019
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures - (Amendments)	01 January 2019
- IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
- IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application. However, the Fund is currently evaluating the requirements of IFRS-9 and potential impact on the financial statements of the Fund.

## 2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- Classification and valuation of investments (note 3.1.1, 3.1.4 and 5)
- Impairment of financial assets (note 3.1.5)
- Taxation (note 3.11 and 19)
- Provisions (note 3.5, 5.9 and 12.1)

## 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

## 2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out as below. These policies have been applied consistently to all years except for the changes in accounting policies as explained in the note 3.12 below.

### 3.1 Financial assets

#### 3.1.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows:

#### a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profits from short-term fluctuations in prices.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss, or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.1.2 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

## 3.1.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

## 3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

### a) 'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

#### Basis of valuation of debt securities

The investments of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities.

#### Basis of valuation of government securities

The investments of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

#### Basis of valuation of equity securities

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange is valued at the closing price determined by such exchange in accordance with its regulations.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in the fair value of available-for-sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the Income Statement.

### b) Loans and receivables

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

## 3.1.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## a) Available-for-sale financial assets

### Impairment loss on equity securities

In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the security is impaired. If the evidence of impairment exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement is reclassified from 'unit holders' fund' to the Income Statement. Impairment losses recognised in the Income Statement on equity securities are not reversed through the Income Statement.

### Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors and placed by the Management Company on its website.

## b) Loans and receivables

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by the SECP.

### 3.1.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### 3.1.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

## 3.2 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

## 3.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.4 Margin Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into contracted rates for specified periods of time. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on an accrual basis using the effective interest method. Cash releases are adjusted against the receivable as a reduction in the amount of receivable. The maximum maturity of an MTS contract is 60 calendar days out of which 25 percent exposure is automatically released at expiry of every 15th day from the day of contract.

## 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## 3.6 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

## 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

## 3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Distribution Committee of the Board of Directors of the Management Company under powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Directors of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

## 3.9 Revenue recognition

- Capital gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Income from investments in term finance certificates / sukuks and government securities is recognised on an accrual basis using effective interest method at the rate of return implicit in the instrument.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Interest income on bank balances, term deposits and MTS transactions is recognised on an accrual basis.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.10 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

## 3.11 Taxation

### Current

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend.

### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year as cash dividend.

## 3.12 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The SECP through its SRO no. 756(l)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations with respect to the accounting treatment and disclosure requirements as summarized below:

(a) The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting year.

(b) The revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund.

(c) The regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations."

Previously, the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year was recognised in the Income Statement.

The above changes resulted in a change in accounting policy with respect to the presentation element of income / (loss) and capital gains / (loss). As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its SRO no. 756(l)/2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs. 150.5 million. However, the change in accounting policy does not have any impact on the Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

Additionally, the revised regulations required that for the purpose of maintaining the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The income paid on redemption of units during the year will be considered as distribution of income during the year and therefore, will be deducted from the net income to arrive at the income available for distribution to the unit holders at the end of the year. MUFAP, in consultation with the SECP, has specified the methodology of determination of income paid on units redeemed during the year which has been followed by the Fund.

4	<b>CASH AND BANK BALANCES</b>	<b>Note</b>	<b>2018</b> -----Rupees-----	<b>2017</b> -----Rupees-----
	Balances with banks in:			
	Savings accounts	4.1	4,566,839,339	9,678,966,289
	Current account		5,000	7,250
	Cheques in hand		-	925,000
			<b>4,566,844,339</b>	<b>9,679,898,539</b>

4.1 The rate of return on these accounts ranges between 4.00% to 7.35% (2017: 3.75% to 6.75%) per annum.

5	<b>INVESTMENTS</b>	<b>Note</b>	<b>2018</b> -----Rupees-----	<b>2017</b> -----Rupees-----
	<b>Available-for-sale</b>			
	Quoted equity security	5.1	-	2,717,070
	<b>Equity Futures - listed</b>			
	Quoted equity security	5.2	-	-
	<b>At fair value through profit or loss - held for trading</b>			
	Term finance certificates - listed	5.3 & 5.9	1,091,496,304	1,000,413,868
	Term finance certificates - unlisted	5.4 & 5.9	200,852,450	203,399,386
	Sukuk certificates - unlisted	5.5 & 5.9	557,409,200	575,511,888
	Government securities - Market Treasury Bills	5.6	148,365,900	198,921,168
	Commercial papers	5.8	79,311,883	-
			<b>2,077,435,737</b>	<b>1,978,246,310</b>
			<b>2,077,435,737</b>	<b>1,980,963,380</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 5.1 Quoted equity security

Ordinary shares having a face value of Rs 10 each

Name of the Investee Company	As at 01 July 2017	Acquired during the year	Sold during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
	-----Number of shares-----				-----Rupees-----		-----% age-----		
<b>CHEMICAL</b>									
AgriTech Limited	302,569	-	302,569	-	-	-	-	-	-
<b>Total - 30 June 2017</b>					<b>2,329,782</b>	<b>2,717,070</b>	<b>0.14</b>	<b>0.02</b>	<b>0.00</b>

## 5.2 Equity futures - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs 10 each unless stated other wise.

Name of the Investee Company	As at 01 July 2017	Purchased during the year	Bonus / right shares issued during the year	Sold during the year	As at 30 June 2018	Carrying value as at June 30, 2018	Market value as at June 30, 2018	Market value as a percentage of total investments	Market value as a percentage of net assets
	-----Number of shares-----				-----Rupees-----		-----% age-----		
<b>At fair value through profit or loss - equity securities</b>									
<b>BANKS</b>									
Bank Alfalah Limited	-	556,500	-	556,500	-	-	-	-	-
The Bank of Punjab	-	94,500	-	94,500	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
The Hub Power Company Limited	-	200,000	-	200,000	-	-	-	-	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>									
Pakistan State Oil Company Limited	-	1,500	-	1,500	-	-	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>									
Pakistan Telecommunication Company Limited	-	8,500	-	8,500	-	-	-	-	-
<b>FERTILIZER</b>									
Engro Fertilizers Limited	-	4,000	-	4,000	-	-	-	-	-
Engro Corporation Limited	-	25,000	-	25,000	-	-	-	-	-
<b>Total as at 30 June 2018</b>									
<b>Total as at 30 June 2017</b>									

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5.2.1 The cost of listed equity securities as at 30 June 2018 is Rs. Nil (30 June 2017: Rs Nil).

5.2.2 The movement in equity securities represents spread transactions entered into by the Fund. The Fund purchased equity securities in ready settlement market and sold them in future settlement market earning income on spread transactions due to difference in ready and future stock prices.

## 5.3 Term finance certificates - listed

(Certificates having a face value of Rs 5,000 each unless stated otherwise)

Name of Investee Company	Note	As at 01 July 2017	Purchased during the year	Disposed / matured during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of total issue size
		-----Number of certificates-----				-----Rupees-----		-----% age-----		
<b>BANKS</b>										
Bank Alfalah Limited - V		38,450	21,453	-	59,903	304,928,215	300,597,671	14.47	4.46	5.99
Habib Bank Limited Tier - II (face value of Rs 100,000 per certificate)		7,500	-	-	7,500	751,273,500	740,032,500	35.62	10.99	7.50
Soneri Bank Limited		10,000	-	-	10,000	51,397,451	50,866,133	2.45	0.76	1.67
<b>TELECOMMUNICATION</b>										
Telecard Limited	5.9.1	4,000	-	-	4,000	-	-	-	-	-
<b>PERSONAL GOODS</b>										
Azgard Nine Limited	5.9.1	5,000	-	-	5,000	-	-	-	-	-
<b>Total - 30 June 2018</b>						<b>1,107,599,166</b>	<b>1,091,496,304</b>	<b>52.54</b>	<b>16.20</b>	<b>15.16</b>
<b>Total - 30 June 2017</b>						<b>995,411,855</b>	<b>1,000,413,868</b>	<b>50.50</b>	<b>7.97</b>	<b>13.01</b>

5.3.1 The terms and conditions of listed term finance certificates outstanding as at 30 June 2018 are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
<b>BANKS</b>					
Bank Alfalah Limited - V	AA	8 years	Semi-annually	Feb 2021	6 month KIBOR + 1.25%
Habib Bank Limited Tier - II	AAA	10 years	Semi-annually	Feb 2026	6 month KIBOR + 0.50%
Soneri Bank Limited	A+	8 years	Semi-annually	July 2023	6 month KIBOR + 1.35%
<b>TELECOMMUNICATION</b>					
Telecard Limited	NPA	15 years	Quarterly	Dec 2020	3 month KIBOR
<b>PERSONAL GOODS</b>					
Azgard Nine Limited	NPA	7 years	Semi-annually	Sept 2012	6 month KIBOR + 2.40%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 5.4 Term finance certificates - unlisted

(Certificates having a face value of Rs. 5,000 each unless stated otherwise)

Name of Investee Company	Note	As at 01 July 2017	Purchased during the year	Disposed / matured during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of total issue size
-----Number of certificates-----					-----Rupees-----		-----% age-----			
<b>BANKS</b>										
Askari Bank Limited - V		20,000	-	-	20,000	101,850,909	100,179,053	4.82	1.49	2.50
Bank AL Habib Limited		20,000	-	-	20,000	101,467,061	100,673,397	4.85	1.49	2.50
<b>CHEMICALS</b>										
Agri-tech Limited - I	5.9.1	2,000	-	-	2,000	-	-	-	-	-
Agri-tech Limited - II	5.9.1	8,000	-	-	8,000	-	-	-	-	-
Agri-tech Limited - IV	5.9.1	2,203	-	-	2,203	-	-	-	-	-
<b>PERSONAL GOODS</b>										
Azgard Nine Limited - V	5.9.1	1,075	-	-	1,075	-	-	-	-	-
<b>Total - 30 June 2018</b>						<b>203,317,970</b>	<b>200,852,450</b>	<b>9.67</b>	<b>2.98</b>	<b>5.00</b>
<b>Total - 30 June 2017</b>						<b>202,982,550</b>	<b>203,399,386</b>	<b>10.27</b>	<b>1.62</b>	<b>5.00</b>

### 5.4.1 The terms and conditions of unlisted term finance certificates outstanding as at 30 June 2018 are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
<b>BANKS</b>					
Askari Bank Limited - V	AA-	10 years	Semi-annually	Sept 2024	6 month KIBOR + 1.20%
Bank AL Habib Limited	AA	10 years	Semi-annually	Mar 2026	6 month KIBOR + 0.75%
<b>CHEMICALS</b>					
Agri-tech Limited - I	NPA	7 years	Semi-annually	Nov 2014	6month KIBOR + 1.75%
Agri-tech Limited - II	NPA	7 years	Semi-annually	Jan 2015	6month KIBOR + 1.75%
Agri-tech Limited - IV	NPA	3.5 years	Semi-annually	Jan 2015	-
<b>PERSONAL GOODS</b>					
Azgard Nine Limited - V	NPA	5 years	Semi-annually	Mar 2017	Zero Coupon

## 5.5 Sukuk certificates - unlisted

(Certificates having a face value of Rs. 5,000 each unless stated otherwise)

Name of Investee Company	As at 01 July 2017	Purchased during the year	Disposed during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of total issue size	
-----Number of sukuk certificates-----					-----Rupees-----		-----Percentage-----			
<b>CHEMICALS</b>										
Agri-tech Limited (note 5.9.1)	4,060	-	4,060	-	-	-	-	-	-	
<b>BANKS</b>										
Meezan Bank Limited Tier - II (face value of Rs. 1,000,000 per certificate)	552	-	200	352	366,993,070	357,280,000	17.20	5.30	7.53	
<b>FERTILIZERS</b>										
Dawood Hercules Corporation Limited Sukuk 2 (Face Value Rs. 100,000)	-	2,000	-	2,000	200,000,000	200,129,200	9.63	2.97	3.33	
<b>Total - 30 June 2018</b>					<b>566,993,070</b>	<b>557,409,200</b>	<b>26.83</b>	<b>8.27</b>	<b>10.86</b>	
<b>Total - 30 June 2017</b>					<b>552,000,000</b>	<b>575,511,888</b>	<b>29.05</b>	<b>4.59</b>	<b>7.89</b>	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 5.5.1 The terms and conditions of these sukuk certificates are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
Agritech Limited	NPA	7 years	Semi -annually	Aug 2015	6 month KIBOR + 2.00%
Meezan Bank Limited Tier - II	AA-	10 years	Semi -annually	Sept 2026	6 month KIBOR + 0.50%
Dawood Hercules Sukuk Tier - II	Not available	5 years	Semi -annually	March 2023	6 month KIBOR + 1.00%

## 5.6 Government securities - Market Treasury Bills

Tenor	As at 01 July 2017	Purchased during the year	Disposed / Matured during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets
	-----Face value (Rupees)-----				-----Rupees-----		-----Percentage-----	
3 months	200,000,000	31,514,250,000	31,564,250,000	150,000,000	148,361,785	148,365,900	7.14	2.20
6 months	-	8,609,400,000	8,609,400,000	-	-	-	-	-
12 months	-	-	-	-	-	-	-	-
<b>Total - 30 June 2018</b>	<b>200,000,000</b>	<b>40,123,650,000</b>	<b>40,173,650,000</b>	<b>150,000,000</b>	<b>148,361,785</b>	<b>148,365,900</b>	<b>7.14</b>	<b>2.20</b>
<b>Total - 30 June 2017</b>					<b>198,931,395</b>	<b>198,921,168</b>	<b>10.04</b>	<b>1.58</b>

5.6.1 Market treasury bills carry purchase yield of 6.75% (2017: 5.99%) per annum and will mature on 30 August 2018 (2017: 03 August 2017). The cost of these investments as on 30 June 2018 is Rs. 147,706,500 (2017: Rs. 197,280,000).

5.6.2 These treasury bills amounting to Rs. 148,361,785 (face value: Rs. 150,000,000) [2017: Rs. 198,921,168 (face value: Rs. 200,000,000)] which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in respect of Margin Trading System (MTS) transactions and spread transactions respectively due to mature on 30 August 2018 (2017: 03 August 2017).

## 5.7 Government securities - Pakistan Investment Bonds

Tenor	As at 01 July 2017	Purchased during the year	Disposed / matured during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets
	-----Face value (Rupees)-----				-----Rupees-----		-----Percentage-----	
10 Years	-	125,000,000	125,000,000	-	-	-	-	-
<b>Total as at 30 June 2018</b>	<b>-</b>	<b>125,000,000</b>	<b>125,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - 30 June 2017</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 5.8 Commercial Papers

Name of investee company	As at 01 July 2017	Purchased during the year	Disposed / matured during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Market value as a percentage of total investments	Market value as a percentage of net assets
	-----Number of Certificates (Rs.100,000 each)-----				-----Rupees-----		-----Percentage-----	
Crescent Steel & Allied Products Limited	-	800	-	800	80,000,000	79,311,883	3.82	1.18
<b>Total as at 30 June 2018</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>800</b>	<b>80,000,000</b>	<b>79,311,883</b>	<b>3.82</b>	<b>1.18</b>
<b>Total - 30 June 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5.9 Particulars of non-compliant investments

5.9.1 The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated 07 July 2010, prescribed certain disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The following are the details of non-compliant investments:

Non-compliant investment	Type of Investment	Value before provision	Provision held	Net carrying value	Percentage of	
					Net assets	Gross assets
		-----Rupees-----			-----%age-----	
<b>Listed</b>						
Telecard Limited	Term finance certificate	4,668,990	4,668,990	-	-	-
Azgard Nine Limited	Term finance certificate	7,871,511	7,871,511	-	-	-
		<b>12,540,501</b>	<b>12,540,501</b>	-	-	-
<b>Unlisted</b>						
Agritech Limited - I	Term finance certificate	7,494,000	7,494,000	-	-	-
Agritech Limited - II	Term finance certificate	29,976,000	29,976,000	-	-	-
Agritech Limited - IV	Term finance certificate	11,015,000	11,015,000	-	-	-
Azgard Nine Limited - V	Term finance certificate	5,375,000	5,375,000	-	-	-
		<b>53,860,000</b>	<b>53,860,000</b>	-	-	-
<b>Unlisted</b>						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
<b>Total - 30 June 2018</b>		<b>81,625,501</b>	<b>81,625,501</b>	-	-	-
<b>Total - 30 June 2017</b>		<b>81,625,501</b>	<b>81,625,501</b>	-	-	-

5.9.2 The securities stated above have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 dated 24 October 2012, and an aggregate provision of Rs. 81.63 million (30 June 2017: Rs 81.63 million), has been made in accordance with the provisioning requirements specified by the SECP.

5.9.3 During the FY 2012-13, the Fund received zero coupon term finance certificates of Azgard Nine Limited having face value of Rs. 5,375,000. These TFCs were received against outstanding mark-up of Azgard Nine Limited's TFCs payable as of 31 March 2012.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 6 INTEREST / PROFIT ACCRUED

	2018	2017
	-----Rupees-----	
Interest / profit accrued on:		
Savings and term deposits	5,796,216	12,929,201
Margin Trading System	1,228,195	2,498,039
Term finance certificates	32,879,055	28,740,771
Sukuk certificates	9,568,963	12,214,172
	<b>49,472,429</b>	<b>56,382,183</b>

## 7 DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	Note	2018	2017
		-----Rupees-----	
Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
National Clearing Company of Pakistan Limited (NCCPL)		2,750,000	2,750,000
Margin deposit against futures		-	71,613,580
Prepaid annual fee to the NCCPL		124,209	124,209
Other receivables	7.1	8,165,827	8,013,936
		<b>11,140,036</b>	<b>82,601,725</b>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, during the year ended 30 June 2016, withholding tax on profit on bank deposits and debt securities paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The amount of tax withheld on profit on bank deposits and debt securities as at 30 June 2018 amounts to Rs 2.80 million and Rs 5.37 million respectively.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all Funds managed by the Company to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits and debt securities has been shown as other receivables as at 30 June 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 -----Rupees-----	2017
<b>8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>			
Remuneration of the Management Company	8.1	5,382,172	5,561,795
Sindh Sales Tax payable on remuneration of the Management Company	8.2	4,222,380	4,245,731
Federal Excise Duty payable on remuneration of the Management Company	8.3	23,582,971	23,582,971
Accounting and operational charges payable		672,780	695,224
Sindh Sales Tax payable on accounting and operational charges		-	55,618
		<b>33,860,303</b>	<b>34,141,339</b>

**8.1** In accordance with the provisions of the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1.50% of the average annual net assets in case of income schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and, thereafter, at the rate of 2% of such assets. Accordingly, the Management Company has charged its remuneration at the rate of 0.80% (2017: 0.80%) per annum of the average annual net assets of the year. The fee is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs.10,213,525 (2017: Rs 9,483,626) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.10,236,876 (2017: Rs. 9,335,444) has been paid to the Management Company which acts as a collecting agent.

**8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board (as explained in note 8.2 above) which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the previous year, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 23.583 million (30 June 2017: Rs 23.583 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Has the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs. 1.88 per unit (30 June 2017: Rs 0.96 per unit).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	2018 -----Rupees-----	2017
Trustee fee payable	9.1	602,447	616,204
Sindh Sales Tax payable on trustee fee	9.2	78,318	80,107
Settlement charges payable		5,000	170,000
Sindh Sales Tax payable on settlement charges		650	22,100
		<b>686,415</b>	<b>888,411</b>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

**On net assets:**

- up to Rs 1,000 million Rs 0.6 million or 0.17% per annum of net assets, whichever is higher.
- from Rs 1,000 million to Rs.5,000 million Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1,000 million.
- exceeding Rs.5,000 million Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5,000 million.

9.2 During the year, an amount of Rs 1,101,684 (2017: Rs. 1,046,314 ) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 1,103,473 (2017: Rs.1,051,634) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2018 -----Rupees-----	2017
Annual fee payable	10.1	<b>7,365,523</b>	<b>6,911,284</b>

10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an income scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.

### 11 PAYABLE AGAINST REDEMPTIONS OF UNITS

This includes units redeemed from the unit holders based on re-balancing of units on or before 30 June 2018 in respect of which amounts were received subsequent to the year end 30 June 2018.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
-----Rupees-----			
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		480,360	450,305
NCCPL charges payable		430,000	180,000
Printing charges payable		221,363	209,955
Brokerage payable		-	120,425
Sales Tax payable		-	14,804
Legal and professional charges payable		-	100,000
Annual rating fee payable		355,704	-
Zakat payable		-	8,221
Withholding tax payable		40,288	37,346,119
Capital gain tax payable		17,315,711	58,899,103
Provision for Sindh Workers' Welfare Fund	12.1	22,649,623	13,245,380
Other payable		334,343	59,996
		<b>41,827,392</b>	<b>110,634,308</b>

**12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under the Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP took up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, reverse the entire provision against WWF on 12 January 2017 held by the CISs till 30 June 2015; and
- as a matter of abundant caution, create provision in respect of SWWF on 12 January 2017 with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 in response to which the SECP vide its letter dated 1 February 2017 advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on 12 January 2017 whereby the entire provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision for SWWF is being made by the Fund on a daily basis going forward.

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs. 1.81 per unit (30 June 2017: Rs. 0.54 per unit).

### 13 CONTINGENCIES AND COMMITMENTS

13.1 There were no contingencies outstanding as at 30 June 2018 and 30 June 2017.

13.2 Commitments	Note	2018 -----Rupees-----	2017 -----Rupees-----
Margin Trading System (MTS) transactions entered into by the Fund that have not been settled as at 30 June 2018			
Purchase of securities		41,442,656	-
<b>Total commitments</b>		<b>41,442,656</b>	<b>-</b>

### 14 INTEREST / PROFIT INCOME

Interest / profit on:

Savings and term deposits		248,078,022	100,807,534
Income from Margin Trading System		20,107,340	106,504,949
Term Finance Certificates	14.1	86,883,593	72,579,880
Sukuk certificates		39,959,588	28,917,390
Commercial Papers		4,893,278	-
Government Securities - Market Treasury Bills		225,157,356	201,858,570
Government Securities - Pakistan Investment Bonds		117,649	90,913,390
		<b>625,196,826</b>	<b>601,581,713</b>

14.1 This includes mark-up received on non-performing term finance certificates amounting to Rs 0.194 million (30 June 2017: 0.381 million). Furthermore, in accordance with the requirements specified by the SECP, mark-up on non-performing securities amounting to Rs.58.60 million (2017: Rs 52.07 million) based on outstanding principal has not been recognised during the period.

### 15 SECURITIES TRANSACTION COST

This represents brokerage, BATS charges, laga / levy and MTS transaction charges to the NCCPL and settlement charges to the CDC.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

<b>16 AUDITORS' REMUNERATION</b>	<b>2018</b>	<b>2017</b>
	-----Rupees-----	
Audit fee	322,000	322,000
Half yearly review of condensed interim financial information	161,000	161,000
Certification charges	50,000	-
Review of Statement of Compliance with the Code of Corporate Governance	-	45,000
Sindh Sales Tax on services	44,640	44,640
Out of pocket expenses	83,415	84,639
	<b>661,055</b>	<b>657,279</b>

## 17 ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund in respect of the back office accounting function to an independent service provider.

## 18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2018 is 1.34% (30 June 2017:1.55%) which includes 0.29% (30 June 2017:0.35%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 19 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended 30 June 2018 subsequent there to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 20 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 21 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**21.1** Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 21.2 Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 21.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 21.4 The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Transactions during the year	2018	2017
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	78,565,580	72,950,970
Remuneration paid	78,745,203	71,495,257
Sindh Sales Tax on remuneration of the Management Company	10,213,525	9,483,626
Accounting and operational charges	9,573,734	6,534,087
Sindh Sales Tax on accounting and operational charges	-	522,727
Issue of Nil (2017: 27,796) units	-	14,256,702
Cash dividend	-	3,008,936
Outstanding 115,852 (2017: 115,852 ) units - at net asset value	62,206,464	59,343,773
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee Fee	8,474,488	8,048,573
Sindh Sales Tax on remuneration of Trustee Fee	1,101,683	1,046,314
Trustee Fee paid	8,488,245	8,042,559
Settlement charges	341,119	2,104,395
Sindh Sales Tax on settlement charges	44,345	273,571
<b>Atlas Battery Limited (Group Company)</b>		
Issue of Nil (2017:1,797,819) units		919,890,288
Redemption of 1,797,819 (2017: 1,780,683) units	935,697,170	930,406,278
Outstanding Nil (2017: 1,797,819) units - at net asset value	-	920,915,045
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Issue of Nil (2017: 538,835) units	-	278,140,838
Redemption of 406,082 (2017: 170,152) units	214,000,000	89,500,000
Cash dividend	-	26,854,450
Outstanding 627,881 (2017: 1,033,963) units - at net asset value	337,140,831	529,637,193
<b>Atlas Services Limited (Group Company)</b>		
Issue of Nil (2017: 538,835) units	-	70,616,528
Cash dividend	-	3,488,704
Outstanding Nil (2017: 134,324) units - at net asset value	-	68,805,994
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 137 (2017: 10,606,917) units	71,618	5,438,200,489
Redemption of 8,577,960 (2017: 6,196,064) units	4,500,000,000	3,313,896,085
Outstanding 1,070,881 (2017: 9,648,704) units - at net asset value	575,009,585	4,942,452,193
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 38,692 (2017: 161,380) units	20,000,000	85,875,860
Redemption of 38,692 (2017: 161,380) units	20,764,171	86,334,658

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	-----Rupees-----	
<b>Atlas Metals (Private) Limited (Group Company)</b>		
Redemption of Nil (2017: 24,563) units	-	13,057,155
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of Nil (2017: 4,424) units	-	2,264,248
Redemption of 28,666 (2017: 46,184) units	15,044,758	24,383,000
Cash dividend	-	3,018,997
Outstanding 87,573 (2017: 116,239) units - at net asset value	47,022,094	59,542,199
<b>Cherat Cement Company Limited Employees Provident Fund (Trust established by a Company formerly having common Director)</b>		
Issue of 3,288 (2017: nil) units	1,721,259	-
Redemption of 3,288 (2017: 183) units	(1,739,343)	96,423
<b>Honda Atlas Cars (Pakistan) Limited</b>		
Issue of Nil (2017: 5,486,959) units	-	2,812,625,903
Redemption of Nil (2017: 3,411,986) units	-	1,833,328,277
Outstanding 3,542,568 (2017: 3,542,568) units - at net asset value	1,902,182,029	1,814,645,167
<b>Shirazi Capital (Private) Limited (Group company)</b>		
Redemption of Nil (2017: 830,408) units	-	434,411,507
<b>Shirazi Investments (Private) Limited (Group company)</b>		
Issue of 866,093 (2017: 1,715,788) units	450,000,000	887,873,839
Cash dividend	-	97,949,776
Outstanding 5,379,242 (2017: 4,513,149) units - at net asset value	2,888,384,219	2,311,815,560
<b>Shirazi Investments (Private) Limited - Employees Provident Fund</b>		
Issue of 31,375 (2017: 11,885) units	16,170,000	6,297,934
Redemption of 7,776 (2017: 27,935) units	4,070,000	14,658,098
Cash dividend	-	77,934
Outstanding 26,637 (2017: 3,039) units - at net asset value	14,302,986	1,556,554
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of Nil (2017: 1,243) units	-	636,230
Cash dividend	-	636,230
Outstanding 24,807 (2017: 24,807) units - at net asset value	13,320,246	12,707,259
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of Nil (2017: 12,134) units	-	6,210,228
Redemption of 66,049 (2017: nil) units	35,000,000	-
Cash dividend	-	6,210,228
Outstanding 176,094 (2017: 242,143) units - at net asset value	94,553,568	124,035,205

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	-----Rupees-----	
<b>Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2017: 44,802) units	-	23,028,170
Cash dividend	-	3,028,170
Outstanding 118,071 (2017: 118,071) units - at net asset value	63,398,358	60,480,818
<b>Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of 31,998 (2017: 14,701) units	16,748,280	7,736,411
Redemption of 10,256 (2017: 32,620) units	5,400,000	17,200,000
Cash dividend	-	236,411
Outstanding 30,959 (2017: 9,218) units - at net asset value	16,623,650	4,721,768
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2017: 675) units	-	345,500
Redemption of 13,471 (2017: nil) units	6,954,338	-
Cash dividend	-	345,500
Outstanding Nil (2017: 13,471 units - at net asset value)	-	6,900,587
<b>Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2017: 9,209) units	-	4,747,953
Cash dividend	-	747,953
Redemption of 3,757 (2017: nil) units	2,000,000	-
Outstanding 25,406 (2017: 29,163) units - at net asset value	13,641,857	14,938,662
<b>Atlas Die Casting (Private) Limited (Group Company)</b>		
Issue of 189,941 (2017: 189,941) units	-	101,524,744
Cash dividend	-	2,032,992
Redemption of 78,275 (2017: 111,666) units	40,246,787	60,000,000
Outstanding Nil (2017: 78,275) units - at net asset value	-	40,095,716
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2017: 20,880) units	-	10,735,745
Cash dividend	-	735,745
Outstanding 28,687 (2017: 28,687) units - at net asset value	15,403,699	14,694,833
<b>Atlas Powers Limited - Staff Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2017: 15) units	-	7,435
Redemption of 290 (2017: nil) units	149,160	-
Cash dividend	-	7,435
Outstanding Nil (2017: 290) units - at net asset value	-	148,488
<b>Directors and their close family members and key management personnel and executive of the Management Company</b>		
Issue of 30,880 (2017: 431,928) units	16,502,104	227,849,862
Redemption of 190,258 (2017: 317,063) units	99,348,749	169,464,436
Cash dividend	-	11,868,100
Outstanding 266,205 (2017: 462,145) units - at net asset value	142,939,040	236,728,945

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

21.5 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

	Note	2018 -----Rupees-----	2017
<b>22 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	4	4,566,844,339	9,679,898,539
Treasury bills (with original maturity of three months)	5.6	148,365,906	198,921,168
		<b>4,715,210,245</b>	<b>9,878,819,707</b>

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

	----- As at 30 June 2018 -----			
	Loans and receivables	At fair value through profit or loss	Available-for- sale	Total
	----- Rupees -----			
<b>Financial assets</b>				
Cash and bank balances	4,566,844,339	-	-	4,566,844,339
Investments	-	2,077,435,737	-	2,077,435,737
Receivable against Margin Trading System	156,652,992	-	-	156,652,992
Interest / profit accrued	49,472,429	-	-	49,472,429
Deposits	2,850,000	-	-	2,850,000
	<b>4,775,819,760</b>	<b>2,077,435,737</b>	<b>-</b>	<b>6,853,255,497</b>

	----- As at 30 June 2018 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees -----		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	33,860,303	33,860,303
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	686,415	686,415
Payable against redemption of units	-	41,457,746	41,457,746
Unclaimed dividend	-	40,464	40,464
Accrued expenses and other liabilities	-	1,821,770	1,821,770
	<b>-</b>	<b>77,866,698</b>	<b>77,866,698</b>

	----- As at 30 June 2017 -----			
	Loans and receivables	At fair value through profit or loss	Available-for- sale	Total
	----- Rupees -----			
<b>Financial assets</b>				
Cash and bank balances	9,679,898,539	-	-	9,679,898,539
Investments	-	1,978,246,310	2,717,070	1,980,963,380
Receivable against sale of investment	606,306,265	-	-	606,306,265
Receivable against issue of units	43,351,347	-	-	43,351,347
Receivable against Margin Trading System	260,438,209	-	-	260,438,209
Interest / profit accrued	56,382,183	-	-	56,382,183
Deposits	74,463,580	-	-	74,463,580
	<b>10,720,840,123</b>	<b>1,978,246,310</b>	<b>2,717,070</b>	<b>12,701,803,503</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	----- As at 30 June 2017 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- Rupees -----		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	34,141,339	34,141,339
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	888,411	888,411
Payable against redemption of units	-	6,399,179	6,399,179
Dividend payable	-	40,464	40,464
Accrued expenses and other liabilities	-	1,120,681	1,120,681
	-	<b>42,590,074</b>	<b>42,590,074</b>

## 24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

### 24.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

#### (i) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of 30 June 2018, the Fund is exposed to such risk on its balances held with banks, investments in term finance and sukuk certificates and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based term finance and sukuks certificates and balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher/lower by Rs. 66.592 million (2017: Rs. 6.151 million).

#### b) Sensitivity analysis for fixed rate instruments

As at 30 June 2018, the Fund holds market treasury bills which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by the Financial Markets Association of Pakistan for market treasury bills and with all other

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs. 1.5 million (2017: Rs. 0.179 million). In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Fund would have been higher by Rs. 1.5 million (2017: Rs. 0.179 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2018 can be determined as follows:

----- As at 30 June 2018 -----					
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
<b>Financial assets</b>					
Cash and bank balances	4.00% - 7.35%	4,566,839,339	-	5,000	4,566,844,339
Investments	6.75% - 7.82%	148,365,900	-	1,929,069,837	2,077,435,737
Receivable against Margin Trading System		-	-	156,652,992	156,652,992
Interest / profit accrued		-	-	49,472,429	49,472,429
Deposits		-	-	2,850,000	2,850,000
		<b>4,715,205,239</b>	<b>-</b>	<b>1,929,069,837</b>	<b>208,980,421</b>
				<b>208,980,421</b>	<b>6,853,255,497</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	33,860,303	33,860,303
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	686,415	686,415
Payable against redemptions of units		-	-	41,457,746	41,457,746
Unclaimed dividend		-	-	40,464	40,464
Accrued expenses and other liabilities		-	-	1,821,770	1,821,770
		-	-	<b>77,866,698</b>	<b>77,866,698</b>
<b>On-balance sheet gap (a)</b>		<b>4,715,205,239</b>	<b>-</b>	<b>1,929,069,837</b>	<b>131,113,723</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>4,715,205,239</b>	<b>-</b>	<b>1,929,069,837</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>4,715,205,239</b>	<b>4,715,205,239</b>	<b>6,644,275,076</b>	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at 30 June 2017 -----

Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees -----					
<b>Financial assets</b>					
Cash and bank balances	3.75% - 6.75%	9,678,966,289	-	932,250	9,679,898,539
Investments	5.99%	198,921,168	-	2,717,070	1,980,963,380
Receivable against sale of investments		-	-	606,306,265	606,306,265
Receivable against issue of units		-	-	43,351,347	43,351,347
Receivable against Margin Trading System		-	-	260,438,209	260,438,209
Interest / profit accrued		-	-	56,382,183	56,382,183
Deposits		-	-	74,463,580	74,463,580
		<b>9,877,887,457</b>	<b>-</b>	<b>1,779,325,142</b>	<b>12,701,803,503</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	34,141,339	34,141,339
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	888,411	888,411
Payable against redemptions of units		-	-	6,399,179	6,399,179
Unclaimed dividend		-	-	40,464	40,464
Accrued expenses and other liabilities		-	-	1,120,681	1,120,681
		-	-	<b>42,590,074</b>	<b>42,590,074</b>
<b>On-balance sheet gap (a)</b>		<b>9,877,887,457</b>	<b>-</b>	<b>1,779,325,142</b>	<b>12,659,213,429</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		<b>9,877,887,457</b>	<b>-</b>	<b>1,779,325,142</b>	
<b>Cumulative interest rate sensitivity</b>		<b>9,877,887,457</b>	<b>9,877,887,457</b>	<b>11,657,212,599</b>	

## (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'available-for-sale'. Being an Income Fund, the Fund does not generally have any investment in equity securities and is, thus, not exposed to equity price risk other than on its investments in shares of Agritech Limited received as part of settlement agreement finalised between Azgard Nine Limited and its creditors, which carried a market value of Rs. Nil on 30 June 2018 (2017: Rs. 2.717 million).

In case of 5% increase / decrease in PSX 100 index on 30 June 2018, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. Nil (2017: Rs. 135,854) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 Index.

## 24.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

----- As at 30 June 2018 -----							
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees -----							
<b>Financial assets</b>							
Cash and bank balances	4,566,844,339	-	-	-	-	-	4,566,844,339
Investments	148,365,900	-	-	379,909,554	1,549,160,282	-	2,077,435,737
Receivable against Margin Trading System	156,652,992	-	-	-	-	-	156,652,992
Interest / profit accrued	7,024,411	42,448,018	-	-	-	-	49,472,429
Deposits	-	-	-	-	-	2,850,000	2,850,000
	<b>4,878,887,642</b>	<b>42,448,018</b>	-	<b>379,909,554</b>	<b>1,549,160,282</b>	<b>2,850,000</b>	<b>6,853,255,497</b>
<b>Financial liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	33,860,303	-	-	-	-	-	33,860,303
Payable to Central Depository Company of Pakistan Limited - Trustee	686,415	-	-	-	-	-	686,415
Payable against redemption of units	41,457,746	-	-	-	-	-	41,457,746
Unclaimed dividend	40,464	-	-	-	-	-	40,464
Accrued expenses and other liabilities	785,704	1,036,066	-	-	-	-	1,821,770
	<b>76,830,632</b>	<b>1,036,066</b>	-	-	-	-	<b>77,866,698</b>
<b>Net assets / (liabilities)</b>	<b>4,802,057,010</b>	<b>41,411,952</b>	-	<b>379,909,554</b>	<b>1,549,160,282</b>	<b>2,850,000</b>	<b>6,775,388,799</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at 30 June 2017 -----							
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees -----							
<b>Financial assets</b>							
Cash and bank balances	9,679,898,539	-	-	-	-	-	9,679,898,539
Investments	198,921,168	-	-	197,421,587	1,581,903,555	2,717,070	1,980,963,380
Receivable against sale of investments	606,306,265	-	-	-	-	-	606,306,265
Receivable against issue of units	43,351,347	-	-	-	-	-	43,351,347
Receivable against Margin Trading System	260,438,209	-	-	-	-	-	260,438,209
Interest / profit accrued	15,427,240	40,954,943	-	-	-	-	56,382,183
Deposits	-	-	-	-	-	74,463,580	74,463,580
	<b>10,804,342,768</b>	<b>40,954,943</b>	<b>-</b>	<b>197,421,587</b>	<b>1,581,903,555</b>	<b>77,180,650</b>	<b>12,701,803,503</b>
<b>Financial liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	34,141,339	-	-	-	-	-	34,141,339
Payable to Central Depository Company of Pakistan Limited - Trustee	888,411	-	-	-	-	-	888,411
Payable against redemption of units	6,399,179	-	-	-	-	-	6,399,179
Unclaimed dividend	40,464	-	-	-	-	-	40,464
Accrued expenses and other liabilities	400,425	720,256	-	-	-	-	1,120,681
	<b>41,869,818</b>	<b>720,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,590,074</b>
<b>Net assets / (liabilities)</b>	<b>10,762,472,950</b>	<b>40,234,687</b>	<b>-</b>	<b>197,421,587</b>	<b>1,581,903,555</b>	<b>77,180,650</b>	<b>12,659,213,429</b>

## 24.3 Credit risk

**24.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2018	2017
	-----Rupees-----	
Bank balances and term deposits	4,566,844,339	9,679,898,539
Investments in debt instruments	1,929,069,837	1,779,325,142
Receivable against issue of units	-	43,351,347
Receivable against Margin Trading System	156,652,992	260,438,209
Interest / profit accrued	49,472,429	56,382,183
Deposits	2,850,000	74,463,580
	<b>6,704,889,597</b>	<b>11,893,859,000</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2018 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 24.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements with banks and investments in term finance and sukuk certificates. The credit rating profile of banks and issuers of TFCs is as follows:

Rating	% of financial assets exposed to credit risk	
	2018	2017
AAA	48.25	56.30
AA+	37.06	21.63
AA	2	15.70
AA-	12.25	5.92
A+	0.82	0.45
	<b>100.00</b>	<b>100.00</b>

## 24.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's investments in term finance and sukuk certificates are broadly diversified thereby mitigating any significant concentration of credit risk. The table below analyses the Fund's concentration of credit risk by industrial distribution for its exposure in term finance and sukuk certificates:

	% of debt instruments	
	2018	2017
Banks	89.18	100.00
Fertilizers	10.82	0.00
	<b>100.00</b>	<b>100.00</b>

## 25 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2018 and 30 June 2017, the Fund held the following financial instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
<b>2018</b>			
At fair value through profit or loss	-	2,077,435,737	-
Available-for-sale	-	-	-
	<u>-</u>	<u>2,077,435,737</u>	<u>-</u>
<b>2017</b>			
At fair value through profit or loss	-	1,978,246,310	-
Available-for-sale	-	-	-
	<u>-</u>	<u>1,978,246,310</u>	<u>-</u>

## 26 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 24, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 27 UNIT HOLDING PATTERN OF THE FUND

Category	2018			2017		
	Number of unit holders	Investment amount Rupees	Percentage of total	Number of unit holders	Investment amount Rupees	Percentage of total
Individuals	267	264,496,460	3.93	276	495,314,861	3.95
Associated Companies / Directors	10	6,017,551,375	89.33	12	10,825,391,365	86.25
Insurance Companies	-	-	-	9	134,851,389	1.07
Retirement Funds	23	405,512,648	6.02	26	481,308,164	3.83
Public Limited Companies	2	1,923,666	0.03	2	509,601,042	4.06
Others	12	46,823,541	0.70	13	104,459,842	0.83
	<u>314</u>	<u>6,736,307,690</u>	<u>100.00%</u>	<u>338</u>	<u>12,550,926,663</u>	<u>100.00%</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 28 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2018		2017	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Next Capital Limited	58.18	Invest and Finance Securities Limited	14.34
AlFalah Securities (Private) Limited	16.20	Shajar Capital Pakistan (Private) Limited	14.13
Arif Habib Limited	10.88	ABA Ali Habib Securities (Private) Limited	13.48
Invest Capital Markets Limited	8.15	Topline Securities (Private) Limited	13.23
Pearl Securities Limited	3.17	Axis Global Limited	11.46
BMA Capital Management Ltd	2.56	AlFalah Securities (Private) Limited	10.69
ABA Ali Habib Securities (Pvt) Limited	0.86	Intermarket Securities (Private) Limited	10.42
		Next Capital Limited	3.62
		Invest Capital Markets Limited	2.24
		JS Global Capital Limited	1.84

## 29 MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	18 Years
Mr. Ali H. Shirazi	Director	Masters in Law	14.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	14 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	10 Years
Mr. Fawad Javaid	Fund Manager	CMA	10 Years
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	7 Years

## 30 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 31 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Meeting held on					
	07 July 2017	30 August 2017	26 October 2017	28 February 2018	27 April 2018	20 June 2018
Mr. Yusuf H. Shirazi	P	P	P	P	L	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Shamshad Nabi (Resigned w.e.f. Mar. 22,2018)	L	P	P	P	N/A	N/A
Mr. Frahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. Arshad P. Rana (Resigned w.e.f. Mar. 19,2018)	P*	P*	P*	P	N/A	N/A
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms Zehra Naqvi (w.e.f.Apr. 26, 2018)	N/A	N/A	N/A	N/A	N/A	P**
Mr. M. Abdul Samad (Appointed CEO w.e.f. Mar. 19, 2018)	N/A	N/A	N/A	N/A	P**	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Appointed Co.Sec. w.e.f. Jan. 31, 2018) (Company Secretary)	N/A	N/A	N/A	P**	P	P

\* Attended through teleconference call.

\*\* Joined

P Present

L Leave of absence

## 32 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two plus) [2017: AM2+ (AM Two plus)] on 30 June 2018.

Furthermore, PACRA has maintained the stability rating of "AA- (f)" (Double A minus) to the Fund [2017: "AA- (f)" (Double A minus)] on 29 May 2018.

## 33 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 34 NON - ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of Management Company, in the meeting held on 06 July 2018 approved a final cash dividend of Rs. 24 per unit (for full year) on the face value of Rs. 500 each (i.e. 4.80%) amounting to Rs. 292,159,957. The financial statements of the Fund for the year ended 30 June 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

## 35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 06 September 2018.

## 36 GENERAL

**36.1** Figures have been rounded off to the nearest Rupee unless otherwise stated.

**36.2** Units have been rounded off to the nearest decimal place.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Stock Market Fund

## Corporate Information

### Trustee

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Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

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Mohsin Tayebaly & Co.

### Bankers

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Bank Alfalah Limited  
Bank Al Habib Limited  
Fayal Bank Limited  
Habib Bank Limited  
MCB Bank Limited



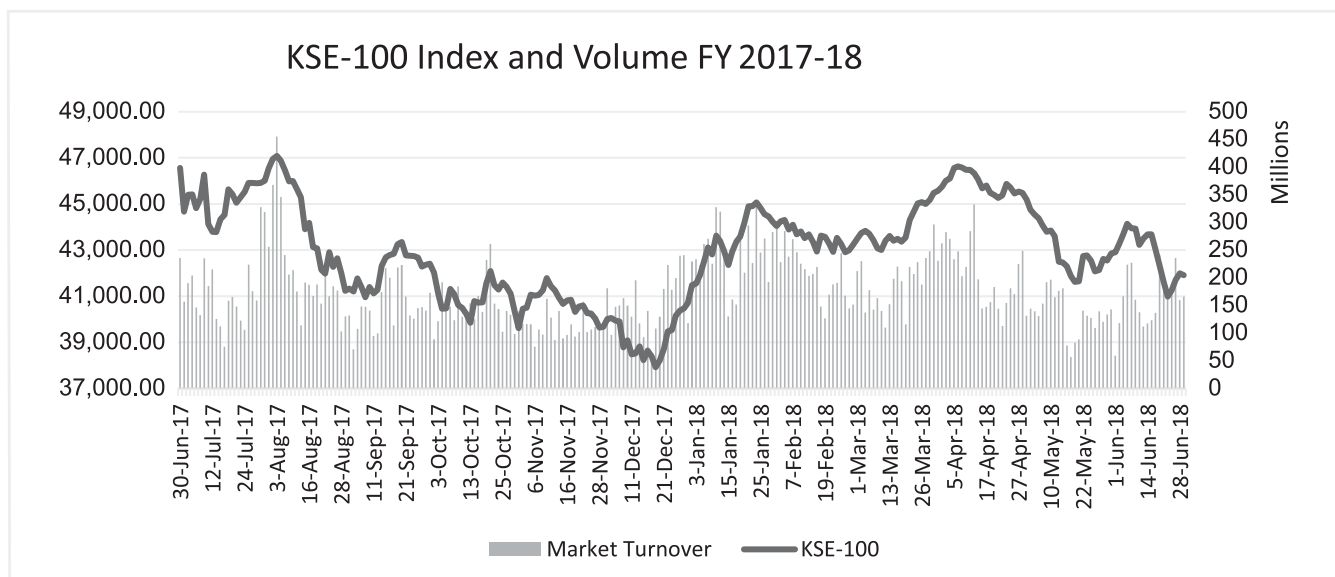
# Fund Manager's Report

Atlas Stock Market Fund (ASMF) is an open-ended equity fund. The Fund aims to achieve appreciation in the value of amount invested along with modest income and to provide the investors with liquidity and the facility to join or leave the fund at their convenience. ASMF investment strategy is based on the belief that fundamental economic and sector analysis drives long term out performance, and that active portfolio management can produce consistently superior results than those produced through passive management. The Fund emphasizes medium to long-term investment views and involves the application of relative value analysis to industry sectors.

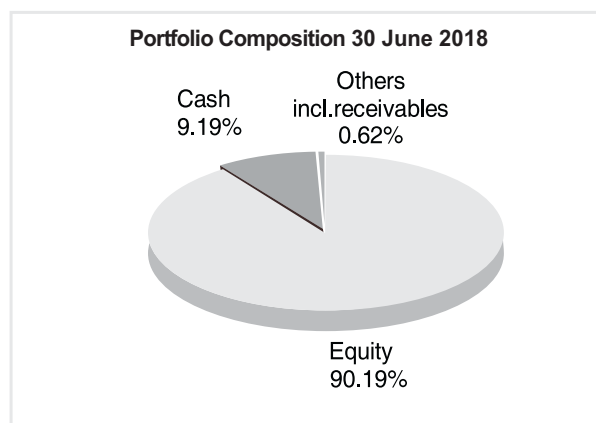
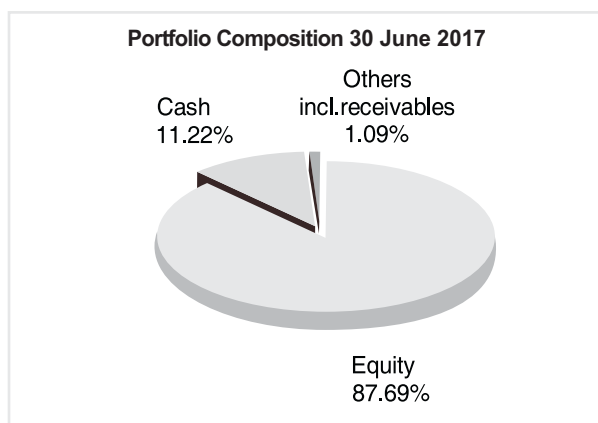
KSE- 100 Index serves as the performance benchmark of Atlas Stock Market Fund.

The KSE-100 index decreased from 46,565.29 points as on June 30, 2017 to 41,910.90 points as on June 30, 2018, decreasing by 10.00%. The average volumes during the year decreased by 56% to 175 million shares from 399 million shares traded last year. Net Foreign portfolio outflow during the year was recorded at US\$289 million compared to outflow of US\$652 million last year. On the local front Insurance Companies, and Companies were the most active participants investing US\$204 million and US\$100 million during the period. Broker Proprietary Trading Accounts, Mutual Funds and Banks/DFIs, on the other hand, reduced their exposure in the equity market by US\$44 million, US\$35 million and US\$10 million, respectively.

During the period the sectors that outperformed the market were Oil and Gas Exploration, Fertilizer, Chemical, Textile Spinning and Banks that posted 20.2%, 3.4%, 0.5%, -7.1% and -9.8% returns, respectively.



The Net Asset Value per unit of ASMF decreased by 4.75% to Rs.620.86 as on June 30, 2018. The benchmark KSE-100 index decreased by 10.00% during the same period. The major outperformers for the index were PPL, POL, BAHF, EFERT, FFC, OGDC, PAKT, BAFL and HMB as they contributed approximately 3,064 points to the index. Decline in share price of HBL, LUCK, UBL, DGKC, PAEL, HUBC, HCAR, MLCF, SNGP and FCCL led index to shed 4,876 points.



The ASMF's equity portfolio exposure was mainly in Commercial Bank, Oil & Gas Exploration and Fertilizer sectors. ASMF strategy will continue to focus on dividend plays and stocks, which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs 5.38 billion, with 8.66 million units outstanding as of June 30, 2018.

#### The Administrative Plans:

The Management Company is offering investment plans that allow investors focused combination investment strategic in Atlas Income fund (AIF) and Atlas Stock Market Fund (ASMF). The investment plans were offered from September 2008, and the returns are as under:

Administrative Plans	Proportionate investment in		Return (period ended)				
	AIF	ASMF	2013-14	2014-15	2015-16	2016-17	2017-18
Atlas Bachat Plan	85%	15%	11.7%	13.3%	7.6%	9.7%	3.4%
Atlas Bachat Balanced Plan	50%	50%	19.3%	16.0%	6.5%	19.6%	0.04%
Atlas Bachat Growth Plan	15%	85%	26.8%	18.6%	5.5%	29.5%	-3.3%

#### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	Percentage
Individuals	456	485,429,564	9.03%
Associated Companies/Directors	11	3,770,132,976	70.14%
Insurance Companies	11	222,381,222	4.14%
Retirement Funds	32	737,620,867	13.72%
Others	9	159,767,367	2.97%
<b>Total</b>	<b>519</b>	<b>5,375,331,996</b>	<b>100.00%</b>

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 38,835,533 (Rs.4.49 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,301,988 up till June 30, 2016. (Rs.2.34 per unit as on June 30, 2018)

The Total Expense Ratio (TER) of the Fund is 2.78% including Government levy, SWWF and SECP Fee of 0.41%.

During the year under review, the Investment Committee held 34 meetings to review investment of the Fund and the Risk Committee held 22 meetings to review risk management.

Karachi: 06 September 2018

**Faran-UI-Haq**  
Fund Manager

## Supplementary Non Financial Information as required under clause 38 A (g) of NBFC and NE, Regulations, 2008

### Summary of actual proxies voted by Atlas Stock Market Fund

	Resolution	For	Against	Abstain
<b>Number</b>	285	285	-	N/A
<b>(%)</b>	100%	100%	-	-

**Note:** The Proxy voting policy of the Atlas Stock Market Fund (ASMF) is available on the website of Atlas Asset Management Limited and detailed information regarding actual proxies voted by the Company in respect of the Fund is also available without charge, upon request, to all unit holders.

### Performance Since Inception

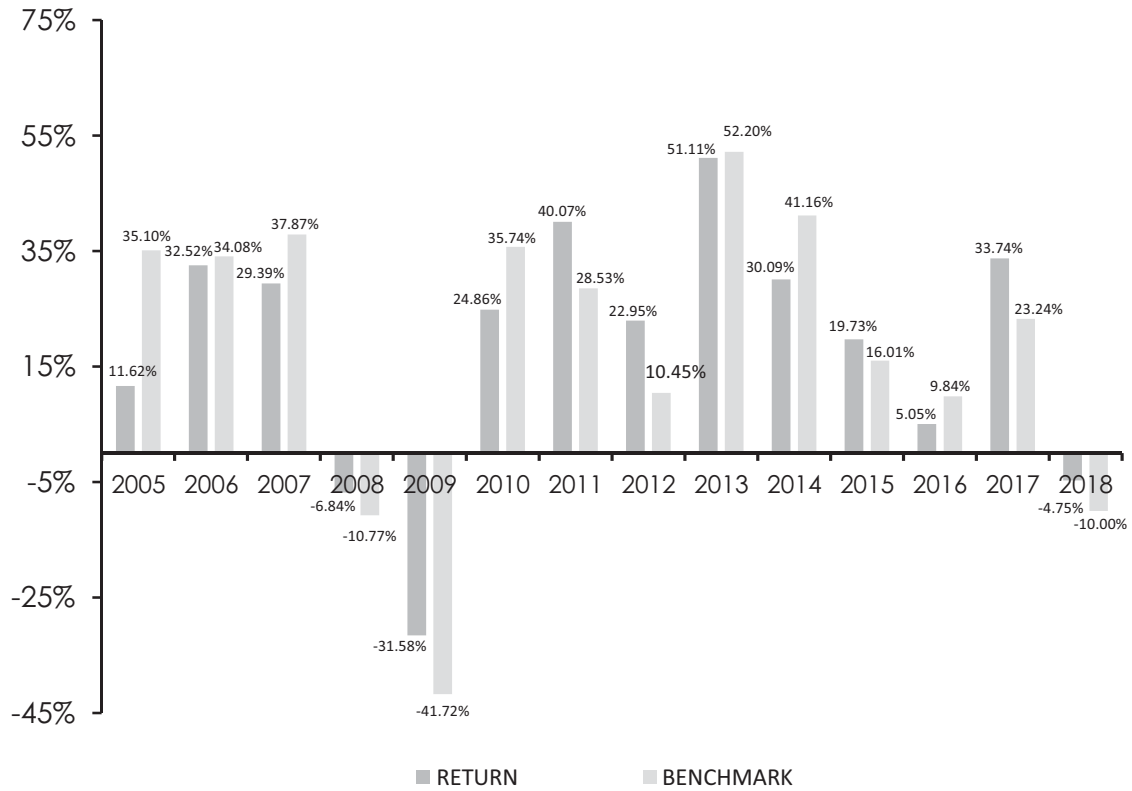
	2018	2017	2016	2015	2014	2013	2012
Net assets (Rs. in '000)	5,375,332	5,527,676	4,017,187	3,304,662	1,049,717	1,035,727	710,617
Number of units in issue	8,657,936	8,289,668	7,979,640	6,257,738	2,379,851	1,981,235	1,729,144
Net asset value per unit (Rs.)	620.86	666.82	503.43	528.09	441.08	522.77	410.96
Net income / (loss) (Rs. in '000)	(255,744)	1,395,859	202,191	544,472	254,583	350,292	132,635
Earnings / (loss) per unit (Rs.)	(29.54)	168.39	25.34	87.01	106.97	176.80	76.71
Annual return of the Fund (%)	(4.75)	33.74	5.05	19.73	30.09	51.11	22.95
Offer price ** (Rs.)	620.86	666.82	503.43	528.09	441.08	533.32	419.21
Redemption price ** (Rs.)	620.86	666.82	503.43	528.09	441.08	522.86	410.99
Distribution Per Unit (Rs.)	-	15.00	5.00	50.00	75.00	125.00	65.00
Distribution as a % of opening Ex- NAV of units	-	3.00	1.05	11.34	18.86	36.13	19.45
Date of distribution	-	7-Jul-17	11-Jul-16	7-Jul-15	24-Jun-14	4-Jul-13	5-Jul-12
Highest offer price (Rs.)	670.30	741.32	519.23	536.44	523.17	561.36	437.30
Lowest offer price (Rs.)	545.53	519.17	420.92	420.61	423.67	368.11	308.05
Highest repurchase price per unit (Rs.)	670.30	741.32	519.23	536.44	523.17	550.35	428.73
Lowest repurchase price per unit (Rs.)	545.53	519.17	420.92	420.61	418.01	360.89	302.01

	2011	2010	2009	2008	2007	2006	2005
Net assets (Rs. in '000)	650,259	645,129	689,228	1,320,643	1,522,066	1,534,739	918,413
Number of units in issue	1,463,694	1,458,982	1,946,267	2,379,248	2,187,372	2,315,580	1,632,318
Net asset value per unit (Rs.)	444.26	442.18	354.13	555.07	695.84	662.79	562.64
Net income / (loss) (Rs. in '000)	186,008	199,544	(325,703)	(78,623)	334,451	371,585	103,097
Earnings / (loss) per unit (Rs.)	127.08	136.77	(167.35)	(33.05)	152.90	160.47	63.16
Annual return of the Fund (%)	40.07	24.86	(31.58)	(6.84)	29.39	32.52	11.62
Offer price ** (Rs.)	453.15	451.02	361.21	566.17	709.77	675.85	574.66
Redemption price ** (Rs.)	444.26	442.18	354.13	555.07	695.85	662.60	563.39
Distribution Per Unit (Rs.)	110.00	125.00	-	37.50	100.00	125.00	62.50
Distribution as a % of opening Ex- NAV of units	34.68	35.30	-	6.29	18.59	24.99	12.50
Date of distribution	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07	19-Jul-06	15-Jul-05
Highest offer price (Rs.)	469.09	525.81	509.76	698.28	710.81	793.44	676.57
Lowest offer price (Rs.)	328.38	377.77	211.57	515.74	535.97	507.03	503.86
Highest repurchase price per unit (Rs.)	459.89	515.50	499.76	684.59	696.87	777.88	663.30
Lowest repurchase price per unit (Rs.)	321.94	370.36	207.42	505.63	525.46	497.09	503.82

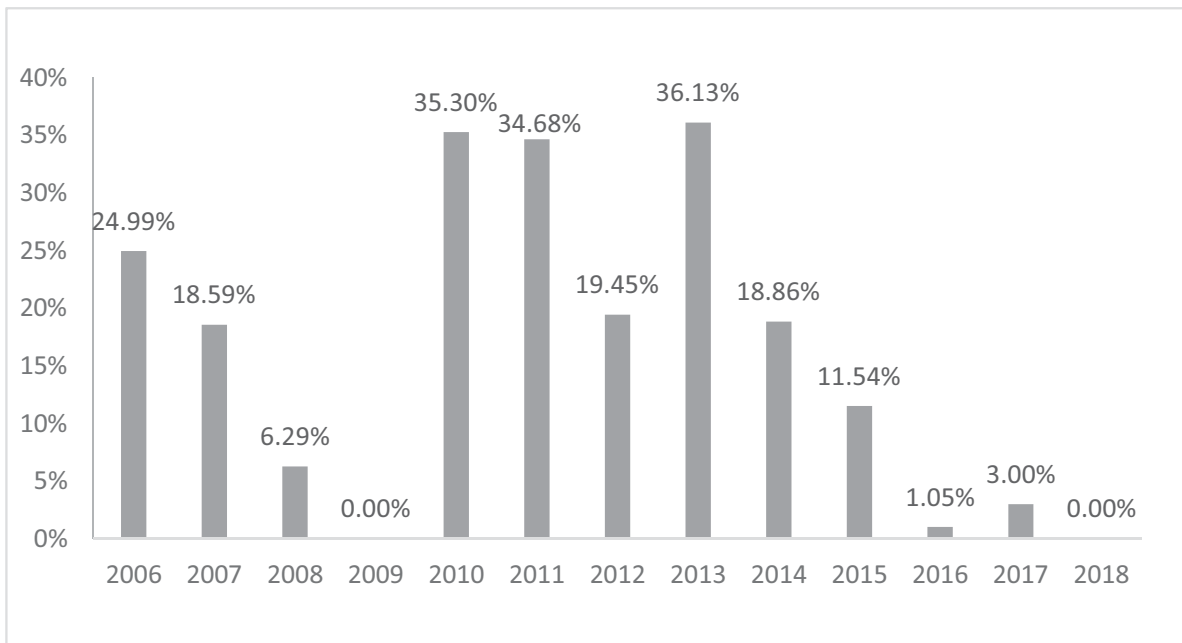
\* For the period from 24 August 2004 to 30 June 2005 (Date of Launch: 23 November 2004)

\*\* Relates to announced prices.

### Yearly Performance



### Payout History (% on opening Ex - NAV)



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## TRUSTEE REPORT TO THE UNIT HOLDERS

### Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Stock Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 11 September 2018

**Aftab Ahmed Diwan**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Stock Market Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Stock Market Fund** (the Fund), which comprise the statement of financial position as at June 30, 2018, and the statement of income, comprehensive income, cash flows and movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of equity investments</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the investments held by the Fund comprised of listed shares which represent 91.94% of the total assets of the Fund as at the year end.</p> <p>In view of the significance of investments in relation to the total assets and the Net Asset Value (NAV) of the Fund, we have</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedure included the following:</p> <ul style="list-style-type: none"><li>- We tested controls over acquisition, disposals and periodic valuation of instruments portfolio.</li><li>- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at 30 June 2018.</li><li>- We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li></ul>

Key Audit Matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations.</li> </ul>
<p><b>2. Amendment to the NBFC Regulations, 2008</b></p>	
<p>As disclosed in note 3.9 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the Securities and Exchange Commission of Pakistan through its SRO no. 756(I)/2017 dated 03 August 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations).</p> <p>These amendments are considered significant to our audit because application of the said amendments resulted in change in accounting policy relating to presentation "element of income / loss" in the financial statements and certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' (the Statements).</p>	<p>We assessed the appropriateness of the recognition, measurement and presentation of "element of income / loss" in accordance with the amended provisions of the NBFC Regulations. We also considered the guidelines issued by Mutual Funds Association of Pakistan (MUFAP) in respect of the accounting for element of income / loss as per the revised Regulations and assessed its implementation by the Fund.</p> <p>We evaluated the adequacy of disclosures regarding the change in accounting policy with respect to element of income / loss in accordance with the requirements of the relevant financial reporting standards and the guidance issued by MUFAP in relation thereto.</p>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

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## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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**Other matter**

The financial statements of the Fund for the year ended 30 June 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 13 September 2017.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Karachi: 06 September 2018

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2018

	Note	2018 ----- Rupees -----	2017 -----
<b>ASSETS</b>			
Cash and bank balances	4	503,609,049	657,895,685
Investments	5	4,940,091,479	5,141,997,098
Receivable against issue of units		-	446,198
Dividend receivable		7,994,137	10,002,401
Profit receivable on bank balances		2,293,384	2,761,535
Receivable against sale of investments		1,483,060	35,897,649
Advances, deposits, prepayments and other receivables	6	22,135,195	14,691,927
<b>Total assets</b>		<b>5,477,606,304</b>	<b>5,863,692,493</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	33,918,297	34,515,696
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	606,080	683,708
Payable to the Securities and Exchange Commission of Pakistan	9	5,104,876	5,082,930
Payable against purchase of investments		18,082,010	123,032,718
Payable against redemption of units	10	3,578,132	129,739,015
Unclaimed dividend		401,733	401,733
Accrued expenses and other liabilities	11	40,583,180	42,560,539
<b>Total liabilities</b>		<b>102,274,308</b>	<b>336,016,339</b>
<b>NET ASSETS</b>		<b>5,375,331,996</b>	<b>5,527,676,154</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>5,375,331,996</b>	<b>5,527,676,154</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>8,657,936</b>	<b>8,289,668</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>620.86</b>	<b>666.82</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 ----- Rupees -----	2017 -----
<b>INCOME</b>			
Profit on bank balances		32,398,966	20,387,116
Dividend income		265,688,624	239,236,015
Capital (loss) / gain on sale of investments - net		(262,811,173)	996,866,327
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(141,675,589)	317,444,090
		<b>(404,486,762)</b>	<b>1,314,310,417</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	3.9	-	(17,877,121)
<b>Total income</b>		<b>(106,399,172)</b>	<b>1,556,056,427</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	107,471,068	107,009,036
Sindh sales tax on remuneration of the Management Company	7.2	13,971,239	13,911,175
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	6,373,554	6,350,452
Sindh sales tax on remuneration of the Trustee		828,562	825,559
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	5,104,876	5,082,930
Accounting and operational charges	13	5,235,474	4,403,509
Sindh sales tax on accounting and operational charges		-	352,281
Auditors' remuneration	16	557,358	1,003,499
Annual listing fee		27,499	55,000
Annual rating fee		-	-
Legal and professional charges		176,262	123,759
Reversal of commitment fee on credit line		(351,697)	-
Securities transaction cost	17	9,561,299	15,480,617
Printing charges		235,606	246,046
Reversal of provision for Workers' Welfare Fund		-	(34,031,289)
Advertisement and Marketing Expense		92,261	-
Bank charges		61,522	549,230
Provision for Sindh Workers' Welfare Fund	11.1	-	38,835,533
<b>Total expenses</b>		<b>149,344,883</b>	<b>160,197,337</b>
<b>Net (loss) / income for the year before taxation</b>		<b>(255,744,055)</b>	<b>1,395,859,090</b>
<b>Taxation</b>	18	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(255,744,055)</b>	<b>1,395,859,090</b>
<b>Loss / earnings per unit</b>	19		

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Net (loss) / income for the year after taxation</b>	<b>(255,744,055)</b>	<b>1,395,859,090</b>
Other comprehensive (loss) / income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(255,744,055)</b>	<b>1,395,859,090</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018	
	Capital Value	Undistributed income
	-----Rupees-----	
Capital value	3,773,086,121	-
<b>Undistributed income brought forward</b>		
- Realised income	-	1,368,557,650
- Unrealised income	-	386,032,383
<b>Net assets at beginning of the year (Unit outstanding: 8,289,668) (Rs. 666.82 per unit)</b>	<b>3,773,086,121</b>	<b>1,754,590,033</b>
Issuance of 3,118,966 units	1,900,897,060	-
Redemption of 2,750,698 units	(1,673,152,146)	-
Total comprehensive loss for the year	-	(255,744,055)
Cash dividend declared for the year ended 30 June 2017 @ Rs. 15 per unit declared on 7 July 2017	-	(124,345,017)
<b>Net assets at end of the year (unit outstanding: 8,657,936) (Rs. 620.86 per unit)</b>	<b>4,000,831,035</b>	<b>1,374,500,961</b>
<b>Undistributed income carried forward</b>		
- Realised income	-	1,345,586,577
- Unrealised income	-	28,914,384
	<b>-</b>	<b>1,374,500,961</b>
		<b>June 30, 2017</b>
	<b>Note</b>	<b>--- (Rupees) ---</b>
Capital value		<b>3,618,558,792</b>
<b>Undistributed income brought forward</b>		
- Realised income		196,526,335
- Unrealised income		202,102,807
		<b>398,629,142</b>
<b>Net assets at beginning of the year (Unit outstanding: 7,979,640) (Rs. 503.43 per unit)</b>		<b>4,017,187,934</b>
Issue of 4,335,654 units		2,719,940,833
Redemption of 4,025,626 units		(2,583,290,626)
		<b>136,650,207</b>
Element of income and capital gains included in prices of units sold less those in units redeemed transferred to income statement - net	3.9	17,877,121
Other income (net of expenses) for the year		81,548,673
Capital gain on sale of investments - net		996,866,327
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net		317,444,090
<b>Total Comprehensive income for the year</b>		<b>1,395,859,090</b>
Cash dividend declared for the year ended 30 June 2016 @ Rs. 5 per unit declared on 11 July 2016		(39,898,199)
<b>Net assets at end of the year (Unit outstanding: 8,289,668) (Rs. 666.82 per unit)</b>		<b>5,527,676,154</b>
<b>Undistributed income carried forward</b>		
- Realised income		1,368,557,650
- Unrealised income		386,032,383
		<b>1,754,590,033</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Note	----- Rupees -----	----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year after taxation	(255,744,055)	1,395,859,090
<b>Adjustments for:</b>		
Profit on bank balances	(32,398,966)	(20,387,116)
Dividend income	(265,688,624)	(239,236,015)
Capital loss / (gain) on sale of investments - net	262,811,173	(996,866,327)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	141,675,589	(317,444,090)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	17,877,121
Reversal of provision for Workers' Welfare Fund	-	(34,031,289)
Provision for Sindh Workers' Welfare Fund	-	38,835,533
	<b>106,399,172</b>	<b>(1,551,252,183)</b>
<b>Decrease / (increase) in assets</b>		
Receivable against sale of investments	34,414,589	-
Advances, deposits, prepayments and other receivables	(7,443,268)	(2,050,482)
	<b>26,971,321</b>	<b>(2,050,482)</b>
<b>(Decrease) / increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(597,399)	3,424,828
Payable to the Central Depository Company of Pakistan Limited - Trustee	(77,628)	171,923
Payable to the Securities and Exchange Commission of Pakistan	21,946	1,721,551
Payable against purchase of investments	(104,950,708)	-
Accrued expenses and other liabilities	(1,977,359)	1,491,964
	<b>(107,581,148)</b>	<b>6,810,266</b>
Profit received on bank balances	32,867,117	18,131,564
Dividend received	267,696,888	236,859,064
Investments made during the year	(4,585,046,106)	(7,920,635,298)
Investments sold during the year	4,382,464,963	8,161,234,888
	<b>97,982,862</b>	<b>495,590,218</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(131,971,848)</b>	<b>344,956,909</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	1,901,343,258	2,719,494,635
Net payments against redemption of units	(1,799,313,029)	(2,454,435,789)
Cash payout against distribution	(124,345,017)	(40,115,356)
<b>Net cash (used in) / generated from financing activities</b>	<b>(22,314,788)</b>	<b>224,943,490</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(154,286,636)</b>	<b>569,900,399</b>
Cash and cash equivalents at the beginning of the year	657,895,685	87,995,286
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b> <b>503,609,049</b>	<b>657,895,685</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Stock Market Fund (the Fund) is an open ended Mutual Fund constituted under a Trust Deed entered into on 29 May 2004 between Atlas Asset Management Limited (AAML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third, Fourth, Fifth AND Sixth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009 and 23 May 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009, 14 October, 2013, 24 March 2015, 03 August 2015, 29 September 2016, 2 June 2017 and 25 May 2018 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as an 'equity scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in a diversified portfolio of equity securities offering consistent returns and growth. The Fund aims to deliver this objective mainly by investing in equity securities of companies that are paying regular dividend, have growth prospects or are actively traded. Any amounts which have not been invested in equity securities may be invested in liquid instruments including bank deposits (excluding TDRs) and treasury bills not exceeding 90 days maturity. The investment objectives and policies are more fully defined in the Fund's Offering Document.
- 1.4 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS FOR PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of directives issued under the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

#### **New Standards, Interpretations and Amendments**

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## Standard

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

## 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

2.2.1 The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
- IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
- IFRS 9 Financial Instruments	01 July 2018
- IFRS 9 Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
- IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 15 Revenue from Contracts with Customers	01 July 2018
- IFRS 16 Leases	01 January 2019
- IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
- IAS 28 Long-term Interests in Associates and Joint Ventures - (Amendments)	01 January 2019
- IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
- IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application. However, the Fund is currently evaluating the requirements of IFRS-9 and potential impact on the financial statements of the Fund.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- Classification and valuation of investments (note 3.2.1, 3.2.4 and 5)
- Impairment of financial assets (note 3.2.5)
- Taxation (note 3.12 and 17)
- Provisions (note 3.5 and 11.1)

## 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments have been carried at fair values.

## 2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out as below. These policies have been applied consistently to all years except for the changes in accounting policies as explained in the note 3.9 below.

### 3.1 Cash and cash equivalents

These comprise balances with banks, cheques in hand and short-term highly liquid investments with original maturities of three months or less.

### 3.2 Financial assets

#### 3.2.1 Classification

The management determines the appropriate classification of the financial assets of the Fund in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of the purchase of the financial assets and re-evaluates this classification on a regular basis. The classification depends on the purpose for which the financial assets are acquired. The financial assets of the Fund are categorised as follows :

#### a) Financial assets at fair value through profit or loss

These are acquired principally for the purpose of generating profit from short-term fluctuations in prices.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

### c) Available-for-sale

These are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) financial assets at fair value through profit or loss, or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.2.2 Regular way contracts

All regular way purchases / sales of financial assets are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the financial assets. Regular way purchases / sales of financial assets require delivery of securities within two days after the transaction date as per the stock exchange regulations.

### 3.2.3 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Income Statement.

### 3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

#### a) 'Financial assets at fair value through profit or loss' and 'available-for-sale financial assets'

##### Basis of valuation of equity securities

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange shall be valued at the closing price determined by such exchange in accordance with its regulations.

Net gains and losses arising on changes in the fair values of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in fair value of 'available-for-sale financial assets' are taken to the Statement of Comprehensive Income as 'other comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised as 'other comprehensive income' is transferred to the Income Statement as capital gain / (loss).

#### b) Loans and receivables

These are carried at amortised cost using the effective interest method.

Gains or losses are recognised in the Income Statement through the amortisation process or when the financial assets carried at amortised cost are derecognised or impaired.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement is reclassified from unit holders' fund to Income Statement. Impairment losses recognised on equity instruments are not reversed through the Income Statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is determined based on the provisioning criteria specified by the SECP.

## 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

## 3.2.7 Derivatives

Derivative instruments are initially recognised at fair values and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

## 3.3 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

## 3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 3.5 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## 3.6 Net asset value per unit

The net asset value (NAV) per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

## 3.7 Issue and redemption of units

Units issued are recorded at the offer price determined by the Management Company / distributors for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to the NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

### 3.8 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Distribution Committee of the Board of Directors of the Management Company under the powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Directors of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The SECP through its SRO no. 756(l)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations with respect to the accounting treatment and disclosure requirements as summarized below:

(a) The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting year.

(b) The revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund.

(c) The regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year was recognised in the Income Statement.

The above changes resulted in a change in accounting policy with respect to the presentation element of income / (loss) and capital gains / (loss). As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its SRO no. 756(l)/2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs. 12.30 million. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Additionally, the revised regulations required that for the purpose of maintaining the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The income paid on redemption of units during the year will be considered as distribution of income during the year and therefore, will be deducted from the net income to arrive at the income available for distribution to the unit holders at the end of the year. MUFAP, in consultation with the SECP, has specified the methodology of determination of income paid on units redeemed during the year which has been followed by the Fund.

### 3.10 Revenue recognition

- Gains or losses on sale of investments are included in the Income Statement in the period in which these arise.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income on bank balances, placements and deposits is recognised on an accrual basis.
- Unrealised gains / losses arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the Income Statement in the period in which these arise.

### 3.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

### 3.12 Taxation

#### Current

The Fund is exempt from taxation under Clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

#### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year as cash dividend.

### 3.13 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management the determination of cumulative weighted average number of outstanding units for the calculation of EPU is not practicable.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4 CASH AND BANK BALANCES	Note	2018	2017
		Rupees	
Balances with banks			
- in savings accounts	4.1	503,449,049	657,372,935
- in current account		10,000	22,750
Cheques in hand	4.2	150,000	500,000
		<b>503,609,049</b>	<b>657,895,685</b>

4.1 The rate of return on these accounts ranges between 4.00% and 7.35% (30 June 2017: 3.75% and 6.60%) per annum.

4.2 These cheques were received against issue of units which were cleared subsequent to the year end by 03 July 2018.

5 INVESTMENTS	Note	2018	2017
		Rupees	
<b>At fair value through profit or loss - held for trading</b>			
Investments in listed equity securities	5.1	<b>4,940,091,479</b>	<b>5,141,997,098</b>

## 5.1 At fair value through profit or loss - Listed equity securities

Shares of listed companies- fully paid ordinary shares with a face value of Rs 10 each unless stated other wise

Name of Investee Company	As at 01 July 2017	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2018	Carrying cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets	Paid up capital of investee company held
	-----Number of shares-----					-----Rupees-----		-----Percentage-----		

### INVESTMENT COMPANIES

Arif Habib Limited	550,000	-	-	103,500	446,500	35,903,065	27,236,500	0.55	0.51	0.81
	<b>550,000</b>	<b>-</b>	<b>-</b>	<b>103,500</b>	<b>446,500</b>	<b>35,903,065</b>	<b>27,236,500</b>	<b>0.55</b>	<b>0.51</b>	<b>0.81</b>

### COMMERCIAL BANKS

Allied Bank Limited	1,150,000	-	-	650,000	500,000	44,810,000	51,575,000	1.04	0.96	0.04
Askari Bank Limited	500,000	3,164,500	-	1,200,000	2,464,500	50,775,575	53,898,615	1.09	1.00	0.20
Bank Al Habib Limited	455,500	2,608,500	-	1,294,500	1,769,500	108,845,324	139,489,685	2.82	2.59	0.16
Bank Alfalah Limited	7,181,000	1,783,500	-	4,067,500	4,897,000	204,610,718	256,064,130	5.18	4.76	0.30
Faysal Bank Limited	-	1,314,500	83,625	1,389,500	8,625	171,807	224,250	0.00	0.00	-
Habib Bank Limited	1,034,500	2,387,400	-	1,549,400	1,872,500	325,440,339	311,658,900	6.31	5.80	0.13
Habib Metropolitan Bank Limited	-	4,089,000	-	1,707,500	2,381,500	94,758,384	103,238,024	2.09	1.92	0.23
Mcb Bank Limited	800,000	277,000	-	300,000	777,000	162,296,696	153,667,290	3.11	2.86	0.07
Meezan Bank Limited	-	2,130,500	-	800,500	1,330,000	105,970,868	108,687,600	2.20	2.02	0.13
National Bank Of Pakistan	-	750,000	-	-	750,000	38,788,240	35,527,500	0.72	0.66	0.04
The Bank of Punjab	-	11,620,000	-	1,620,000	10,000,000	97,982,052	120,700,000	2.44	2.25	0.38
United Bank Limited (see note 5.3)	1,664,000	780,700	-	1,369,700	1,075,000	229,564,801	181,653,500	3.68	3.38	0.09
	<b>12,785,000</b>	<b>30,905,600</b>	<b>83,625</b>	<b>15,948,600</b>	<b>27,825,625</b>	<b>1,464,014,804</b>	<b>1,516,384,494</b>	<b>30.70</b>	<b>28.21</b>	<b>1.77</b>

### INSURANCE

Adamjee Insurance Company Limited	485,000	257,500	-	-	742,500	47,832,005	36,182,025	0.73	0.67	0.21
EFU Life Assurance Limited	1,000	23,500	-	1,000	23,500	6,211,127	7,319,780	0.15	0.14	0.02
	<b>486,000</b>	<b>281,000</b>	<b>-</b>	<b>1,000</b>	<b>766,000</b>	<b>54,043,132</b>	<b>43,501,805</b>	<b>0.88</b>	<b>0.81</b>	<b>0.23</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Name of Investee Company	As at 01 July 2017	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2018	Carrying cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets	Paid up capital of investee company held
	-----Number of shares-----					-----Rupees-----		-----Percentage-----		
<b>TEXTILE SPINNING</b>										
Gadoon Textile Mills Limited	-	50,000	-	-	50,000	11,435,747	12,600,000	0.26	0.23	0.18
	-	<b>50,000</b>	-	-	<b>50,000</b>	<b>11,435,747</b>	<b>12,600,000</b>	<b>0.26</b>	<b>0.23</b>	<b>0.18</b>
<b>TEXTILE COMPOSITE</b>										
Gul Ahmed Textile Mills Limited	19,500	164,000	-	183,500	-	-	-	-	-	-
Kohinoor Textile Mills Limited	-	1,040,000	-	589,700	450,300	24,768,450	24,761,997	0.50	0.46	0.15
Nishat (Chunian) Limited	1,900,000	2,222,000	-	2,571,000	1,551,000	81,115,345	73,641,480	1.49	1.37	0.65
Nishat Mills Limited	700,000	395,000	-	384,100	710,900	110,688,116	100,180,028	2.03	1.86	0.20
	<b>2,619,500</b>	<b>3,821,000</b>	-	<b>3,728,300</b>	<b>2,712,200</b>	<b>216,571,911</b>	<b>198,583,505</b>	<b>4.02</b>	<b>3.69</b>	<b>1.00</b>
<b>CEMENT</b>										
Cherat Cement Company Limited	250,000	-	-	250,000	-	-	-	-	-	-
D.G. Khan Cement Company Limited	520,000	504,600	-	245,000	779,600	133,510,616	89,256,404	1.81	1.66	0.18
Fauji Cement Company Limited	2,935,500	-	-	2,935,500	-	-	-	-	-	-
Kohat Cement Company Limited	538,000	262,000	-	800,000	-	-	-	-	-	-
Lucky Cement Limited	270,000	146,600	-	56,600	360,000	258,656,331	182,854,800	3.70	3.40	0.11
Maple Leaf Cement Factory Limited	-	350,000	-	-	350,000	18,082,005	17,759,000	0.36	0.33	0.06
Pioneer Cement Limited	545,000	50,000	-	180,000	415,000	53,299,989	19,446,900	0.39	0.36	0.18
	<b>5,058,500</b>	<b>1,313,200</b>	-	<b>4,467,100</b>	<b>1,904,600</b>	<b>463,548,941</b>	<b>309,317,104</b>	<b>6.26</b>	<b>5.75</b>	<b>0.53</b>
<b>REFINERY</b>										
Attock Refinery Limited	-	100,000	-	100,000	-	-	-	-	-	-
Byco Petroleum Pakistan Limited	-	1,500,000	-	-	1,500,000	23,016,450	18,300,000	0.37	0.34	0.03
National Refinery Limited	47,500	30,000	-	47,500	30,000	12,591,965	13,290,300	0.27	0.25	0.04
	<b>47,500</b>	<b>1,630,000</b>	-	<b>147,500</b>	<b>1,530,000</b>	<b>35,608,415</b>	<b>31,590,300</b>	<b>0.64</b>	<b>0.59</b>	<b>0.07</b>
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
K-Electric Limited (face value Rs.3.5 per share)	3,000,000	5,000,000	-	3,250,000	4,750,000	32,936,205	26,980,000	0.55	0.50	0.02
Lalpir Power Limited	-	300,000	-	-	300,000	6,600,000	5,763,000	0.12	0.11	0.08
Nishat Chunian Power Limited	-	590,000	-	-	590,000	15,103,985	16,602,600	0.34	0.31	0.16
Nishat Power Limited	2,781,000	560,500	-	3,341,500	-	-	-	-	-	-
Pakgen Power Limited	-	3,400,000	-	-	3,400,000	74,383,635	65,552,000	1.33	1.22	0.91
The Hub Power Company Limited	1,365,000	1,167,000	-	457,000	2,075,000	233,128,313	191,232,000	3.87	3.56	0.18
	<b>7,146,000</b>	<b>11,017,500</b>	-	<b>7,048,500</b>	<b>11,115,000</b>	<b>362,152,138</b>	<b>306,129,600</b>	<b>6.20</b>	<b>5.70</b>	<b>1.35</b>
<b>OIL &amp; GAS MARKETING COMPANIES</b>										
Attock Petroleum Limited	-	9,950	-	9,950	-	-	-	-	-	-
Pakistan State Oil Company Limited (see note 5.4)	293,500	875,800	34,700	600,000	604,000	181,305,938	192,259,240	3.89	3.58	0.19
Sui Northern Gas Pipelines Limited	1,350,000	650,200	-	1,100,000	900,200	113,871,548	90,218,044	1.83	1.68	0.14
Sui Southern Gas Company Limited	675,000	150,000	-	825,000	-	-	-	-	-	-
	<b>2,318,500</b>	<b>1,685,950</b>	<b>34,700</b>	<b>2,534,950</b>	<b>1,504,200</b>	<b>295,177,486</b>	<b>282,477,284</b>	<b>5.72</b>	<b>5.26</b>	<b>0.33</b>
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Mari Petroleum Company Limited	150,150	23,500	-	18,650	155,000	243,053,222	233,457,900	4.73	4.34	0.14
Oil & Gas Development Company Limited	987,700	1,620,000	-	557,700	2,050,000	311,678,613	319,021,000	6.46	5.93	0.05
Pakistan Oilfields Limited	346,800	203,300	-	200,100	350,000	176,480,603	235,126,500	4.76	4.37	0.15
Pakistan Petroleum Limited (see note 5.3)	949,200	556,000	-	200,000	1,305,200	228,308,484	280,487,480	5.68	5.22	0.07
	<b>2,433,850</b>	<b>2,402,800</b>	-	<b>976,450</b>	<b>3,860,200</b>	<b>959,520,922</b>	<b>1,068,092,880</b>	<b>21.62</b>	<b>19.87</b>	<b>0.41</b>
<b>ENGINEERING</b>										
International Industries Limited	434,500	292,700	-	395,700	331,500	105,191,761	77,004,135	1.56	1.43	0.28
International Steels Limited	200,000	735,100	-	935,100	-	-	-	-	-	-
Mughal Iron And Steel Industries Limited	5,225	210,000	-	-	215,225	16,061,399	13,219,120	0.27	0.25	0.09
	<b>639,725</b>	<b>1,237,800</b>	-	<b>1,330,800</b>	<b>546,725</b>	<b>121,253,160</b>	<b>90,223,255</b>	<b>1.83</b>	<b>1.68</b>	<b>0.37</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Name of Investee Company	As at 01 July 2017	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2018	Carrying cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets	Paid up capital of investee company held
	-----Number of shares-----					-----Rupees-----		-----Percentage-----		
<b>AUTOMOBILE ASSEMBLER</b>										
Indus Motor Company Limited	61,480	-	-	42,480	19,000	34,078,400	27,007,740	0.55	0.50	0.02
Millat Tractors Limited	18,500	-	-	18,500	-	-	-	-	-	-
	<b>79,980</b>	<b>-</b>	<b>-</b>	<b>60,980</b>	<b>19,000</b>	<b>34,078,400</b>	<b>27,007,740</b>	<b>0.55</b>	<b>0.50</b>	<b>0.02</b>
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>										
Agrauto Industries Limited (face value of Rs.5 per share)	-	70,200	-	200	70,000	22,678,681	20,650,000	0.42	0.38	0.24
Thal Limited (face value of Rs.5 per share)	70,000	45,000	-	10,100	104,900	60,177,874	50,092,897	1.01	0.93	0.13
The General Tyre & Rubber Company of Pakistan Limited	-	228,800	-	228,800	-	-	-	-	-	-
	<b>70,000</b>	<b>344,000</b>	<b>-</b>	<b>239,100</b>	<b>174,900</b>	<b>82,856,555</b>	<b>70,742,897</b>	<b>1.43</b>	<b>1.32</b>	<b>0.37</b>
<b>CABLES &amp; ELECTRICAL GOODS</b>										
Pak Elektron Limited	550,000	1,125,000	-	1,675,000	-	-	-	-	-	-
	<b>550,000</b>	<b>1,125,000</b>	<b>-</b>	<b>1,675,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TRANSPORT</b>										
Pakistan International Bulk Terminal Limited	-	2,000,000	-	-	2,000,000	43,570,020	22,700,000	0.46	0.42	0.13
Pakistan International Bulk Terminal Limited - LoR	-	-	403,899	-	403,899	-	545,264	0.01	0.01	0.03
	<b>-</b>	<b>2,000,000</b>	<b>403,899</b>	<b>-</b>	<b>2,403,899</b>	<b>43,570,020</b>	<b>23,245,264</b>	<b>0.47</b>	<b>0.43</b>	<b>0.16</b>
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>										
Hum Network Limited (face value of Re.1 per share)	9,558,500	4,941,500	-	1,445,000	13,055,000	144,752,525	105,614,950	2.14	1.96	1.38
Systems Limited	-	298,000	-	298,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	500,000	-	500,000	-	-	-	-	-	-
	<b>9,558,500</b>	<b>5,739,500</b>	<b>-</b>	<b>2,243,000</b>	<b>13,055,000</b>	<b>144,752,525</b>	<b>105,614,950</b>	<b>2.14</b>	<b>1.96</b>	<b>1.38</b>
<b>FERTILIZER</b>										
Dawood Hercules Corporation Limited	1,100	107,000	-	108,100	-	-	-	-	-	-
Engro Corporation Limited	700,000	925,000	-	625,000	1,000,000	297,642,771	313,860,000	6.35	5.84	0.19
Engro Fertilizers Limited (see note 5.3)	5,350,000	575,000	-	2,551,000	3,374,000	190,937,808	252,746,340	5.12	4.70	0.25
Fauji Fertilizer Bin Qasim Limited	-	1,500,000	-	800,000	700,000	31,378,930	27,020,000	0.55	0.50	0.07
Fauji Fertilizer Company Limited	1,300,000	2,961,500	-	3,111,500	1,150,000	102,867,256	113,723,500	2.30	2.12	0.09
	<b>7,351,100</b>	<b>6,068,500</b>	<b>-</b>	<b>7,195,600</b>	<b>6,224,000</b>	<b>622,826,765</b>	<b>707,349,840</b>	<b>14.32</b>	<b>13.16</b>	<b>0.60</b>
<b>PHARMACEUTICALS</b>										
Abbott Laboratories (Pakistan) Limited	60,550	-	-	60,550	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	50,000	-	50,000	-	-	-	-	-	-
Glaxosmithkline Pakistan Limited	245,000	-	-	245,000	-	-	-	-	-	-
The Searle Company Limited (see note 5.4)	300	93,700	60	23,700	70,360	23,106,904	23,887,220	0.48	0.44	0.04
	<b>305,850</b>	<b>143,700</b>	<b>60</b>	<b>379,250</b>	<b>70,360</b>	<b>23,106,904</b>	<b>23,887,220</b>	<b>0.48</b>	<b>0.44</b>	<b>0.04</b>
<b>CHEMICALS</b>										
Archroma Pakistan Limited	30,000	-	-	30,000	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	2,000,000	2,950,000	-	4,950,000	-	-	-	-	-	-
ICI Pakistan Limited	-	15,000	-	15,000	-	-	-	-	-	-
Ittehad Chemicals Limited	-	300,000	-	300,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	2,650,000	2,800,000	-	3,200,000	2,250,000	26,432,350	26,910,000	0.54	0.50	0.15
Sitara Chemical Industries Limited	40,000	-	-	40,000	-	-	-	-	-	-
	<b>4,720,000</b>	<b>6,065,000</b>	<b>-</b>	<b>8,535,000</b>	<b>2,250,000</b>	<b>26,432,350</b>	<b>26,910,000</b>	<b>0.54</b>	<b>0.50</b>	<b>0.15</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Name of Investee Company	As at 01 July 2017	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2018	Carrying cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets	Paid up capital of investee company held
	-----Number of shares-----					-----Rupees-----		-----Percentage-----		
<b>PAPER &amp; BOARD</b>										
Packages Limited	-	100,300	-	10,850	89,450	57,611,386	43,805,454	0.89	0.81	0.10
	-	100,300	-	10,850	89,450	57,611,386	43,805,454	0.89	0.81	0.10
<b>LEATHER &amp; TANNERIES</b>										
Service Industries Limited	-	560	-	60	500	415,000	392,490	0.01	0.01	-
	-	560	-	60	500	415,000	392,490	0.01	0.01	-
<b>FOODS &amp; PERSONAL CARE PRODUCTS</b>										
Al Shaheer Corporation Limited (see note 5.4)	16,937	900,000	-	-	916,937	26,878,888	24,986,533	0.51	0.46	0.65
Engro Foods Limited	-	212,900	-	212,900	-	-	-	-	-	-
Matco Foods Limited	-	1,884,329	-	1,884,000	329	8,554	12,364	0.00	0.00	-
Murree Brewery Company Limited	26,600	-	-	26,600	-	-	-	-	-	-
Nestle Pakistan Limited	5,500	-	-	5,500	-	-	-	-	-	-
Rafhan Maize Products Company Limited	6,200	-	-	6,200	-	-	-	-	-	-
	55,237	2,997,229	-	2,135,200	917,266	26,887,442	24,998,897	0.51	0.47	0.65
<b>GLASS &amp; CERAMICS</b>										
Tariq Glass Industries Limited	-	147,600	-	147,600	-	-	-	-	-	-
	-	147,600	-	147,600	-	-	-	-	-	-
<b>MISCELLANEOUS</b>										
Tri-Pack Films Limited	-	12,500	-	12,500	-	-	-	-	-	-
	-	12,500	-	12,500	-	-	-	-	-	-
Total as at 30 June 2018						5,081,767,068	4,940,091,479	100.00	91.90	
Total as at 30 June 2017						4,824,553,008	5,141,997,098			

5.2 The cost of listed equity securities as at 30 June 2018 is Rs. 4,911,177,095 (30 June 2017: Rs 4,755,964,715).

5.3 The above investments include following shares which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP:

Name of Investee Company	Number of shares		Market value	
	2018	2017	2018	2017
	----- Rupees -----		----- Rupees -----	
Pakistan Petroleum Limited	297,000	297,000	63,825,300	43,997,580
United Bank Limited	100,000	100,000	16,898,000	23,552,000
Engro Fertilizers Limited	425,000	425,000	31,836,750	23,477,000
	<b>822,000</b>	<b>822,000</b>	<b>112,560,050</b>	<b>91,026,580</b>

5.4 The investment in equity securities include the bonus shares having market value of Rs.0.94 million withheld by the investee companies, as issuance of bonus shares has been made taxable through Finance Act, 2014.

The management of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, have filed various petitions in Honorable Sindh High Court challenging the levy of withholding of income tax on Bonus shares received by mutual funds based on the principle that exemption is already given to mutual funds

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

under clause 99 of Part I and clause 47B of Part IV of the Second Schedule of the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay orders while the matter is still pending adjudication.

The Honorable Supreme Court in its decision dated June 27, 2018 in a case held that the suits which are already pending or shall be filed in future, must only be maintained / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. In pursuance of said Supreme Court order, SHC issued notices of hearing for cases of tax related matters and held that Plaintiffs are directed to deposit 50% of amount claimed by the tax department, if the deposits are not made within time, the suits stand dismissed as not maintainable. MUFAP discussed this matter with the lawyer alongwith members of the AMC's, and it was agreed that 50% of the said tax withheld amount must have to be deposited, in order of saving our remaining 50% withheld tax amount. The lawyer vide its letters dated August 16, 2018 has directed share registrars to deposit 50% of tax withheld in FBR accounts, in respect of all bonus shares cases.

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
Security deposits with:			
- National Clearing Company of Pakistan Limited (NCCPL)		2,500,000	2,500,000
- Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
Prepayments		-	1,181,732
Advances & other receivables	6.1	19,535,195	10,910,195
		<b><u>22,135,195</u></b>	<b><u>14,691,927</u></b>

6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under sections 150 and 151. However, during the year ended 30 June 2016, several companies (including banks) deducted withholding tax on dividend and profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The amount of tax withheld during the year on dividend and profit on bank deposits aggregates to Rs.10.269 million (June 30, 2017: Rs. 10.269 million) and Rs. 0.641 million (June 30, 2017: Rs. 0.641 million) respectively.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all Funds managed by the Company to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted from dividend and profit received on bank deposits by the Fund has been shown as other receivables as at 30 June 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7	PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2018	2017
			----- Rupees -----	
	Remuneration of the Management Company	7.1	9,023,232	9,497,182
	Sindh sales tax payable on remuneration of the Management Company	7.2	4,142,066	4,203,679
	Federal Excise Duty payable on remuneration of the Management Company	7.3	20,301,988	20,301,988
	Accounting and operational charges	13	451,011	474,859
	Sindh Sales Tax payable on operational charges		-	37,988
			<b>33,918,297</b>	<b>34,515,696</b>

7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160 (1) / 2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of equity schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at a rate not exceeding 3% of the average annual net assets of the Fund and thereafter, at a rate of 2% of such assets. Accordingly, the Management Company has charged its remuneration at a rate of 2% (2017: 2%) per annum of the average annual net assets of the Fund for the year. The fee is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 13,971,239 (2017: Rs. 13,911,175) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 14,032,852 (2017: Rs. 13,594,208) has been paid to the Management Company which acts as a collecting agent.

7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the previous year, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 20.302 million (30 June 2017: Rs 20.302 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs. 2.34 (30 June 2017: Rs 2.45) per unit.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	2018	2017
		----- Rupees -----	
Trustee fee payable	8.1	533,354	557,051
Sindh sales tax on trustee fee		69,336	72,417
Settlement charges payable		3,000	48,000
Sindh sales tax on settlement charges		390	6,240
		<b>606,080</b>	<b>683,708</b>

8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:	Tariff per annum
- up to Rs 1,000 million	Rs. 0.7 million or 0.20% per annum of Net Assets, whichever is higher
- exceeding Rs 1,000 million	Rs. 2.0 million plus 0.10% per annum of Net Assets amount exceeding Rs 1,000 million

8.2 During the year, an amount of Rs. 828,562 (2017: Rs. 825,559) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 831,643 (2017: Rs. 810,501) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2018	2017
		----- Rupees -----	
Annual fee payable	9.1	<b>5,104,876</b>	<b>5,082,930</b>

9.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an equity scheme is required to pay the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

### 10 PAYABLE AGAINST REDEMPTION OF UNITS

This mainly includes payable against units redeemed to the unitholders on 30 June 2018 based on their requests for transfer of units to Atlas Money Market Fund managed by AAML amounting to Rs 3,304,321.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2018	2017
		----- Rupees -----	
Auditors' remuneration payable		410,274	395,901
Printing charges payable		128,793	130,091
NCCPL charges payable		30,000	69,500
Transaction charges payable	17	1,068,207	1,473,492
Legal and professional charges payable		-	100,000
Withholding and capital gain tax payable		108,442	1,546,594
Zakat payable		1,931	9,428
Provision for Sindh Workers' Welfare Fund	11.1	38,835,533	38,835,533
		<b>40,583,180</b>	<b>42,560,539</b>

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

**11.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 in response to which the SECP vide its letter dated 1 February 2017 advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds.

Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on 12 January 2017 whereby the entire provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision for SWWF is being made by the Fund on a daily basis going forward.

Had the provision for SWWF not been recorded in these financial statements, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs. 4.49 per unit (30 June 2017: Rs. 4.68 per unit)

### 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2018 and 30 June 2017.

### 13 ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund.

### 14 ADVERTISEMENT AND MARKETING EXPENSES

In connection with Regulation 60(3)(v) of the NBFC Regulations, SECP has issued Circular No. 40 of 2016 dated December 30, 2016 (later amended vide Circular No. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from 1 January 2017 till 31 December 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular and approved plan) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended 30 June 2018 are lower than 0.4% per annum of net assets of the Fund. Accordingly, with effect from 1 July 2017, the Management Company has charged expenses in the Fund on the actual basis being lower than the allowed limit.

### 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2018 is 2.78% (30 June 2017:3.63%) which includes 0.41% (30 June 2017: 1.10%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

### 16 AUDITORS' REMUNERATION

	2018	2017
	----- Rupees -----	
Annual audit fee	255,000	255,000
Half yearly review of condensed interim financial information	127,500	127,500
Certification charges	50,000	40,000
Review of Statement of Compliance with the Code of Corporate Governance	-	50,000
Professional charges for tax services	-	375,000
Sindh Sales Tax on services	38,600	67,800
Out of pocket expenses	86,258	88,199
	<b>557,358</b>	<b>1,003,499</b>

### 17 SECURITIES TRANSACTION COST

This represents brokerage, federal excise duty, capital value tax and settlement charges.

### 18 TAXATION

**18.1** The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the Fund has incurred net loss for the year hence, no distribution has been made by the Fund.

**18.2** During the year ended 30 June 2014, the Additional Commissioner Inland Revenue amended the return of income filed by the Fund in respect of Tax Years 2012 under Section 120 of the Income Tax Ordinance, 2001. The tax assessing officer concluded that bonus issues declared by the Fund should not have been considered as distribution of the accounting income while claiming exemption available under Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, as the Fund had not deducted withholding tax from bonus distributions. Consequently, the tax assessing officer raised demands aggregating to Rs. 48.146 million (including Rs. 2.653 million relating to Workers' Welfare Fund) on the Fund. Similar amendments were made to returns filed by several mutual funds in the industry.

This industry issue was examined by legal experts and tax advisors and there was unanimity of view that under the provisions of Clause 99 applicable upto 30 June 2014, the tax department's contentions were primarily erroneous and not tenable under the law. Subsequently, through the Finance Act, 2014, an amendment was made in Clause 99, whereby issuance of bonus units would not be considered towards distribution of 90% of income, and only cash dividend would be taken into consideration for computation of 90% distribution to claim exemption. Appropriate appellate and executive remedies were adopted to resolve the matter.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

During the year ended 30 June 2015, the Commissioner Inland Revenue - Appeals (CIR - Appeals) decided the matter in favour of the Fund and annulled the assessment order but maintained the levy of WWF. The Fund filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR - Appeals with respect to the maintenance of levy of WWF. The tax assessing officer also filed an appeal in the ATIR against the order of annulment of assessment order passed by the CIR - Appeals. On March 14, 2017, ATIR upheld the decision of Commissioner (Appeals).

In respect of the levy of WWF, the Honourable Supreme Court had held the amendments made by the Finance Acts 2006 and 2008 to be unlawful and ultra vires the Constitution as detailed in note 11.1. Therefore, the ATIR has remanded back the matter to the Taxation Officer with the directions to decide the issue following the recent judgment of the Apex Court. Based on the opinion of the tax advisors of the Fund, the management believes that the levy of WWF will be deleted upon re-adjudication in light of the judgement of the Honourable Supreme Court.

## 19 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 20.1** Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 20.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 20.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 20.4** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

	2018	2017
	----- Rupees -----	
<b>Transactions during the year</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	107,471,068	107,009,036
Remuneration paid	107,945,018	104,066,618
Sindh Sales Tax on remuneration of the Management Company	13,971,239	13,911,175
Accounting and Operational Charges	5,235,474	4,403,509
Sindh Sales Tax on accounting and operational charges	-	352,281
Issue of 30,388 (2017: 1,514) units	16,885,350	754,525
Redemption of 25,139 (2017: 25,550) units	15,000,000	16,730,565
Cash dividend declared	2,154,686	838,361
Outstanding 148,895 (2017: 143,646) units - at net asset value	92,442,526	95,785,846

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	6,373,554	6,350,452
Sindh Sales Tax on remuneration of the Trustee	828,562	825,559
Remuneration paid	6,397,251	6,203,107
Settlement charges	342,082	670,339
Sindh Sales Tax on settlement charges	44,471	87,144
Settlement charges paid	387,082	661,567
<b>Atlas Battery Limited (Group Company)</b>		
Issue of 447 (2017: 182,652) units	243,745	102,163,165
Redemption of Nil (2017: 744,132) units	-	450,594,691
Cash dividend declared	-	2,807,398
Outstanding 447 (2017: Nil) units - at net asset value	277,401	-
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 85,924 (2017: 37,231) units	53,362,659	25,985,375
Cash dividend declared	3,843,039	1,094,861
Outstanding 342,126 (2017: 256,203) units - at net asset value	212,411,317	170,841,037
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 1,095,454 (2017: 711,851) units	648,347,589	425,751,342
Redemption of 1,293,640 (2017: 816,053) units	775,449,665	513,583,170
Cash dividend declared	7,532,580	3,031,871
Outstanding 303,985 (2017: 502,172) units - at net asset value	188,731,143	334,858,311
<b>Atlas Metals (Private) Limited (Group Company)</b>		
Issue of Nil (2017:114 ) units	-	56,911
Redemption of Nil (2017:12,761 ) units	-	8,519,273
Cash dividend declared	-	63,235
<b>Atlas Foundation (Group Company)</b>		
Issue of 37,094 (2017:261,129 ) units	22,625,993	139,810,975
Redemption of 53,809 (2017: Nil ) units	35,000,000	-
Cash dividend declared	13,286,849	3,123,305
Outstanding 869,075 (2017: 885,790 ) units - at net asset value	539,570,874	590,662,463
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 11,520 (2017: 10,683) units	6,772,885	7,208,172
Redemption of 27,826 (2017: 5,126 ) units	17,600,000	3,544,520
Cash dividend declared	572,885	163,172
Outstanding 21,886 (2017:38,192) units - at net asset value	13,588,279	25,467,422
<b>Shirazi Capital (Private) Limited (Group Company)</b>		
Issue of Nil (2017: 5,547 ) units	-	2,719,838
Redemption of Nil (2017: 609,865) units	-	371,413,952
Cash dividend declared	-	3,022,042

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 4,457 (2017: 55,455) units	2,905,010	30,691,061
Redemption of 90,843 (2017: Nil) units	50,366,164	-
Cash dividend declared	2,905,010	691,061
Outstanding 107,280 (2017: 193,667) units - at net asset value	66,606,023	129,141,242
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 490 (2017: 226) units	319,514	112,715
Redemption of Nil (2017: 1,468) units	-	1,000,000
Cash dividend declared	319,514	112,715
Outstanding 21,791 (2017: 21,301 ) units - at net asset value	13,529,158	14,203,897
<b>Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 2,385 (2017: 22,987 ) units	1,554,551	15,403,249
Cash dividend declared	1,554,551	403,248
Outstanding 106,022 (2017: 103,637) units - at net asset value	65,824,207	69,107,057
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 372 (2017: 161) units	242,547	80,046
Cash dividend declared	242,547	80,046
Outstanding 16,542 (2017: 16,170) units - at net asset value	10,270,132	10,782,334
<b>Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)</b>		
Issue of 602 (2017: 260) units	392,579	129,560
Redemption of 15,071 (2017: Nil) units	10,000,000	-
Cash dividend declared	392,579	129,560
Outstanding 11,703 (2017:26,172 ) units - at net asset value	7,265,800	17,451,983
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 706 (2017: 18,585 ) units	460,318	10,060,513
Cash dividend declared	460,318	60,513
Outstanding 31,394 (2017: 30,688 ) units - at net asset value	19,491,216	20,463,301
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 683,422 (2017: 632,369 ) units	411,015,091	382,630,608
Cash dividend declared	46,874,390	12,462,951
Outstanding 3,808,381 (2017: 3,124,959) units - at net asset value	2,364,456,324	2,083,785,373

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	----- Rupees -----	
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 21,663 (2017: 1,686 ) units	12,473,183	840,362
Cash dividend declared	2,826,495	933,735
Outstanding 210,096 (2017: 188,433) units - at net asset value	130,439,309	125,650,888
<b>National Clearing Company of Pakistan Limited</b>		
Issue of 690 (2017: Nil ) units	450,034	-
Cash dividend declared	514,324	-
Outstanding 34,978 (2017: Nil) units - at net asset value	21,716,730	-
<b>Directors and their close family members and key management personnel and executive of the Management Company</b>		
Issue of 99,667 (2017: 39,944) units	62,362,131	22,980,282
Redemption of 96,457 (2017: 102,342 ) units	62,237,904	69,000,000
Cash dividend declared	12,899,301	3,723,178
Outstanding 685,490 (2017: 682,238) units - at net asset value	425,593,242	454,329,471

20.5 Other balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

----- As at 30 June 2018 -----			
Loans and receivables	At fair value through profit or loss	Available for sale	Total
----- (Rupees) -----			
Cash and bank balances	503,609,049	-	503,609,049
Investments	-	4,940,091,479	4,940,091,479
Dividend receivable	7,994,137	-	7,994,137
Profit receivable on bank balances	2,293,384	-	2,293,384
Receivable against sale of investments	1,483,060	-	1,483,060
Deposits	2,600,000	-	2,600,000
	<u>517,979,630</u>	<u>4,940,091,479</u>	<u>5,458,071,109</u>

----- As at 30 June 2018 -----		
Liabilities at fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----		
Payable to Atlas Asset Management Limited - Management Company	-	33,918,297
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	606,080
Payable against purchase of investments	-	18,082,010
Payable against redemption of units	-	3,578,132
Unclaimed dividend	-	401,733
Accrued expenses and other liabilities	-	1,637,274
	<u>-</u>	<u>58,223,526</u>
	<u>58,223,526</u>	<u>58,223,526</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at 30 June 2017 -----

	Loans and receivables	At fair value through profit or loss	Available for sale	Total
----- (Rupees) -----				
<b>Financial assets</b>				
Cash and bank balances	657,895,685	-	-	657,895,685
Investments	-	5,141,997,098	-	5,141,997,098
Receivable against issue of units	446,198			446,198
Dividend receivable	10,002,401	-	-	10,002,401
Profit receivable on bank balances	2,761,535	-	-	2,761,535
Receivable against sale of investment	35,897,649	-	-	35,897,649
Deposits	2,600,000	-	-	2,600,000
	<u>709,603,468</u>	<u>5,141,997,098</u>	<u>-</u>	<u>5,851,600,566</u>

----- As at 30 June 2017 -----

	Liabilities at fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----			
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	34,515,696	34,515,696
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	683,708	683,708
Payable against purchase of investments	-	123,032,718	123,032,718
Payable against redemption of units	-	129,739,015	129,739,015
Unclaimed dividend	-	401,733	401,733
Accrued expenses and other liabilities	-	2,168,984	2,168,984
	<u>-</u>	<u>290,541,854</u>	<u>290,541,854</u>

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

### 22.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Market risk comprises of three types of risks: yield / interest rate risk, currency risk, and price risk.

#### (i) Yield / interest rate risk

Yield / interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As of 30 June 2018, the Fund is exposed to interest rate risk on its balances held with banks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2018, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 5,034,490 (2017: Rs 6,573,729). In case of 100 basis points decrease in market interest rates as at 30 June 2018, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 5,034,490 (2017: Rs 6,573,729).

### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

As stated above out of the total financial assets of Rs. 5,458,071,109 (2017: Rs. 5,581,600,566), assets aggregating to Rs. 503,449,049 (2017: Rs. 657,372,935) are subject to yield / interest rate risk. These represents bank balance having effective yield of 4.00% to 7.35% (2017: 3.75% to 6.60%).

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 10% of net assets and issued capital of the investee company and sector exposure limit to 30% of the net assets.

In case of 5% increase / decrease in PSX 100 index on 30 June 2018, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 247,004,574 (2017: Rs. 257,099,855) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the PSX 100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 Index.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 22.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to settlement of equity securities and to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's securities are considered readily realisable as these are listed on the Pakistan Stock Exchange.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year. In addition, as required by SECP, the Fund has arranged committed credit lines from a financial institution equivalent to 10% of net assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

----- As at 30 June 2018 -----					
Within 1 month	1 to 3 months	3 to 12 months	More than one year	Financial instruments without maturity	Total
-----Rupees-----					
<b>Financial assets</b>					
Cash and bank balances	503,609,049	-	-	-	503,609,049
Investments	-	-	-	4,940,091,479	4,940,091,479
Dividend receivable	7,994,137	-	-	-	7,994,137
Profit receivable on bank balances	2,293,384	-	-	-	2,293,384
Receivable against sale of investments	1,483,060	-	-	-	1,483,060
Deposits	-	-	-	2,600,000	2,600,000
	<b>515,379,630</b>	<b>-</b>	<b>-</b>	<b>4,942,691,479</b>	<b>5,458,071,109</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	33,918,297	-	-	-	33,918,297
Payable to the Central Depository Company of Pakistan Limited - Trustee	606,080	-	-	-	606,080
Payable against purchase of investments	18,082,010	-	-	-	18,082,010
Payable against redemption of units	3,578,132	-	-	-	3,578,132
Unclaimed dividend	401,733	-	-	-	401,733
Accrued expenses and other liabilities	1,098,207	539,067	-	-	1,637,274
	<b>57,684,459</b>	<b>539,067</b>	<b>-</b>	<b>-</b>	<b>58,223,526</b>
<b>Net assets / (liabilities)</b>	<b>457,695,171</b>	<b>(539,067)</b>	<b>-</b>	<b>4,942,691,479</b>	<b>5,399,847,583</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

-----As at 30 June 2017-----

	Within 1 month	1 to 3 months	3 to 12 months	More than one year	Financial instruments without maturity	Total
-----Rupees-----						
<b>Financial assets</b>						
Cash and bank balances	657,895,685	-	-	-	-	657,895,685
Investments	-	-	-	-	5,141,997,098	5,141,997,098
Receivable against issue of units	446,198	-	-	-	-	446,198
Dividend receivable	10,002,401	-	-	-	-	10,002,401
Profit receivable on bank balances	2,761,535	-	-	-	-	2,761,535
Receivable against sale of investments	35,897,649	-	-	-	-	35,897,649
Deposits	-	-	-	-	2,600,000	2,600,000
	<b>707,003,468</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,144,597,098</b>	<b>5,851,600,566</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	34,515,696	-	-	-	-	34,515,696
Payable to the Central Depository Company of Pakistan Limited - Trustee	683,708	-	-	-	-	683,708
Payable against purchase of investments	123,032,718	-	-	-	-	123,032,718
Payable against redemption of units	129,739,015	-	-	-	-	129,739,015
Unclaimed dividend	401,733	-	-	-	-	401,733
Accrued expenses and other liabilities	1,642,992	525,992	-	-	-	2,168,984
	<b>290,015,862</b>	<b>525,992</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>290,541,854</b>
<b>Net assets / (liabilities)</b>	<b>416,987,606</b>	<b>(525,992)</b>	<b>-</b>	<b>-</b>	<b>5,144,597,098</b>	<b>5,561,058,712</b>

## 22.3 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. The Fund is exposed to credit risk with respect to its bank balances, dividend receivable, receivable against sale of investments, receivable against sale of units and security deposit. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instrument guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2018 amounts to Rs. 517,979,630 (2017: Rs. 709,603,468).

### 22.3.1 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks. The credit rating profile of balances with banks is as follows:

Ratings of banks with which amounts are placed	% of financial assets exposed to credit risk	
	2018	2017
AA	0.20	16.33
AA+	99.38	0.01
AAA	0.42	83.66
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2018 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is mainly held with, diverse credit worthy counter parties.

## 23 FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

### 23.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Fund only invests in listed equity securities the fair values of which are based on level 1 valuation technique.

## 24 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. As required under NBFC Regulations, every open-end scheme shall maintain a fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 22, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 25 UNIT HOLDING PATTERN OF THE FUND

Category	2018			2017		
	Number of unit holders	Investment Amount Rupees	Percentage of Total	Number of unit holders	Investment Amount Rupees	Percentage of Total
Individuals	456	485,429,564	9.03	400	527,035,057	9.53
Associated Companies / Directors	11	3,770,132,976	70.14	9	3,498,596,263	63.29
Insurance Companies	11	222,381,222	4.14	2	105,549,152	1.91
Banks / DFIs / NBFC	-	-	-	1	166,011,913	3.00
Retirement Funds	32	737,620,867	13.72	31	911,498,985	16.49
Others	9	159,767,367	2.97	11	318,984,784	5.77
	<b>519</b>	<b>5,375,331,996</b>	<b>100.00</b>	<b>454</b>	<b>5,527,676,154</b>	<b>100.00</b>

## 26 LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2018		2017	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	7.91	Optimus Capital Management (Private) Limited	8.02
AlFalah Securities (Private) Limited	7.63	Shajar Capital Pakistan (Private) Limited	7.07
Taurus Securities Limited	7.54	JS Global Capital Limited	6.53
Topline Securities (Private) Limited	7.17	Taurus Securities Limited	5.97
Shajar Capital Pakistan (Private) Limited	5.81	Topline Securities (Private) Limited	5.92
JS Global Capital Limited	5.56	AlFalah Securities (Private) Limited	5.84
Axis Global Limited	5.09	Next Capital Limited	4.59
AKD Securities Limited	4.57	Summit Capital (Private) Limited	4.54
Foundation Securities (Private) Limited	4.50	Habib Metropolitan Financial Services Limited	4.46
Next Capital Limited	4.37	Intermarket Securities (Private) Limited	4.44

## 27 MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	18 Years
Mr. Ali H. Shirazi	Director	Masters in Law	14.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	14 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	10 Years
Mr. Fawad Javaid	Fund Manager	CMA	10 Years
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	7 Years

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 28 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	Atlas Islamic Stock Fund

## 29 MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The details of the dates of Board meetings of the Management Company of the Fund and the attendance of the members of the Board of Directors are given below:

Name of Director	Meeting held on					
	07 July 2017	30 August 2017	26 October 2017	28 February 2018	27 April 2018	20 June 2018
Mr. Yusuf H. Shirazi	P	P	P	P	L	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Shamshad Nabi (Resigned w.e.f. Mar. 22,2018)	L	P	P	P	N/A	N/A
Mr. Frahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. Arshad P. Rana (Resigned w.e.f. Mar. 19,2018)	P*	P*	P*	P	N/A	N/A
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms Zehra Naqvi (w.e.f.Apr. 26, 2018)	N/A	N/A	N/A	N/A	N/A	P**
Mr. M. Abdul Samad (Appointed CEO w.e.f. Mar. 19, 2018)	N/A	N/A	N/A	N/A	P**	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Appointed Co.Sec. w.e.f. Jan. 31, 2018)	N/A	N/A	N/A	P**	P	P

\* Attended through teleconference call.

\*\* Joined

P Present

L Leave of absence

## 30 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 30 June 2018. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 31 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements during the current year.

## 32 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The Board of Directors of Management Company in the meeting held on 06 July 2018 (2017: 07 July 2017) approved a final cash dividend of Rs. Nil (2017: Rs.15) Per unit amounting to Rs. Nil (2017: Rs. 124,345,017).

## 33 GENERAL

**33.1** Figures have been rounded off to the nearest Rupee unless otherwise stated.

**33.2** Units have been rounded off to the nearest decimal place.

## 34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 06 September 2018.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

منسلک افراد اور اداروں سے لین دین  
 دوران سال کمپنی سے منسلک افراد نے فنڈز کے یونٹس میں کسی قسم کا لین دین نہیں کیا سوائے اُن کے جن کی تفصیل (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف) اور  
 (اے ایس ایم ایف) کے مالیاتی نتائج کے علی الترتیب نوٹ نمبر ۱۷، ۱۹، ۲۰ اور ۲۱ میں دی گئی ہے۔

تازہ ترین درجہ بندی:

اثاثہ جات نیچر کی درجہ بندی  
 پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پیکرا) نے مینجمنٹ کمپنی کی اسٹیٹ نیچر درجہ بندی اے ایم ۲+ (اے ایم ٹوپلس) ترتیب دی ہے۔  
 [(اے ایم ٹوپلس) + (اے ایم ۲: ۲۰۱۷ء)] بتاریخ ۳۰ جون ۲۰۱۸ء کو۔ یہ درجہ بندی کمپنی کی تجربہ کار ٹیم، منظم سرمایہ کاری نظام اور ہم آہنگ معیاری نظام اور طریقہ کار کی عکاسی  
 کرتی ہے۔

مستحکم درجہ بندی برائے اے ایس ایل ایف  
 پیکرا نے بتاریخ ۲۹ مئی ۲۰۱۸ء کو درجہ بندی برائے استحکام فنڈ تشکیل دی ہے۔ ”اے ایف“۔ (ڈبل اے ایف) فنڈ ریٹنگ (فنڈز کی یہ درجہ بندی ریٹرن میں متناسب استحکام کی  
 نگرانی اور کم خطرات کا سامنا کرنے کی بہت مضبوط صلاحیت کو ظاہر کرتی ہے۔

مستحکم درجہ بندی برائے اے ایم ایف  
 پیکرا نے مورخہ ۲۹ مئی ۲۰۱۸ء کو استحکام فنڈ کیلئے (ڈبل اے ایف) فنڈ ریٹنگ۔ ”اے ایف“ درجہ بندی تشکیل دی ہے۔ فنڈز کی یہ درجہ بندی ریٹرن میں متناسب استحکام کی  
 نگرانی اور کم خطرات کا سامنا کرنے کی بہت مضبوط صلاحیت کو ظاہر کرتی ہے۔

مستحکم درجہ بندی برائے آئی ایف  
 پیکرا نے مورخہ ۲۹ مئی ۲۰۱۸ء کو استحکام فنڈ کیلئے (ڈبل اے ایف) فنڈ ریٹنگ۔ ”اے ایف“ درجہ بندی تشکیل دی ہے۔ فنڈز کی یہ درجہ بندی ریٹرن میں متناسب استحکام  
 کی نگرانی اور کم خطرات کا سامنا کرنے کی بہت مضبوط صلاحیت کو ظاہر کرتی ہے۔

آڈیٹرز

بورڈ آف ڈائریکٹران کی آڈٹ کمیٹی نے اپنی میٹنگ منعقدہ ۳ ستمبر ۲۰۱۸ء میں میسرز اے ایف فرگن اینڈ کمپنی (اے ایف ایف)، کراچی کو ٹلس منی مارکیٹ فنڈ کا بطور اہل آڈیٹرز  
 برائے اختتام سال ۳۰ جون ۲۰۱۹ء دوبارہ تقرری تجویز کی۔ اور میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس، کراچی کو بالترتیب ٹلس سوورین لیکویٹیڈ فنڈ، ٹلس انکم فنڈ اور ٹلس  
 اسٹاک مارکیٹ فنڈ کیلئے بطور اہل آڈیٹرز دوبارہ تقرری کی۔

توثیق

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹران، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی قابل قدر حمایت، مدد اور رہنمائی کا شکریہ ادا کرتے ہیں۔ مینجمنٹ کمپنی کے ملازمین اور اسٹیٹ کا  
 ان کی لگن اور محنت کیلئے، اور مینجمنٹ کمپنی پر یونٹ ہولڈرز کے اعتماد کا بھی بورڈ شکریہ ادا کرتا ہے۔

از طرف اور منجانب بورڈ

محمد عبدالصمد  
 چیف ایگزیکٹو آفیسر  
 فراہیم علی خان  
 ڈائریکٹر  
 کراچی، ۶ ستمبر، ۲۰۱۸ء

## منجمنٹ کمپنی اور کمیٹی کے بورڈ آف ڈائریکٹران

منجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز میں ایک ایگزیکٹو اور چھ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہیں۔ اے اے ایم ایل کے ڈائریکٹران میں شامل ہیں جناب یوسف ایچ شیرازی، چیئرمین، جناب فراہیم علی خان ڈائریکٹر، جناب ایم حبیب الرحمن ڈائریکٹر، جناب طارق امین آزاد ڈائریکٹر، جناب علی ایچ شیرازی ڈائریکٹر، مس زہرا نقوی آزاد ڈائریکٹر اور جناب محمد عبدالصمد چیف ایگزیکٹو آفیسر۔

دوران سال، بورڈ میں دو اتفاقی آسامیاں این بی ایف سی کے قواعد و ضوابط ۲۰۰۸ء کے تحت، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے کی گئی ہیں۔

۱۸-۲۰۱۷ء مالیاتی سال کے دوران چھ بورڈ میٹنگ منعقد کی گئیں اور اس میں شرکت کی گئی۔ میٹنگز کی تاریخیں اور شریک ہونیوالے ڈائریکٹران کی تفصیلات، جیسا کہ این بی ایف سی کے قواعد و ضوابط ۲۰۰۸ء کے تحت درکار ہے اے آئی ایف، اے ایم ایف، اے ایس ایل ایف اور اے ایس ایم ایف کی مالیاتی تفصیلات کے نوٹس ۲۵، ۲۸، ۳۱ اور ۲۹ میں بالترتیب منسلک ہیں۔

بورڈ کی کمیٹیوں میں شامل ہیں آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری مینوریشن کمیٹی، اور انویسٹمنٹ کمیٹی (جس میں ایگزیکٹو منجمنٹ کے افراد شامل ہیں جیسا کہ این بی ایف سی قواعد ۲۰۰۸ء میں درکار ہے)۔ بورڈ ایویلویشن کمیٹی کو بورڈ کی منظوری سے ۲۲ مارچ ۲۰۱۸ء کو سرکلر ریزولوشن نمبر ۱۳۸ کے ذریعے تحلیل کر دیا گیا تھا۔ ان میٹنگز میں ڈائریکٹران نے شرکت کی جس کی تفصیل درج ذیل ہے:

### ● آڈٹ کمیٹی (اے سی)۔ چار اے سی میٹنگز دوران سال منعقد کی گئیں، اور درج ذیل شرکت کی گئی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب طارق امین	آزاد ڈائریکٹر	۴
۲	جناب شمشاد نبی*	آزاد ڈائریکٹر	۳
۳	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۴	جناب ایم حبیب الرحمن**	نان ایگزیکٹو ڈائریکٹر	۱

\* مستعفی تاریخ ۲۲ مارچ ۲۰۱۸ء

\*\* رکن ۲۲ مارچ ۲۰۱۸ء سے

### ● ہیومن ریسورس اینڈ ری مینوریشن کمیٹی (ایچ آراینڈ آری)۔ چار میٹنگس منعقد ہوئیں دوران سال اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۲	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۴
۳	جناب ایم حبیب الرحمن	سابق چیف ایگزیکٹو آفیسر	۲
۴	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۲

### ● انویسٹمنٹ کمیٹی۔ چونتیس میٹنگز منعقد ہوئیں دوران سال اور شریک کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۶
۲	جناب ایم حبیب الرحمن	سابق چیف ایگزیکٹو آفیسر	۲۱
۳	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۳۴
۴	جناب خالد محمود (ایگزیکٹو منجمنٹ)	چیف انویسٹمنٹ آفیسر۔ ممبر IC	۳۰
۵	جناب ایم عمر خان (ایگزیکٹو منجمنٹ)	فنانس مینجر۔ رکن IC	۳۱
۶	جناب نواد جاوید (ایگزیکٹو منجمنٹ)	فنانس مینجر۔ رکن IC	۳۳
۷	جناب فاران الحق (ایگزیکٹو منجمنٹ)	فنانس مینجر۔ سیکریٹری IC	۳۴

## تقسیم آمدنی۔ اے آئی ایف

اے اے ایم ایل منتظم برائے اے آئی ایف نے اپنے اجلاس منعقدہ ۶ جولائی ۲۰۱۸ء کو برائے اختتام مالیاتی سال ۳۰ جون ۲۰۱۸ء کیلئے ۲۳.۰۰ روپے فی یونٹ (پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۳.۸۰ فیصد۔ (۲۰۱۷ء: ۲۷.۰۰ روپے فی یونٹ عبوری منافع، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۵.۴۰ فیصد)

## تقسیم آمدنی۔ اے ایس ایم ایف

اے اے ایم ایل منتظم برائے اے ایس ایم ایف نے اپنے اجلاس منعقدہ ۶ جولائی ۲۰۱۸ء کو برائے اختتام مالیاتی سال ۳۰ جون ۲۰۱۸ء کیلئے تقسیم صفر فی یونٹ (پورے سال کیلئے) فنڈ کو نقصان پہنچنے کی وجہ سے کسی منافع کا اعلان نہیں کیا۔ (۲۰۱۷ء: ۱۵.۰۰ روپے فی یونٹ، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۳ فیصد)

## چیئر مین کا جائزہ:

اے ایس ایل ایف، اے ایم ایف، اے آئی ایف اور اے ایس ایم ایف کی سالانہ رپورٹ میں شامل جائزہ مجملہ طور پر اس سال کے فنڈز کی کارکردگی اور اسکے آئندہ لائحہ عمل سے متعلق ہے۔ ڈائریکٹران اس جائزے کے مندرجات کی توثیق کرتے ہیں۔

## کارپوریٹ نظم و ضبط:

کمپنی کارپوریٹ نظم و ضبط کے معیارات، ضابطہ اخلاق اور بہترین کاروباری طریقوں پر سختی سے عمل کرنے پر یقین رکھتی ہے۔ اور یہ سب اٹلس گروپ کی کاروباری تہذیب کا ایک جزو لاینفک ہے۔ جولائی ۲۰۱۲ء میں کارپوریٹ نظم و ضبط کے اصولوں کی منظوری دی گئی جس میں بورڈ کے ممبران، ملازمین اور کمپنی پر مختلف حلقوں، آپس کے معاملات اور معاشرے کی فلاح و بہبود کے سلسلے میں عائد کردہ فرائض اور ذمہ داریوں کو صراحت کے ساتھ بیان کر دیا گیا ہے۔ یہ ضابطہ اخلاق کمپنی کی ویب سائٹ پر دستیاب ہے۔

مفاد کو اس سال کردہ ایس ای سی پی لیٹرنمبر ۲۰۱۸/۳۳۶/مفاد / آر ایس / ایس سی ڈی مورخہ ۱۱ اپریل ۲۰۱۸ء کے مطابق جس کے تحت غیر محدود مجموعی سرمایہ کاری منصوبہ نیز غیر مندرجہ منجمنت کمپنیاں، جو اس طرح کے مجموعی سرمایہ کاری منصوبہ چلا رہی ہیں، نئی لسٹنگ کمپنیز (ضابطہ برائے انتظامی تشکیل) کے قواعد و ضوابط ۲۰۱۷ء کی ضروریات سے مستثنیٰ ہیں۔

## بورڈ کے ڈائریکٹران کی جانب سے توثیق نامہ

بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف) اور (اے ایس ایم ایف) کے:

- ☆ منتظم کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے تمام فنڈز کی کارکردگی، سالانہ آمدنی، کیش فلوا اور یونٹ ہولڈرز کے سرمائے میں نقل و حرکت کی ایک منصفانہ تصویر پیش کرتے ہیں۔
- ☆ تمام فنڈز کے کھاتوں کو مناسب طریقہ سے تیار کیا گیا ہے۔
- ☆ گوشواروں کی تیاری میں حساب داری کے اصولوں کو تسلسل کے ساتھ لاگو کیا جا رہا ہے اور گوشواروں کی تیاری میں احتیاط اور فہم فراست کا استعمال کیا جا رہا ہے۔
- ☆ گوشواروں کی تیاری میں وہ بین الاقوامی معیارات جو پاکستان میں لاگو ہوتے ہیں، کو مد نظر رکھا گیا ہے اگر انگریز انحراف ہوا ہے تو اسے مناسب طریقے سے ظاہر کر دیا گیا ہے۔
- ☆ اندرونی نظم و ضبط کا نظام مؤثر نگرانی میں مستحکم بنیادوں پر نافذ ہے۔
- ☆ فنڈز کے مستقبل بنیادوں پر جاری رہنے پر کوئی شبہ نہیں ہے۔
- ☆ کارپوریٹ نظم و ضبط کے اصولوں سے، جن کی تفصیل لسٹنگ قواعد میں دی گئی ہے، کوئی انحراف نہیں کیا گیا ہے۔
- ☆ اہم مالیاتی اعداد و شمار / کارکردگی کے چارٹ، (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، اور (اے ایس ایم ایف) کی سالانہ رپورٹس کے صفحات ۲۳، ۵۹، ۹۸، اور ۱۲۷ پر علی الترتیب شائع کئے گئے ہیں۔
- ☆ کفالتی فنڈ کی سرمایہ کاری کی قدر کے گوشوارے کا اطلاق میوچل فنڈ پر نہیں ہوتا کیوں کہ ملازمین کے ریٹائرمنٹ فوائد سے متعلق اخراجات منتظم کمپنی برداشت کرتی ہے۔
- ☆ یونٹس کی ملکیت کا انداز (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، اور (اے ایس ایم ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۱، ۲۲، اور ۲۵ میں دیا گیا ہے۔

## چیف ایگزیکٹو آفیسر کی تبدیلی

اے اے ایم ایل کے بورڈ آف ڈائریکٹران نے، اپنے ۸۹ ویں اجلاس منعقدہ ۲۸ فروری ۲۰۱۸ء میں جناب ایم حبیب الرحمن کا استعفیٰ منظور کیا تھا، اور جناب محمد عبدالصمد کو بحیثیت چیف ایگزیکٹو آفیسر مقرر کیا تھا۔ جناب محمد عبدالصمد نے، جناب حبیب الرحمن کی بطور چیف ایگزیکٹو سبکدوشی کے بعد ۱۹ مارچ ۲۰۱۸ء سے بطور چیف ایگزیکٹو آفیسر کی ذمہ داریاں سنبھالی ہیں۔

## ڈائریکٹرز رپورٹ:

اٹلس ایسٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز، منتظم برائے اٹلس سویرن لیکویٹڈ فنڈ (اے ایس ایل ایف)، اٹلس منی مارکیٹ فنڈ (اے ایم ایف)، اٹلس انکم فنڈ (اے آئی ایف) اور اٹلس اسٹاک مارکیٹ فنڈ (اے ایس ایم ایف)، مذکورہ فنڈز کی سالانہ رپورٹ، آڈٹ شدہ مالیاتی نتائج برائے اختتام سال ۲۰۱۸ء کے ہمراہ پیش کرتے ہوئے دلی مسرت محسوس کرتے ہیں۔

آمدنی پونٹ، ریٹرن، مجموعی اثاثہ جات اور خلاصہ فروخت / تلافی

آمدنی پونٹ، مجموعی اثاثہ جات، اور اے ایس ایل ایف، اے ایم ایف، اے آئی ایف، اور اے ایس ایم ایف کا خلاصہ فروخت / تلافی برائے اختتام سال ۲۰۱۸ء اور ۲۰۱۷ء درج ذیل ہے۔

تفصیلات		اے ایس ایل ایف		اے ایم ایف		اے آئی ایف		اے ایس ایم ایف	
	۲۰۱۸ء	۲۰۱۷ء	۲۰۱۸ء	۲۰۱۷ء	۲۰۱۸ء	۲۰۱۷ء	۲۰۱۸ء	۲۰۱۷ء	۲۰۱۸ء
آمدنی پونٹ - روپے	۳,۲۹	۹,۳۹	۲۲,۱۱	۸,۳۹	۳۶,۷۳	۸,۷۰	(۲۹,۴۵)	۱۶۸,۳۹	
منافع (وائی ٹی ڈی)	۵.۰۰ فیصد	۹.۳۹ فیصد	۵.۴۹ فیصد	۶.۱۳ فیصد	۲.۸۲ فیصد	۵.۴۸ فیصد	۲.۷۵ فیصد	۳۳.۷۲ فیصد	
مجموعی اثاثہ جات - ملین روپے	۳۵۸,۲۰	۲۵۰,۵۱	۱۳,۱۶۰,۸۸	۴,۶۲۹,۴۸	۶,۷۳۶,۳۱	۱۲,۵۵۰,۹۳	۵,۳۷۵,۳۳	۵۷,۵۲۷,۶۸	
فروخت - ملین روپے	۱۱۹,۱۹	۹,۵۰۲,۵۳	۱۷,۵۳۰,۷۸	۱۱,۹۳۹,۷۴	۹۱۸,۳۱	۱۳,۶۳۸,۶۱	۱,۹۰۰,۹۰	۲,۷۱۹,۹۴	
فروخت - یونٹس میں	۱,۱۶۶,۷۵۳	۹۰,۷۳۰,۸۷۷	۳۳,۹۲۷,۶۳۲	۲۳,۳۵۷,۸۳۲	۱,۷۲۲,۱۱۶	۲۷,۲۱۹,۳۸۹	۳,۱۱۸,۹۶۶	۴,۳۳۵,۶۵۳	
ریڈیمیشن - ملین روپے	۴,۴۰	۱۰,۰۲۲,۲۲	۹,۵۴۹,۱۰	۱۰,۸۲۲,۴۵	۷,۱۹۳,۳۵	۹,۱۹۱,۴۵	۱,۶۷۳,۱۵	۲,۵۸۳,۲۹	
ریڈیمیشن - یونٹس میں	۴۳,۰۱۱	۹۵,۹۱۴,۴۲۳	۱۸,۲۹۳,۲۰۳	۲۰,۶۵۸,۵۱۸	۱۳,۷۱۸,۴۹۹	۱۷,۹۹۰,۶۹۰	۲,۷۵۰,۶۸۹	۴,۰۲۵,۶۲۶	
یونٹس بقایا جات اختتام سال پر	۳,۴۱۱,۴۰۰	۲,۲۸۷,۶۵۸	۲۴,۸۵۹,۱۳۲	۹,۲۲۷,۷۰۲	۱۲,۵۴۵,۴۲۸	۲۴,۵۰۱,۸۱۱	۸,۶۵۷,۹۳۶	۸,۲۸۹,۶۶۸	

## اٹلس گولڈ فنڈ کی منسوخی

اے جی ایف ۳ نومبر ۲۰۱۷ء کو منسوخ کر دیا گیا اور سرمایہ داروں کو اس میں مزید سرمایہ لگانے کی پیشکش نہیں کی جاتی۔ ۲۹۔۳۱ ملین کی رقم حتمی ادائیگی کی جا چکی ہے۔ تاہم، ۳۳۔۰۰ ملین روپے ٹیکس کے ریفرنڈیکلیم ہیں اور فیڈرل ایکسائز ڈیوٹی اور سنڈھ ورکرز ویلفیئر فنڈ کی مد میں ۱۹۔۲۰ ملین روپے ہیں جسکی بہت زیادہ محتاط پیش بندی کی گئی ہے۔ ایک باریہ مسائل حل ہو جائیں تو یونٹ ہولڈرز کو مزید ادائیگی کی جائے گی۔

## تقسیم آمدن - اے ایس ایل ایف

اے ایم ایل منتظم برائے اے ایس ایل ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۶ جولائی ۲۰۱۸ء کو برائے اختتام مالیاتی سال ۲۰۱۸ء کیلئے ۴.۷۵ روپے فی یونٹ (پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۱۰۰ روپے فی یونٹ کی اصل قیمت پر ۴.۷۵ فیصد (۲۰۱۷ء: ۹.۵۰ روپے، ۲۰۱۸ء کی یونٹ ۹.۵۰ روپے، ۱۰۰ روپے فی یونٹ کی اصل قیمت پر ۹.۵۰ فیصد)

## تقسیم آمدنی - اے ایم ایف








اے ایم ایل منتظم برائے اے ایم ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۶ جولائی ۲۰۱۸ء کو برائے اختتام مالیاتی سال ۲۰۱۸ء کیلئے ۲۷.۰۰ روپے فی یونٹ (پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۱۰۰ روپے فی یونٹ کی اصل قیمت پر ۵.۴۰ فیصد (۲۰۱۷ء: ۳۰.۰۰ روپے، ۲۰۱۸ء کی یونٹ عبوری منافع، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۶ فیصد)










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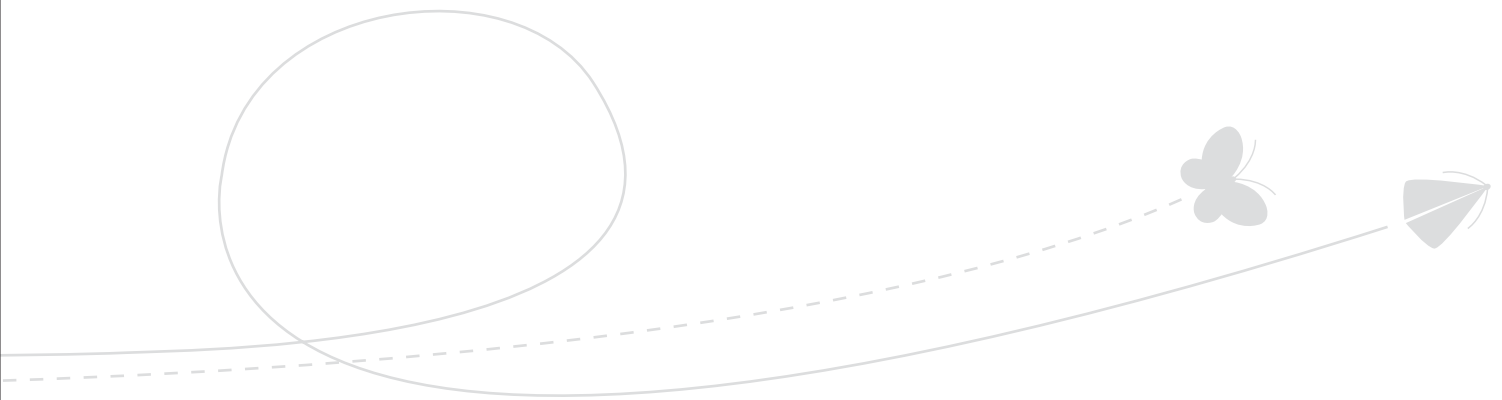
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# MANAGING TO THE CORE!

Even the most seemingly diminutive of creatures, hold for us an education. They exhibit qualities of organization that are indeed inspirational. Planning, teamwork and controlling are attributes of a successful and solid organizational structure. At Atlas Funds these elements form the core of our institution.



# Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 as an unlisted public limited company and is registered with the Securities and Exchange Commission of Pakistan as an asset management company for managing open-ended funds and closed-end funds. AAML is also a licensed pension fund manager to manage voluntary pension funds.

AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects. Atlas Group is a diversified group dealing in engineering, financial services, power generation, real estate & trading.

AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible risk adjusted returns on a diverse range of products, meeting not only the customers' current requirements but also exceeding their future expectations. With its strong emphasis on systems and controls, quality human resource and backing of Atlas Group, AAML enjoys a distinct advantage.



# Vision

To be a market leader in providing quality fund management services with customer satisfaction as our premier goal.



Mutual Funds | Investment Plans | Pension Funds

# Creativity

The ability to creatively inspire innovation and the will to foster positive social and environmental change

# Mission

We are committed to offering our investors the best possible risk adjusted returns on a diverse range of products, providing a stimulating and challenging environment for our employees, and committing to the highest ethical and fiduciary standards. We firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders and the communities in which we operate.



Growth | Returns | Tax Savings

# Team Work

Giving unparalleled service, creating long-term, win-win relationships and focusing on executional excellence



## Contents

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Organisation	06
Board of Directors of the Management Company	07
Chairman's Review	09
Directors' Report	15
<b>Atlas Islamic Income Fund</b>	
Corporate Information	19
Fund Manager's Report	20
Performance since inception	23
Trustee Report to the Unit Holders	25
Review Report of the Shariah Advisor	26
Independent Auditors' Report to the Unit Holders	27
Statement of Assets and Liabilities	31
Income Statement	32
Statement of Comprehensive Income	33
Statement of Movement in Unit Holders' Fund	34
Cash Flow Statement	35
Notes to the Financial Statements	36



# Contents

---

## Atlas Islamic Stock Fund

Corporate Information	57
Fund Manager's Report	58
Summary of actual proxies voted & performance since inception	60
Trustee Report to the Unit Holders	62
Review Report of the Shariah Advisor	63
Independent Auditors' Report to the Unit Holders	64
Statement of Assets and Liabilities	67
Income Statement	68
Statement of Comprehensive Income	69
Statement of Movement in Unit Holders' Fund	70
Cash Flow Statement	71
Notes to the Financial Statements	72
ڈائریکٹرز رپورٹ	102



## Diversity

Understanding the social, cultural and financial diversity in our country and coming up with innovative plans to cater distinctive needs

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# Organisation

## Management Company

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Atlas Asset Management Limited

## Board of Directors of the Management Company

---

**Chairman** Mr. Yusuf H. Shirazi  
(*Non-Executive Director*)

**Directors** Mr. Tariq Amin  
(*Independent Director*)  
Ms Zehra Naqvi  
(*Independent Director*)  
Mr. Frahim Ali Khan  
(*Non-Executive Director*)  
Mr. Ali H. Shirazi  
(*Non-Executive Director*)  
Mr. M. Habib-ur-Rahman  
(*Non-Executive Director*)

**Chief Executive Officer** Mr. M. Abdul Samad  
(*Executive Director*)

**Company Secretary** Ms Zainab Kazim

## Board Committees

### Audit Committee

---

**Chairman** Mr. Tariq Amin  
**Members** Mr. Frahim Ali Khan  
Mr. M. Habib-ur-Rahman

**Secretary** Mr. M. Uzair Uddin Siddiqui

### Human Resource & Remuneration Committee

---

**Chairman** Mr. Frahim Ali Khan  
**Members** Mr. Ali H. Shirazi  
Mr. M. Abdul Samad

**Secretary** Ms Zainab Kazim

## Investment Committee

---

**Chairman** Mr. Muhammad Abdul Samad  
**Members** Mr. Ali H. Shirazi  
Mr. Khalid Mahmood  
Mr. Muhammad Umar Khan  
Mr. Fawad Javaid  
**Secretary** Mr. Faran-ul-Haq

## Management Committee

---

**Chairman** Mr. Muhammad Abdul Samad  
**Members** Mr. Khalid Mahmood  
Ms Qurrat-ul-Ain Jafari  
Ms Mishaal H. Shirazi  
Mr. Tariq Ahmed Siddiqui  
Ms Ayesha Farooq  
**Secretary** Mr. Muhammad Umar Khan

## Risk Management Committee

---

**Chairman** Mr. Muhammad Abdul Samad  
**Members** Mr. Khalid Mahmood  
**Secretary** Mr. Shaikh Owais Ahmed

## Chief Financial Officer

---

Ms Qurrat-ul-Ain Jafari

## Chief Internal Auditor

---

Mr. M. Uzair Uddin Siddiqui

## Registered Office

---

Ground Floor, Federation House  
Sharae Firdousi, Clifton, Karachi - 75600  
Tel: (92-21) 111-MUTUAL (6-888-25)  
(92-21) 35379501-04  
Fax: (92-21) 35379280  
Email: info@atlasfunds.com.pk  
Website: www.atlasfunds.com.pk

The above information is as at 17 September 2018.

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## Board of Directors of the Management Company

### Mr. Yusuf H. Shirazi

Chairman

Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on matters - socio - politico - economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda, and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College - University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award

### Mr. Fahim Ali Khan

Director

Mr. Fahim Ali Khan has over 50 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University. He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France. He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Hi-Tech Limited, Atlas Autos (Pvt.) Limited, Atlas Metals (Pvt.) Limited and Atlas Foundation. Earlier, he has also served on the Boards of Atlas Honda Limited and Atlas Battery Limited, and has been the CEO of Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, and former Atlas Investment Bank Limited.

### Mr. M. Habib-ur-Rahman

Director

Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants in England & Wales and has attended management level programme (PMD) from Harvard Business School, USA. He has been a founding member and past Chairman / Director of the Mutual Funds Association of Pakistan. He played an instrumental role in setting up the first open-end mutual fund in the private sector in Pakistan. He has been Securities and Exchange Commission of Pakistan (SECP) nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of SECP Advisory Group on Capital Markets, member of the SECP Enquiry Committee (appointed in 2001) on management of Exposure Rules by KSE / LSE and member of the SECP Enquiry Committee (appointed in 2013) on 2008 financial crisis. He was the Chief Executive Officer of Atlas Asset Management Limited from March 2004 till March 2018.

### Mr. Tariq Amin

Independent Director

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Private) Limited, a leading company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited, the Salim Habib Education Foundation and the Education City. He has varied experience both in private and public sectors. He is a law graduate from the University of Karachi. He also holds a Masters degree in English from the University of Karachi and a Post Graduate Diploma in Development Administration from the University of Leeds. Mr. Amin has been past Chairman of the Privatization Commission, Sindh. He has also been President of the Overseas Investors Chambers of Commerce & Industry (OICCI) and also the Chairman of SITE Association of Industry for four years. Mr. Amin was conferred the civil award of Chevalier De L'ordre National Du Merite by the Government of France 2001.

### Mr. Ali H. Shirazi

Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is the Chief Executive Officer at Atlas Battery Limited and is a member of the Group Executive Committee, responsible for Group's financial services. He is on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Insurance Limited, Atlas Metals (Private) Limited, Pakistan Society of Training and Development (Vice President), YPO (Young Professional Organization), National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

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## Board of Directors of the Management Company

**Ms. Zehra Naqvi**  
Independent Director

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Ms. Zehra Naqvi was the Chief Executive Officer of Chubb Insurance Pakistan, (a wholly owned subsidiary of Chubb INA International Holdings Limited, Delaware, USA) from September 2005 to September 2017. She has over 35 years of work experience in the insurance sector. Prior to joining Chubb, she worked with Royal Exchange Assurance, a branch of Guardian Royal Exchange, UK and Adamjee Insurance Company in Pakistan. Ms. Naqvi holds a B.Sc. Degree, and an MBA Degree from the Institute of Business Administration, Karachi University. She is a Chartered Insurer from the Chartered Insurance Institute, UK and is a Certified Director from Institute of Chartered Accountants of Pakistan. She presently serves as a Non-executive Director on the Board of Chubb Insurance Pakistan Limited and as an Independent Director on the Board of Abbott Laboratories Pakistan Limited. She has served as an elected Member of the Executive Committee of the Insurance Association of Pakistan and of the Executive Committee of The American Business Council.

**Mr. M. Abdul Samad**  
Chief Executive Officer

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Mr. Muhammad Abdul Samad has a vast experience of local investment management industry. He joined Atlas Asset Management Limited (AAML) in November 2005, and has held C-suite positions for over a decade, including the Chief Investment Officer and Chief Operating Officer positions. He attended Advanced Management Program at INSEAD, on nomination by the Atlas Group. In more than twelve years of his association with AAML, he has actively been involved in new business initiatives, marketing, human resource, and risk management & compliance areas. Mr. Samad was instrumental in the outsourcing of back office functions at AAML. He has also contributed to industry related issues at association level, and was a member of technical committee on retirement schemes. Prior to joining AAML, Mr. Samad spearheaded the research function at National Investment Trust Limited, and was also a part of various merger, acquisition and corporate governance related matters beside research. He has a significant Board experience, where he has served as a director on the board of nineteen listed companies, including Atlas Battery Limited, Lucky Cement, Berger Paints, Mirpurkhas Sugar, amongst others. Currently he is serving as a Director on the Board of MUFAP also.



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Growth | Returns | Tax Savings

# Chairman's Review

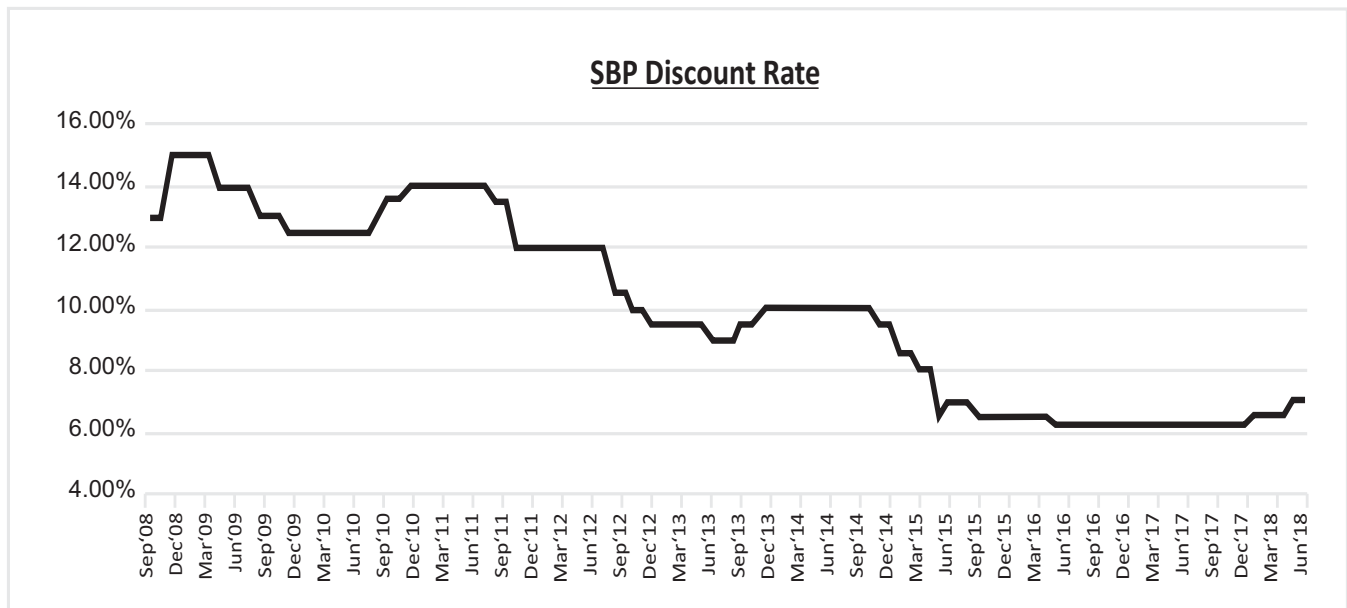
It is my pleasure to present to you the Annual Reports of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) for the financial year ended June 30, 2018.

## THE ECONOMY

The economy registered a GDP growth rate of 5.80% in FY18 that is a 13-year high, which was 5.40% in FY2016-17. Industrial sector has shown growth on the back of rise in large-scale manufacturing (LSM increased by 6.00% YoY during July 2017 to May 2018), coupled with a recovery in mining activities and continued surge in construction activities. Average Consumer Price Index (CPI) inflation was below the target of 6.00% standing at 3.92% for the year. During FY2017-18, the current account deficit was recorded at US\$ 17.99 billion as compared to US\$ 12.62 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 16.4 billion as on June 29, 2018 with SBP's share of US\$ 9.79 billion in the total liquid foreign exchange reserves. Foreign remittances for FY18 stood at US\$ 19.62 billion, which was an increase of 1.4% YoY compared to the corresponding period last year despite the decline in new labor proceeding abroad. The SBP in its latest monetary policy statement as on July 14, 2018 decided to increase policy rate by 100bps to 7.5% which is a cumulative increase of 175 bps since January, 2018.

## THE MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 3.92% during financial year 2017-18, as compared to 4.16% for the financial year 2016-17. The YoY uptick in inflation was due to global revival of international crude oil prices, along with rise in domestic demand due to pick up of economic activities. The government passed on the increase of fuel prices to domestic consumer, however, stable food prices offset the impact of the rise in petroleum rates.

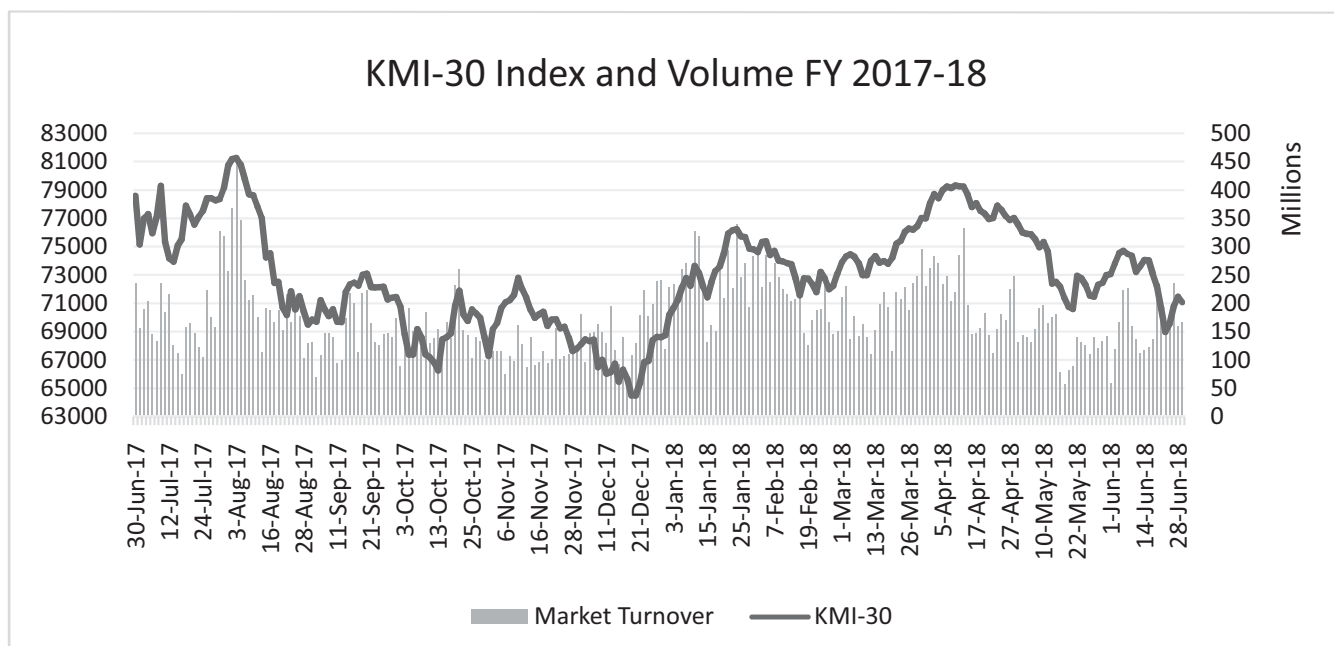


The growth in money supply (M2) witnessed an increase of 9.71% during 2017-18, which is Rs. 1,416.3 billion against the expansion of 13.69% (Rs. 1,756.0 billion) in the comparable period last year. Net Foreign Assets (NFA) declined by Rs. 472.8 billion during nine months 2017-18 as against the net contraction of Rs. 284.8 billion in the comparable period of fiscal year 2016-17. This is mainly due to high financing needs for current account deficit and foreign debt servicing payments. Net Domestic Asset (NDA) of banking system grew by 8.9% or Rs. 1,243.7 billion during nine months 2017-18 as against an increase of 8.8% or Rs. 1,040.9 billion during the corresponding period last year. Overall NDA of the banking sector remained balanced due to steady demand for private sector and Public Sector Enterprises (PSEs) credit and increase in government borrowing from the banking sector. Credit to private sector was Rs. 469.2 billion during nine months 2017-18 as against credit of Rs. 438.6 billion during the corresponding period last year due to favorable macroeconomic indicators, accommodative monetary policy and historic low policy rate especially during early periods of the fiscal year.

During the year, the cautious monetary policy was centered on consolidating the gains from historic-low policy rate at 5.75 percent till January, FY18 and striking a balance between subdued inflation and emerging pressures on external accounts. The SBP changed the monetary policy stance in January 2018 by 25 bps to 6 percent to anchor expected rise in inflation in view of reversal of international oil and commodities prices and to address domestic demand pressure as well as exchange rate movement. In March 2018, the Monetary Policy Committee decided to maintain policy rate at 6.0 percent for the next two months to see impact of policy. However, The Central Bank increased the policy rate by 50bps to 6.50% under its monetary policy statement announced on May 25, 2018. The central bank's decision was based on (i) rising international oil prices which may translate into inflationary pressures going forward (ii) elevated aggregate demand which has kept imports high offsetting the impact of growth in exports worsening the current account deficit and (iii) a lack of foreign inflows amidst absence of triggers. Pakistan's foreign exchange reserves have decreased to US\$ 16.4 billion at June end 2018 compared to US\$ 21.4 billion at June end 2017. The level of foreign exchange reserves declined on the back of widening current account deficit not being fully offset by financial inflows despite growth in export earnings and remittance inflows.

## THE STOCK MARKET

The KMI-30 index decreased from 78,598.22 points as on June 30, 2017 to 71,060.34 points as on June 30, 2018, decreasing by 9.59%. The average volumes during the year decreased by 56% to 175 million shares from 399 million shares traded last year. Net Foreign portfolio outflow during the year was recorded at US\$289 million compared to outflow of US\$652 million last year. On the local front Insurance Companies, and Companies were the most active participants investing US\$204 million and US\$100 million during the period. Broker Proprietary Trading Accounts, Mutual Funds and Banks/DFIs, on the other hand, reduced their exposure in the equity market by US\$44 million, US\$35 million and US\$10 million, respectively.



During the period the sectors that outperformed the market were Oil and Gas Exploration, Fertilizer, Chemical, Textile Spinning and Banks that posted 20.2%, 3.4%, 0.5%, -7.1% and -9.8% returns, respectively. Oil & Gas Exploration sector outperformed the market due to increase in international crude oil prices by 54% during the year and 16% devaluation of PKR against US\$ that will bode well for the profitability of E&P companies. Fertilizer sector increased on improving fundamentals as Urea inventory glut subsided and price of Urea was increased by Rs.200/bag, partly to offset the impact of withdrawn cash subsidy (Rs.100/bag), on tighter Urea market. Sectors that remained subdued were Cement, Refinery, Engineering, Automobile Assemblers, Power Generation & Distribution, Textiles Composite, Oil and Gas Marketing and Pharmaceuticals posting -41.9%, -39.8%, -31.7%, -30.1%, -20.3%, -19.0%, -15.8% and -14.8% returns, respectively. Cement sector underperformed due to rise in international coal price that increased by 26% YoY and lower local retention prices of cement. Refineries declined on reduced demand for Furnace oil (FO) as government shifts its focus to generate electricity from FO based power plants to LNG and Coal based power plants. Pharmaceutical declined on depreciation of PKR against US\$ which will make procurement expensive for the companies as majority of the raw material is imported.

Four new listing on the stock exchange during FY 2017-18 were Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited. The amounts raised through IPO/Offer for Sale of Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited were Rs. 90 million, Rs. 150 million, Rs. 758 million and Rs. 2,800 million respectively.

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As on June 30, 2018 the market capitalization of Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited were Rs. 300 million, Rs. 769 million, Rs. 4,381 million and Rs. 24,861 million, respectively. Four new companies were listed on the stock exchange during FY2016-17, namely, TPL Properties Ltd, Loads Ltd, Roshan Packages Ltd and Pakistan Stock Exchange Limited. The amounts raised through IPO by TPL Properties Ltd, Loads Ltd, Roshan Packages Ltd and Pakistan Stock Exchange Limited were Rs. 697 million, Rs. 1,700 million, Rs. 2,803 million and Rs. 4,488 million.

Overall the measures taken in the fiscal budget announced by the government bodes well for the corporate sector. The government in the budget reduced corporate tax rate for non-banking companies where corporate tax rate will be reduced by 1% every year reaching 25% in tax year 2023 from 30% in tax year 2018. Super tax will be abolished in phased manner where it will be reduced by 1% every year. Government also abolished withholding tax of 5% on issuance of bonus shares. Tax on undistributed profits is reduced from 7.5 % to 5% where the condition of distributing 40% of after tax profits was reduced to 20%.

## MUTUAL FUND TAXATION

### FINANCE ACT - 2018:

Following amendments related to mutual fund industry were introduced in the Income Tax Ordinance, 2001 through Finance Act 2018, whereby:

- The existing limit on investment of Rs.1,500,000 in securities or insurance premium has being increased to Rs.2,000,000.
- The rate of income tax on dividend for companies having filer status from Money Market Mutual Funds, income fund, REIT scheme or any other fund (other than stock fund) was reduced from 25% to 15%.

### WORKER'S WELFARE FUND (WWF)

Against the decision of the Honorable Supreme Court of Pakistan (SCP) that declared the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills, the Federal Board of Revenue (FBR) has filed a review petition in the SCP, which is pending for hearing. The Mutual Funds Association of Pakistan (MUFAP) consulted both legal and tax advisors who gave the opinion that the judgment has removed the very basis on which the demands were raised, therefore, there was no longer any liability against the mutual funds under the WWF Ordinance. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till June 30, 2015 were reversed on January 12, 2017.

### SINDH WORKER'S WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, Workers' Welfare Fund became a provincial subject. In May, 2015 the Sindh Assembly passed the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) imposing SWWF on many entities, including financial institutions.

The Sindh Revenue Board (SRB) demanded the SWWF from mutual funds on the plea that mutual funds are defined as financial institution under The Financial Institutions (Recovery of Finances) Ordinance, 2001. MUFAP has collectively on behalf of asset management companies contested that mutual funds are not financial institutions or industrial establishments but were pass through investment vehicles and did not employ workers. Mutual funds are also not included in the definition of financial institutions in the Companies Act, 2017. MUFAP has taken up the matter with the Sindh Finance Division for resolution of the matter.

Although, based on legal opinion, SWWF is not applicable on mutual funds MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). Accordingly, the provision for SWWF is being made on a daily basis going forward.

### FEDERAL EXCISE DUTY (FED)

The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from June 13, 2013 and this was withdrawn on June 30, 2016. On September 04, 2013 a constitutional petition was filed in SHC jointly by various AMC's, challenging the levy of FED. In a separate petition the Honorable Sindh High Court declared that the FED was unconstitutional and cannot be charged where provinces are collecting sales tax. The Federation has filed an appeal in the Honorable Supreme Court of Pakistan. However, without prejudice, the mutual funds and pension funds have on prudent basis maintained the provision for FED till June 30, 2016.

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## WITHHOLDING TAX

With effect from July 01, 2015, FBR has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from concerned Commissioner of Income Tax (CIT) by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). So far Mutual Funds and approved pension funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to Ordinance. The Company along with other AMCs filed a petition in the Honorable Sindh High Court against the new requirement of FBR. The Honorable Sindh High Court decided that the requirement of obtaining exemption certificate will apply to those entities as well whose income are otherwise exempt from tax. Thereafter, the company has filed a petition in the Supreme Court of Pakistan, on April 20, 2016 and the hearing is still pending. In the meanwhile mutual funds are obtaining exemption certificates from Commissioner of Income Tax. However, any tax withheld is refundable.

## ACCOUNTING FOR ELEMENT OF INCOME

To maintain same rate of dividend (dividend equalization) the income contributed on units issued less income paid out on units redeemed (together referred as element of income) during a financial year is transferred to Income Statement. The balance in the Income Statement (of which element of income is a part) after setting off the expenses is distributed as dividend that is subjected to income tax at the applicable rate.

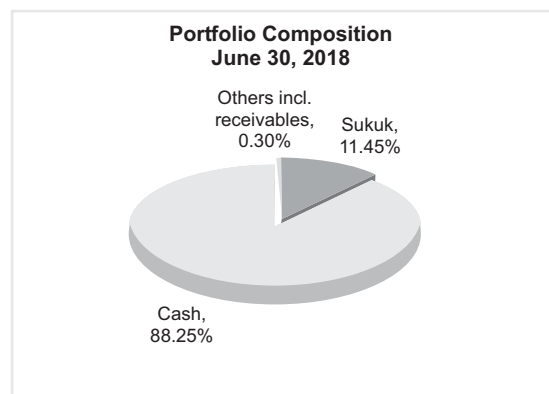
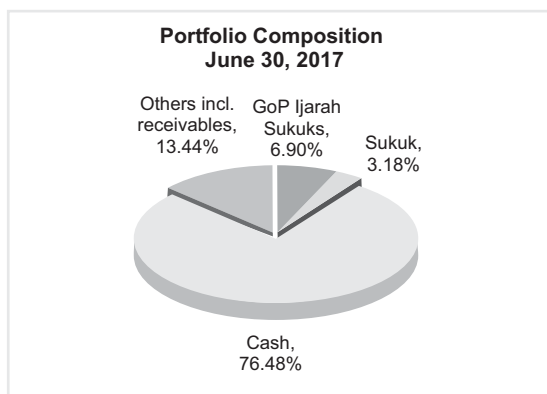
The SECP vide its statutory notification (S.R.O) no. 756(I) / 2017 dated August 03, 2017 has amended the NBFC Regulations. The amendment has been done in consultation with the Institute of Chartered Accountants of Pakistan, keeping in view the International Financial Reporting Standards. According to the amendment the "element of income" contributed on units to be issued and paid out on redemption is defined as transaction of capital nature and its receipt and payment is to be taken to Unit Holders' Fund.

The net element of income that was till the close of last financial year recognized in the income statement as an equalization account will not be available for payment as dividend on units, contributing to element of income. Accordingly dividend amount will vary with the dates of issue of units. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders' Fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

SECP vide its e-mail dated March 21, 2018, addressed MUFAP, to inform that they have no objection on the proposed accounting treatment and disclosure of element of income in the financial statements. Final Element of Income Circular dated March 21, 2018 as circulated by MUFAP includes Accounting and Tax treatment for Element of Income and Capital Gains in the prices of units Issued less those in units redeemed.

## FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 4.92% to Rs 527.57 as on June 30, 2018. The benchmark average six months profit rate of three- A rated scheduled Islamic Banks as selected by MUFAP stood at 2.44% for the period under review. The AIIF's total Exposure in Corporate Sukuk 11.45% and deposit with high yielding Shariah compliant bank was 88.25%. The Net Assets of the Fund stood at Rs 872.22 million, with 1.65 million units outstanding as of June 30, 2018.

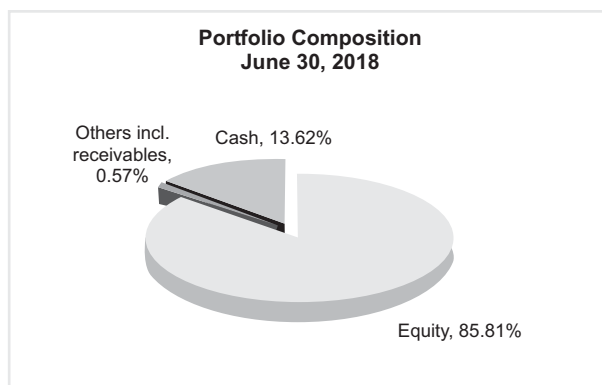
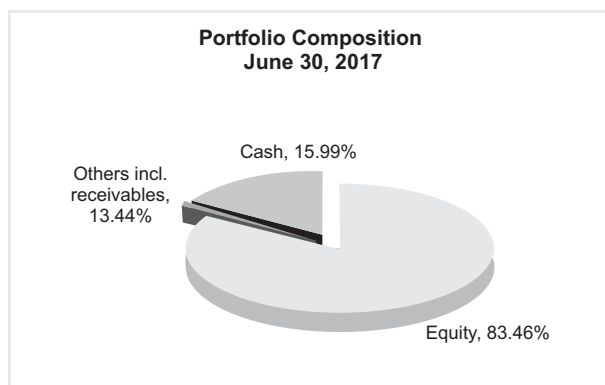


The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund has approved a final cash dividend of Rs. 24.50 per unit for full year (4.90% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 2,426,648 (Rs.1.47 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 1,733,901 up till June 30, 2016. (Rs.1.05 per unit as on June 30, 2018)

## FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 7.88% to Rs. 530.39 as on June 30, 2018. The benchmark KMI-30 index decreased by 9.59% during the same period. The KMI-30 index decreased from 78,598.22 points as on June 30, 2017 to 71,060.34 points as on June 30, 2018. The major outperformers for the index were PPL, POL, EFERT, OGDC, APL and EPCL as they contributed approximately 7,271 points to the index. Decline in share price of LUCK, DGKC, PAEL, HUBC, MLCF, FCCL, SNGP, HCAR, DAWH and PIOC led index to shed 12,192 points. The AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer and Cement sectors. The Net Assets of the Fund stood at Rs. 2.26 billion, with 4.27 million units outstanding as of June 30, 2018.



The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 15,491,187 (Rs. 3.63 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2016. (Rs.2.45 per unit as on June 30, 2018)

## RATINGS

### • ASSET MANAGER RATING

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) to "AM2+" (AM Two Plus). The rating denotes high quality as the asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

### • FUND STABILITY RATING - AIIF

PACRA has assigned a stability rating of "AA- (f)" (Double A Minus - fund rating) to the Fund. The Fund's rating denotes a very strong capacity to manage relative stability in returns and low exposure to risks.

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## FUTURE OUTLOOK

In recent years Pakistan's economy has continued its growth momentum due to better availability of energy, improving security situation and low international commodity prices. Economic activity has been strong as there is growth in industrial output as depicted in LSM index led by improvement in energy supply, infrastructure investment tied to economic corridor project CPEC, and higher credit offtake. However, slowdown in real sector growth may be witnessed next year as shortage of water is likely to constrain agriculture production, and manufacturing sector may show slowdown owing to high base-effect and on-going monetary tightening that could reduce demand. Moreover, higher domestic petroleum prices due to rising international oil prices and devaluation of Pak Rupee is likely to put pressure on inflation in coming months. Going forward, exchange rate flexibility and active monetary management is going to help arrest widening current account deficit while helping sustain growth momentum in medium term without posing a risk to economic stability. Going forward, continuous external flow would be required to maintain the stable balance of payments position. Shifting focus towards making the exports competitive through devaluation of currency and rebates, would strengthen the external sector outlook over medium to long term.

خدا جب دیتا ہے تو چھپڑ پھاڑ کے دیتا ہے

When god decides to give you something he overwhelms you

The Funds are committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

## AKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. I also thank the financial institutions and the unit holders for their help, support and the confidence reposed in the Fund and the Chief Executive Officer and his management team for their hard work, dedication and sincerity of purpose.

Karachi: 06 September 2018

**Yusuf H. Shirazi**  
Chairman

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# Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of AIIF and AISF for the year ended 30 June 2018.

## EARNINGS PER UNIT, NET ASSETS AND SALES/REDEMPTIONS SUMMARY

Earnings per unit, return, net assets, and summary of sales / redemption of units of the AIIF and AISF for the year ended 30 June 2018 and 30 June 2017 are as follows:

	AIIF		AISF	
	2018	2017	2018	2017
Earnings/ (loss) per unit - Rupees	34.21	11.82	(43.18)	138.51
Return	4.92%	5.97%	(7.88)%	29.25%
Net assets - Rupees million	872.22	1,614.26	2, 262.19	2,478.90
Sales - Rupees million	1,507.75	5,022.64	1,764.59	2,079.60
Sales - in units	2,926,830	9,768,199	3,283,010	3,527,505
Redemptions - Rupees million	2,306.35	4,025.46	1,653.46	1,480.14
Redemptions - in units	4,483,984	7,671,713	3,076,551	2,456,321
Units outstanding at year end	1,653,270	3,210,424	8,657,936	4,058,678

## INCOME DISTRIBUTION - AIIF

The Board of Directors of AAML, the Management Company of AIIF, in their meeting held on July 06, 2018 announced the distribution per unit for the financial year ended June 30, 2018 of Rs. 24.50 per unit (for full year), 4.90% on the face value of Rs. 500 per unit (2017: interim cash dividend of Rs. 28.50 per unit, 5.70% on the face value of Rs. 500 per unit).

## INCOME DISTRIBUTION - AISF

The Board of Directors of AAML, the Management Company of AISF, in their meeting held on July 06, 2018 announced NIL distribution per unit (for full year) for the financial year ended June 30, 2018 (2017: Rs. 35 per unit, 7% on the face value of Rs. 500 per unit) as the Fund suffered a loss when reduced by realized and unrealized capital gains.

## CHAIRMAN'S REVIEW

The review included in the Annual Report of AIIF and AISF deals inter alia with the performance of these Funds for the year and future prospects. The directors endorse the contents of the review.

## CORPORATE GOVERNANCE

The Company strongly believes in following the highest standards of Corporate Governance, ethics, and good business practices, which are an integral part of the Atlas Group Culture. The Code of Conduct of the Company, approved in July 2012, defines the obligations and responsibilities of all - the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole. The Code of Conduct is available on the Company's website.

With regards to SECP letter No. SCD/RS/MUFAP/346/2018 dated April 18, 2018 addressed to MUFAP, whereby open ended collective investment schemes as well as unlisted asset management companies, managing such collective investment schemes, are exempted from the requirement of the new Listing Companies (Code of Corporate Governance) Regulations, 2017.

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## STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors states for AIIF and AISF that:

- The financial statements, prepared by the Management Company of these funds present fairly their state of affairs, the results of operations, comprehensive income for the year, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- Statutory payments, taxes, levies properly disclosed in the Financial Statements.
- Summaries of key financial data/ performance tables of AIIF and AISF are annexed on pages 23 and 60 respectively, of the Annual Report.
- The statement as to the value of investments of provident fund is not applicable in the case of these funds as these relate to retirement benefits to the employees of the Management Company, and are not chargeable to these Funds.
- The pattern of unit holdings is appended as notes 25 and 23 respectively to the financial statements of AIIF and AISF.

## CHANGE OF CHIEF EXECUTIVE OFFICER

The Board of Directors of AAML, in its 89th Board Meeting held on February 28, 2018 had accepted the resignation of Mr. M. Habib -ur-Rahman, and appointed Mr. Muhammad Abdul Samad as the Chief Executive Officer.

Mr. Muhammad Abdul Samad, took charge from the outgoing Chief Executive Officer, Mr. M. Habib -ur-Rahman, as the Chief Executive Officer of AAML w.e.f. March 19, 2018.

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY AND COMMITTEES THEREOF

The Board of Directors of the Management Company comprises of one executive and six non-executive directors. The Board of Directors of AAML include: Mr. Yusuf H. Shirazi, Chairman, Mr. Fahim Ali Khan, Director, Mr. M. Habib-ur-Rahman, Director, Mr. Tariq Amin, Independent Director, Mr. Ali H. Shirazi, Director, Ms Zehra Naqvi, Independent Director and Mr. Muhammad Abdul Samad, Chief Executive Officer.

There were two casual vacancies in the Board during the year, which were filled in with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008.

Six Board Meetings were held and attended during FY 2017-18. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 29 and 27 respectively to the financial statements of AIIF and AISF.

Committees of the Board comprise the Audit Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel as required under the NBFC Regulations, 2008). Board Evaluation Committee was dissolved vide Circular Resolution no.138 passed by the Board dated March 22, 2018. These meetings were attended by the Directors as per the following details:

**Audit Committee (AC)** - four AC meetings were held during the year, and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Tariq Amin	Independent Director	4
2	Mr. Shamshad Nabi*	Independent Director	3
3	Mr. Frahim Ali Khan	Non-Executive Director	4
4	Mr. M. Habib -ur-Rahman**	Non-Executive Director	1

\* Resigned w.e.f. March 22, 2018

\*\* Member w.e.f. March 22, 2018

**Human Resource & Remuneration Committee (HR& RC)** - four meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Frahim Ali Khan	Non-Executive Director	4
2	Mr. Ali H. Shirazi	Non-Executive Director	4
3	Mr. M. Habib-ur-Rahman	Ex- Chief Executive Officer	2
4	Mr. M. Abdul Samad	Chief Executive Officer	2

**Investment Committee** - thirty four meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	6
2	Mr. M. Habib-ur-Rahman	Ex-Chief Executive Officer	21
3	Mr. M. Abdul Samad	Chief Executive Officer	34
4	Mr. Khalid Mahmood (executive management)	Chief Investment Officer - Member IC	30
5	Mr. M. Umar Khan (executive management)	Fund Manager - Member IC	31
6	Mr. Fawad Javaid (executive management)	Fund Manager - Member IC	33
7	Mr. Faran-ul-Haq (executive management)	Fund Manager -Secretary IC	34

#### APPOINTMET OF SHARIAH ADVISOR

The Board accepted the resignation of Mr. Yahya Asim, outgoing Shariah Advisor, and approved appointment of Shariah Advisor, Mr. Dr. Mufti Wasie Fasih, of AIIF and AISF, vide Circular Resolution dated April 11, 2018.

#### CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

As per the CSR / Donations Policy of the Company approved by the Board, each year, the Company makes a contribution of 1% of the Management Company after tax profit to donations. In addition, the Shariah Compliant Atlas Islamic Stock Fund and Atlas Islamic Income Fund, as per their Constitutive documents, are required to purify their Shariah Non-Compliant (Haram) income from the Fund. Such income, in accordance with the certification by the Shariah Advisor of these funds, is also donated to charitable institutions approved by the Shariah Advisor, on quarterly basis.

#### TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

The connected persons have made no transactions in the Fund's units during the year except as disclosed in notes 21 and 19 respectively, to the financial statements of AIIF and AISF.

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## **RATINGS UPDATE**

### **ASSET MANAGER RATING**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two Plus)] on 30 June 2018. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### **FUND STABILITY RATING - AIIF**

PACRA has maintained the stability rating of the AIIF at "AA - (f)" (Double A Minus: fund rating) on 29 May 2018. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

### **AUDITORS**

The Audit Committee of the Board of Directors, in their meeting held on 03 September 2018, recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants, Karachi, being eligible as auditors of Atlas Islamic Income Fund and Atlas Islamic Stock Fund, for the financial year ending 30 June 2019.

### **ACKNOWLEDGEMENT**

The Board of Directors of the Management Company thanks the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee, for their dedication and hard work, and the Unit Holders, for their confidence in the Management Company.

For and on behalf of the Board

**Muhammad Abdul Samad**  
Chief Executive Officer

**Frahim Ali Khan**  
Director

Karachi: 06 September 2018

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# Atlas Islamic Income Fund

## Corporate Information

### Trustee

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Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

### Shariah Advisor

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Dr. Mufti Muhammad Wasih Fasih Butt

### Auditors

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A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisers

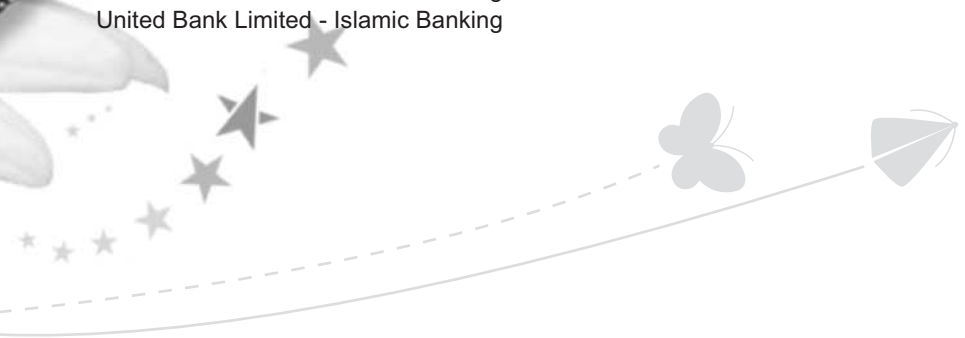
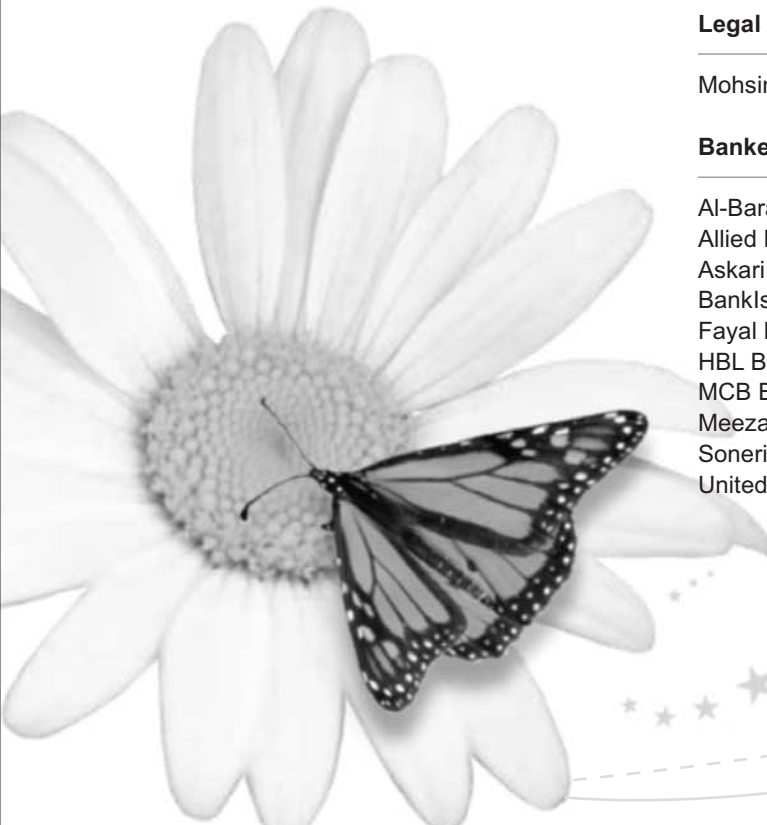
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Mohsin Tayebaly & Co.

### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Allied Bank Limited - Islamic Banking  
Askari Bank Limited - Islamic Banking  
BankIslami Pakistan Limited  
Fayal Bank Limited - Islamic Banking  
HBL Bank Limited - Islamic Banking  
MCB Bank Limited - Islamic Banking  
Meezan Bank Limited  
Soneri Bank Limited - Islamic Banking  
United Bank Limited - Islamic Banking

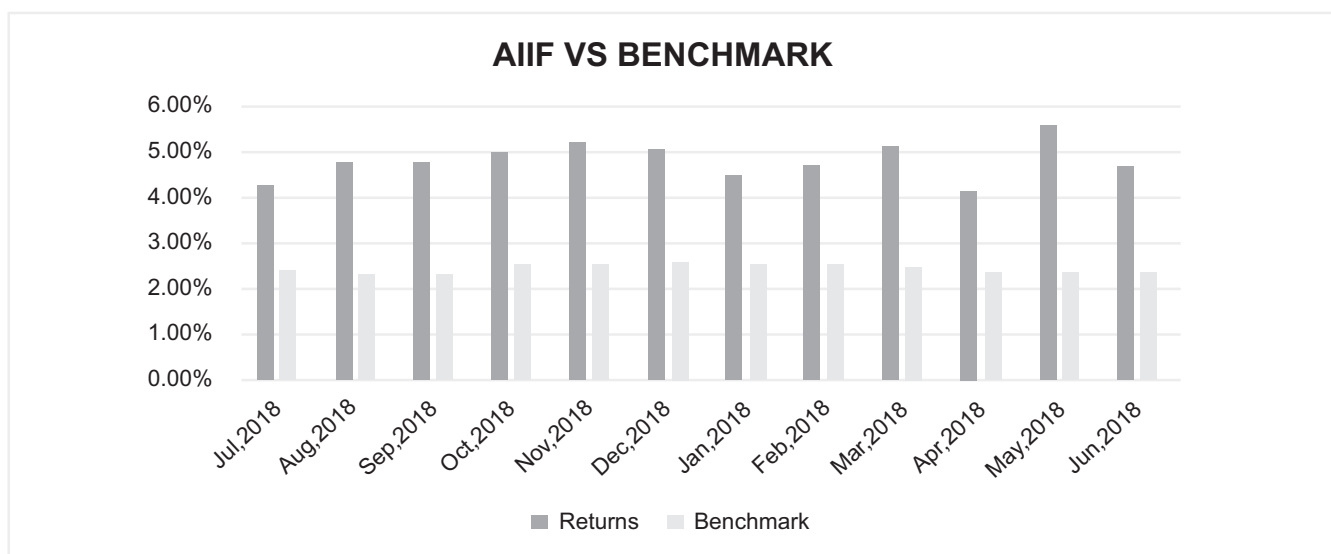


## Fund Manager's Report

Atlas Islamic Income Fund (AIIF) is an Open-ended Shariah Compliant Income Fund. The Fund's primary objective is to provide investors with a good and stable rate of current income consistent with long-term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic income instruments.

The Fund's strategy is based on the conviction that economic environment drives long term performance and that active management of credit risk can produce consistently superior results. Fundamental and market analysis are used to identify overall portfolio, bond market sectors, yield curve and credit positioning to provide high and sustainable rates of return. The fund employs strategies such as overall portfolio duration and yield curve positioning to deal with market and reinvestment risks.

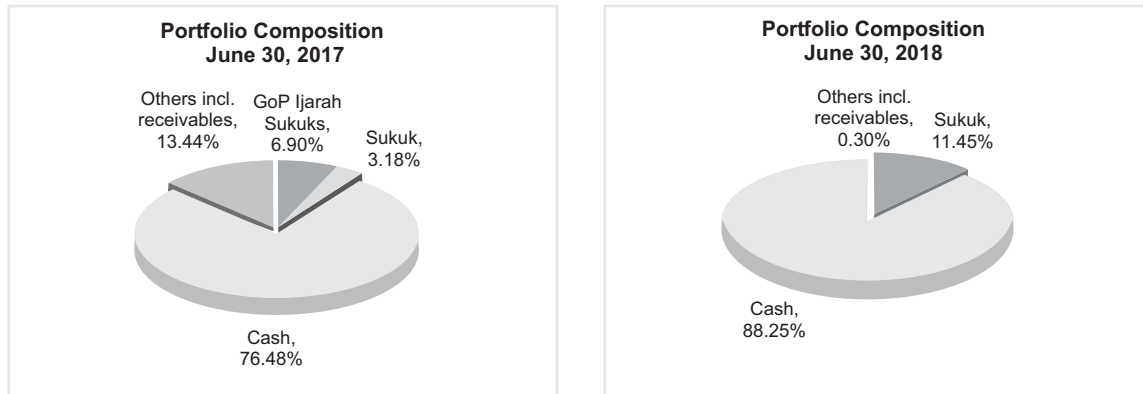
Atlas Islamic Income Fund benchmark is Six (6) months average deposit rates of three (3) -A rated scheduled Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.



The Consumer Price Index (CPI) on average was recorded at 3.92% during financial year 2017-18, as compared to 4.16% for the financial year 2016-17. The YoY uptick in inflation was due to global revival of international crude oil prices, along with rise in domestic demand due to pick up of economic activities. The government passed on the increase of fuel prices to domestic consumer, however, stable food prices offset the impact of the rise in petroleum rates.

During the year, the cautious monetary policy was centered on consolidating the gains from historic-low policy rate at 5.75 percent till January, FY18 and striking a balance between subdued inflation and emerging pressures on external accounts. The SBP changed the monetary policy stance in January 2018 by 25 bps to 6 percent to anchor expected rise in inflation in view of reversal of international oil and commodities prices and to address domestic demand pressure as well as exchange rate movement. In March 2018, the Monetary Policy Committee decided to maintain policy rate at 6.0 percent for the next two months to see impact of policy. However, The Central Bank increased the policy rate by 50bps to 6.50% under its monetary policy statement announced on May 25, 2018. The central bank's decision was based on (i) rising international oil prices which may translate into inflationary pressures going forward (ii) elevated aggregate demand which has kept imports high offsetting the impact of growth in exports worsening the current account deficit and (iii) a lack of foreign inflows amidst absence of triggers. Pakistan's foreign exchange reserves have decreased to US\$ 16.4 billion at June end 2018 compared to US\$ 21.4 billion at June end 2017. The level of foreign exchange reserves declined on the back of widening current account deficit not being fully offset by financial inflows despite growth in export earnings and remittance inflows.

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 4.92% to Rs 527.57 as on June 30, 2018. The benchmark average six months profit rate of three- A rated scheduled Islamic Banks as selected by MUFAP stood at 2.44% for the period under review. The AIIF's total Exposure in Corporate Sukuk 11.45% and deposit with high yielding Shariah compliant bank was 88.25%. The Net Assets of the Fund stood at Rs 872.22 million, with 1.65 million units outstanding as of June 30, 2018.



The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund has approved a final cash dividend of Rs 24.50 per unit for full year (4.90% on the face value of Rs. 500 per unit).

#### The Administrative Plans:

The Management Company is offering investment plans that allow investors focused combination investment strategic in Atlas Islamic Income fund (AIIF) and Atlas Islamic Stock Fund (AISF). The investment plans were offered from September 2008, and the returns are as under:

Administrative Plans	Proportionate investment in		Return (period ended)			
	AIIF	AISF	2014-15	2015-16	2016-17	2017-18
Atlas Bachat Islamic Plan	85%	15%	9.3%	5.1%	9.5%	3.0%
Atlas Bachat Balanced Islamic Plan	50%	50%	14.3%	5.4%	17.6%	-1.5%
Atlas Bachat Growth Islamic Plan	15%	85%	19.3%	5.6%	25.8%	-6.0%

#### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	Percentage
Individuals	373	206,530,425	23.68%
Insurance Companies*	11	139,974,895	16.05%
Others	5	144,735,833	16.59%
Banks/ DFIs	1	52,174,077	5.98%
Associated Companies/ Directors	4	81,575,214	9.35%
Retirement Funds	8	164,463,728	18.86%
Public Limited Companies	1	82,768,041	9.49%
<b>Total</b>	<b>403</b>	<b>872,222,213</b>	<b>100.00%</b>

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The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 2,426,648 (Rs.1.47 per unit).The Scheme has also held provision for FED liability that amounted to Rs. 1,733,901 up till June 30, 2016. (Rs.1.05 per unit as on June 30, 2018)

The Total Expense Ratio (TER) of the Fund is 0.88% including Government levy, SWWF and SECP Fee of 0.23%.

During the year under review, the Investment Committee held 34 meetings to review investment of the Fund and the Risk Committee held 22 meetings to review risk management.

Karachi: 06 September 2018

**Fawad Javaid**  
Fund Manager

## Performance Since Inception

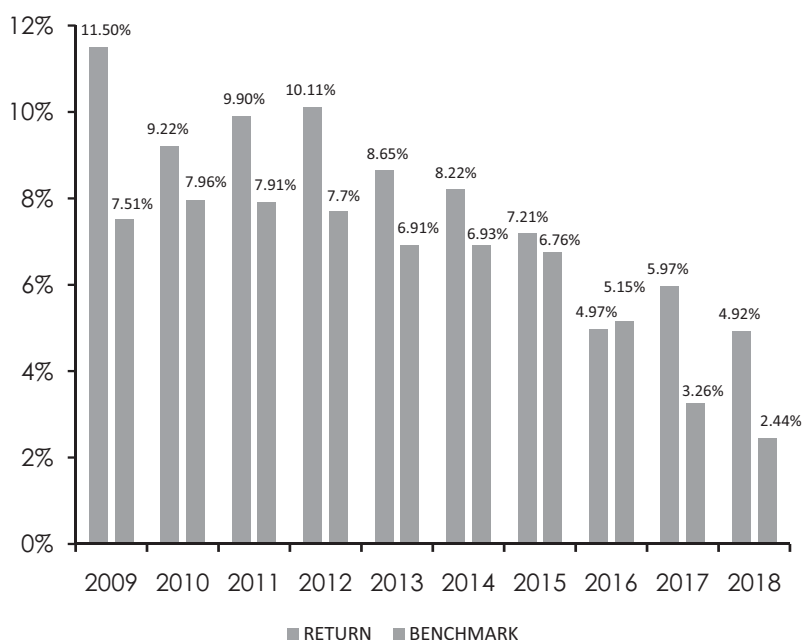
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009*
Net Assets (Rs. In '000)	872,222	1,614,259	558,553	424,447	520,674	526,078	462,315	379,805	346,658	255,864
Number of units in issue	1,653,270	3,210,424	1,113,938	846,460	1,030,979	1,047,317	920,985	738,995	679,312	494,203
Net assets value per unit (Rs.)	527.57	502.82	501.42	501.44	505.03	502.31	501.98	513.95	510.31	517.73
Net income (Rs. in '000)	56,557	37,946	24,901	15,341	39,438	46,785	42,878	31,269	26,824	15,215
Earnings per unit (Rs.)	34.21	11.82	22.35	18.12	38.25	44.67	46.56	42.31	39.49	30.79
Annual return of the fund (%)	4.92	5.97	4.97	7.21	8.22	8.65	10.11	9.90	9.22	11.50
Offer Price ** (Rs.)	527.57	502.82	501.42	501.44	505.03	507.14	506.92	519.09	515.41	522.91
Redemption Price ** (Rs.)	527.57	502.82	501.42	501.44	505.03	502.12	501.90	513.95	510.31	517.73
Highest offer price per unit (Rs.)	527.41	529.96	526.20	540.54	516.35	523.39	522.42	519.09	521.78	543.87
Lowest offer price per unit (Rs.)	503.00	502.10	501.09	501.34	503.08	507.04	506.61	506.42	505.97	506.92
Highest repurchase price per unit (Rs.)	527.41	529.96	526.20	540.54	515.50	518.21	517.25	513.95	518.14	538.49
Lowest repurchase price per unit (Rs.)	503.00	502.10	501.09	501.34	502.92	502.02	501.59	501.41	500.96	506.92
Weighted average portfolio (No. of days) (Rs.)	273.60	144.89	505.79	89.31	151.13	305.85	504.34	311.01	10.96	13.44

\*Period from 16 August 2008 to 30 June 2009 (Date of Launch: 14 October 2008)

\*\* Relates to announced prices.

**Note:** Past performance of the funds is not indicative of future performance, and the unit price and investment return may go down, as well as up.

### Yearly Performance (Annualized)

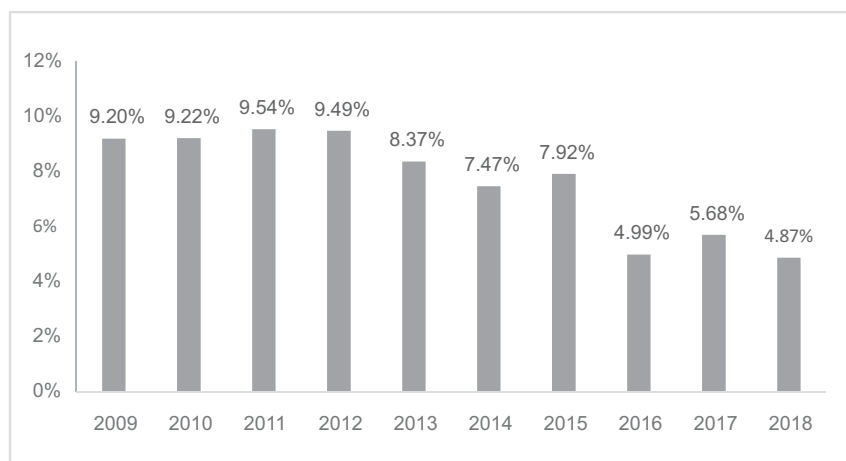


## Distribution History

Distribution Detail:	2018	2017	2016	2015
Interim Distribution - Cash Divided	-	28.50	25	40
Interim Distribution as a % of Opening Ex-NAV of units	-	5.68	4.99	7.92
Distribution date	-	20-Jun-17	24-Jun-16	29-Jun-15
Final Distribution - Cash Divided for full year	24.50	-	-	-
Final Distribution as a % of Opening Ex-NAV of units	4.87	-	-	-
Distribution date	6-Jul-18	-	-	-

	2014	2013	2012	2011	2010	2009
Interim distribution (Bonus)	9.00	12.00	12.50	11.00	12.50	-
Interim distribution as a % of opening Ex - NAV of units	1.79	2.39	2.50	2.20	2.49	-
Date of distribution - Interim	04 October 2013	05 October 2012	07 October 2011	12 October 2010	27 October 2009	-
Interim distribution (Bonus)	9.00	10.50	11.50	11.25	12.50	-
Interim distribution as a % of opening Ex - NAV of units	1.79	2.09	2.30	2.25	2.49	-
Date of distribution - Interim	07 January 2014	04 January 2013	06 January 2012	11 January 2011	21 January 2010	-
Interim distribution (Bonus)	9.00	8.75	11.50	12.00	11.25	30.00
Interim distribution as a % of opening Ex - NAV of units	1.79	1.74	2.30	2.40	2.24	6.00
Date of distribution - Interim	4 April 2014	5 April 2013	6 April 2012	7 April 2011	6 April 2010	24 April 2009
Interim distribution Rs.	10.50	10.75	12.00	-	-	-
Interim distribution as a % of opening Ex - NAV of units	2.09	2.14	2.40	-	-	-
Date of distribution - Interim	18 June 2014	27 June 2013	27 June 2012	-	-	-
Final Distribution (Bonus)	-	-	-	13.50	10.00	16.00
Final distribution as a % of opening Ex - NAV of units	-	-	-	2.70	1.99	3.20
Date of distribution - Final	-	-	-	7 July 2011	8 July 2010	3 July 2009

### Payout History (% on Opening NAV)



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## TRUSTEE REPORT TO THE UNIT HOLDERS

### **Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 11 September 2018

**Aftab Ahmed Diwan**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As the Shariah Advisor of the Atlas Islamic Income Fund, I am issuing this report in accordance with clause 10.2.6 (e) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Advisor, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

As part of my mandate as the Shariah Advisor to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by Atlas Islamic Income Fund for the year ended 30 June 2018 are in compliance with the Shariah principles.

Karachi: 30 June 2018

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

## To the Unitholders of Atlas Islamic Income Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Islamic Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2018, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No	Key Audit Matter	How the matter was addressed in our audit
1	<b>Amendments to NBFC Regulations, 2008</b>  (Refer note 3.6 to the annexed financial statements)  The Securities and Exchange Commission of Pakistan through its notification [SRO 756(I)/2017] dated August 3, 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008. . The impacts of these amendments have been incorporated in the financial statements of the Fund for the year ended June 30, 2018. These amendments mainly includes changes with respect to recognition, measurement and presentation of "element of income", addition of certain disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund'.  The Fund has changed its accounting policy during the current year in respect of accounting for "element of income" consequent to the issuance of the above mentioned notification. The change in accounting policy has been applied prospectively from July 1, 2017 based on the clarification issued by the SECP. With this change in accounting policy the element of income which was previously recognized as part of the income for the year	<p>We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</p> <p>We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</p> <p>We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations. We recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p> <p>We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</p>

S. No	Key Audit Matter	How the matter was addressed in our audit
	<p>in the Income Statement is now considered as a "capital contribution" and taken to the Statement of Movement in Unit Holders' Fund. Element of income is explained in note 3.6.</p> <p>The SECP notification also stipulates that the accounting income available for distribution as appearing in the "Income Statement" excludes income already paid on units redeemed during the year. Accordingly, the net amount appearing on the "Income Statement" after deducting the income already paid on units redeemed is to be considered as the distributable amount.</p> <p>In order to avail tax exemption, the Fund has to distribute 90 percent of its accounting income (excluding realised and unrealised capital gains). However, at the time of distribution of income, the element of income contributed on issue of units recognized in the equity during the year is required to be refunded on the units in the same proportion in which income is distributed from the Income Statement i.e after taking into account the amount of income already paid on units redeemed. Management has developed a system for carrying out the calculations for such distributions.</p> <p>These calculations are important from the point of view of ensuring compliance with the applicable requirements. The above matters are significant accounting and regulatory developments / events for the mutual fund industry affecting the financial statements for the current year and therefore we considered these developments as key audit matter.</p>	<p>We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</p> <p>We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</p> <p>We verified transactions on a test basis with the underlying records of the reports provided by the management to assess their compliance with the revised regulations. We recalculated the profit available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p> <p>We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.</p>
2	<b>Net Asset Value</b>	
	<p>(Refer notes 4 and 5 to the financial statements)</p> <p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2018 amounted to Rs 776.63 million and balances with banks aggregated to Rs 100.78 million.</p> <p>The proper valuation of investments and balances with banks for the determination of NAV of the Fund as at June 30, 2018 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Tested the design and operating effectiveness of the key controls for valuation of investments;</li> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2018 and reconciled it with the books and records of the Fund;</li> <li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

The Board of directors is responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirement**

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Salman Hussain.

Karachi: 14 September 2018

**A. F. Ferguson & Co.**  
Chartered Accountants

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2018

	Note	2018	2017
		-----Rupees-----	
<b>ASSETS</b>			
Cash and bank balances	4	776,625,525	1,254,506,788
Investments	5	100,782,300	165,338,600
Receivable against issue of units	6	-	209,743,186
Markup accrued	7	2,041,069	10,064,434
Security deposit and other receivables	8	578,941	578,941
<b>Total assets</b>		<b>880,027,835</b>	<b>1,640,231,949</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	9	2,319,042	2,689,688
Payable to Central Depository Company of Pakistan Limited - Trustee	10	139,523	220,817
Payable to the Securities and Exchange Commission of Pakistan	11	887,548	1,292,731
Payable against redemption of units	12	514,117	3,712,000
Dividend payable		62,457	62,457
Accrued expenses and other liabilities	13	3,882,935	17,995,081
<b>Total liabilities</b>		<b>7,805,622</b>	<b>25,972,774</b>
<b>NET ASSETS</b>		<b>872,222,213</b>	<b>1,614,259,175</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>872,222,213</b>	<b>1,614,259,175</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>1,653,270</b>	<b>3,210,424</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>527.57</b>	<b>502.82</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		-----Rupees-----	
<b>Income</b>			
Markup income	15	69,703,815	95,527,345
Capital (loss) / gain on / sale of investments - net		(1,409,700)	2,126,235
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(1,347,400)	3,461,700
		(2,757,100)	5,587,935
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		-	(54,037,293)
<b>Total income</b>		<b>66,946,715</b>	<b>47,077,987</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	9.1	3,550,194	5,170,855
Sindh Sales Tax on remuneration of the Management Company	9.2	461,525	672,211
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	1,823,891	2,175,016
Sindh Sales Tax on remuneration of the Trustee	10.2	237,106	282,752
Annual fees - Securities and Exchange Commission of Pakistan	11	887,548	1,292,731
Accounting and operational charges	16	1,164,812	1,581,144
Sindh Sales Tax on accounting and operational charges		-	126,492
Auditors' remuneration	17	290,699	237,360
Securities transaction cost		19,323	44,341
Annual listing fee and SECP supervisory fee		27,500	55,000
Annual rating fee		298,320	298,320
Printing charges		131,915	37,787
Shariah advisory fee		174,375	174,791
Bank charges		23,567	31,272
Legal and professional charges		144,930	123,760
Reversal of provision for Workers' Welfare Fund		-	(4,443,900)
Provision for Sindh Workers' Welfare Fund	13.1	1,154,220	1,272,428
<b>Total expenses</b>		<b>10,389,925</b>	<b>9,132,360</b>
<b>Net income for the year before taxation</b>		<b>56,556,790</b>	<b>37,945,627</b>
<b>Taxation</b>	19	-	-
<b>Net income for the year after taxation</b>		<b>56,556,790</b>	<b>37,945,627</b>
<b>Earning per unit</b>	20		
<b>Allocation of net income for the period:</b>			
- Net income for the period after taxation		56,556,790	
- Income already paid on units redeemed		(28,183,809)	
		<b>28,372,981</b>	
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	
- Excluding capital gains		28,372,981	
		<b>28,372,981</b>	

The annexed notes from 1 to 34 form an integral part of these financial statements.

**For Atlas Asset Management Limited**  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	-----Rupees-----	
<b>Net income for the year after taxation</b>	<b>56,556,790</b>	<b>37,945,627</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>56,556,790</b>	<b>37,945,627</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2018

Note	30 June 2018		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	1,608,541,544	-	1,608,541,544
<b>Undistributed income brought forward</b>			
- Realised income	-	2,042,031	2,042,031
- Unrealised income	-	3,675,600	3,675,600
<b>Net assets at the beginning of the period (Units outstanding: 3,210,424) (Rs. 502.82 per unit)</b>	<b>1,608,541,544</b>	<b>5,717,631</b>	<b>1,614,259,175</b>
Issue of 2,926,830 units (2017: 9,768,199 units)	1,507,752,598	-	1,507,752,598
Redemption of 4,483,984 units (2017: 7,671,713 units)	(2,278,162,541)	(28,183,809)	(2,306,346,350)
Total comprehensive income for the period	-	56,556,790	56,556,790
<b>Net assets at end of the period (Units outstanding: 1,653,270) (Rs. 527.57 per unit)</b>	<b>838,131,601</b>	<b>34,090,612</b>	<b>872,222,213</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	33,308,312	-
- Unrealised income	-	782,300	-
	-	<b>34,090,612</b>	-
		<b>Note</b>	<b>June 30, 2017</b>
Capital Value			557,321,508
<b>Undistributed income brought forward</b>			
- Realised loss			(354,236)
- Unrealised income			1,585,940
<b>Net assets at the beginning of the year (Units outstanding: 1,113,938) (Rs. 501.42 per unit)</b>			<b>558,553,212</b>
Issuance of 9,768,199 units			5,022,639,187
Redemption of 7,671,713 units			(4,025,456,444)
			<b>1,555,735,955</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.6		54,037,293
Other net income for the year			32,357,692
Unrealised appreciation in the value of investments (net)			2,126,235
Capital gain on sale of investments - net			3,461,700
<b>Total comprehensive income for the year</b>			<b>37,945,627</b>
Cash distribution of Rs. 28.5 per unit declared on 20 June 2017			(33,459,700)
<b>Net assets at end of the year (Units outstanding: 3,210,424) (Rs. 502.82 per unit)</b>			<b>1,614,259,175</b>
<b>Undistributed income carried forward</b>			
- Realised income			2,042,031
- Unrealised income			3,675,600
			<b>5,717,631</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

Note	2018	2017
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	56,556,790	37,945,627
<b>Adjustment for:</b>		
Mark-up income	(69,703,815)	(95,527,345)
Capital loss / (gain) on sale of investments - net	1,409,700	(2,126,235)
Net unrealised diminution / (appreciation) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	1,347,400	(3,461,700)
Element of loss and capital losses included in price of units less those in units redeemed - net	-	54,037,293
Reversal of provision for Workers' Welfare Fund	-	(4,443,900)
Provision for Sindh Workers' Welfare Fund	1,154,220	1,272,428
	<b>(65,792,495)</b>	<b>(50,249,459)</b>
<b>Increase in assets</b>		
Security deposit and other receivables	-	(375,641)
<b>(Decrease) / Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(370,646)	480,064
Payable to Central Depository Company of Pakistan Limited - Trustee	(81,294)	130,211
Annual fee payable to the Securities and Exchange Commission of Pakistan	(405,183)	916,877
Dividend payable	-	955
Accrued and other liabilities	(15,266,366)	12,269,153
	<b>(16,123,489)</b>	<b>13,797,260</b>
Taxation	-	-
Markup received	77,727,180	88,761,489
Investments made during the year	(50,000,000)	(50,000,000)
Investments sold / matured during the year	111,799,200	236,043,275
<b>Net cash generated from operating activities</b>	<b>114,167,186</b>	<b>275,922,551</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	1,717,495,784	4,813,154,099
Net payments against redemption of units	(2,309,544,233)	(4,021,764,444)
Cash payout against distribution	-	(33,459,700)
<b>Net cash (used in) / generated from financing activities</b>	<b>(592,048,449)</b>	<b>757,929,955</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(477,881,263)</b>	<b>1,033,852,506</b>
Cash and cash equivalents at the beginning of the year	1,254,506,788	220,654,282
<b>Cash and cash equivalents at the end of the year</b>	<b>4 776,625,525</b>	<b>1,254,506,788</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted under a Trust Deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First, Second and Third Supplemental Trust Deeds dated 23 June 2010, 12 November 2010 and 23 May 2017 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the offering document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh supplements dated 23 June 2010, 12 November 2010, 20 September 2013, 24 March 2015, 3 August 2015, 30 September 2016 and 2 June 2017 respectively with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realise capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long medium, and short term, high quality Islamic income instruments.
- 1.4 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

## 2 BASIS OF PREPERATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

### 2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

The following standards, interpretations and amendments with respect to accounting and reporting standards were effective during the current year:

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- Amendment to IAS 7, 'Cashflow statements', regarding the disclosure initiative.	01 January 2017
- Annual improvements 2014-2016 IFRS 12, 'Disclosure of interests in other entities'.	01 January 2017

The adoption of the above amendments and improvements to accounting and reporting standards and interpretations did not have any effect on the financial statements of the Fund for the year ended 30 June 2017.

## 2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2018 but are considered not to be relevant or to have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

Further, the following new standards have been notified by the SECP for the purpose of applicability in Pakistan:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	01 July 2018
- IFRS 15 - Revenue from Contracts with Customers	01 July 2018
- IFRS 16 - Leases	01 January 2019

Management expects to apply these standards as in the year in which they become effective. These standards may impact the financial statements of the Fund on adoption.

Further SECP vide its letter dated November 21, 2017 accepted the request of Mutual Funds Association of Pakistan (MUFAP) for relaxation from the applicability of provisions relating to impairment under IFRS 9 "Financial Instruments" on the mutual funds. Management also expects that changes in classification and measurement requirements of IFRS 9 will not have a significant impact on the financial statements of the Fund.

## 2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (as disclosed in notes 3.2 and 5 to these financial statements).

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

## 2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years except for the changes in accounting policies as explained in note 3.6.1 below.

### 3.1 Cash and cash equivalents

These comprise balances with banks, cheques in hand and short-term highly liquid investments with original maturities of three months or less.

### 3.2 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or available-for-sale investment, as appropriate.

All investments are initially measured at fair value. In the case of investments classified as available for sale, transaction cost directly related to the acquisition is also added to the fair value of investment on initial recognition.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment.

Investments are categorised as follows:

#### Investments at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

#### Available-for-sale

Investments which are not classified as 'at fair value through profit or loss' are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is taken to the income statement. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

### 3.3 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or are impaired.

### 3.4 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the management company for the application received by the management company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the distribution company and the management company as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the distribution company / management company / distributors receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

### 3.6 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, has specified methodology of determination of income paid on units redeemed during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' (relating to allocation of net income for the year) and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation / (diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on a clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the income of the Fund would have been lower by Rs 15.626 million net off charge for SWWF with immaterial effect on the 'net assets attributable to the unit holders' and NAV per unit of the Fund as disclosed in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund' respectively. However, the change in accounting policy does not have any impact

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

on the 'Cash Flow Statement'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

### 3.7 Revenue recognition

- Markup income on Government Securities is recognised using effective markup method at the rate of return implicit in the instrument.
- Income on bank balances and deposits is recognised on an accrual basis.
- Gain or loss on sale of Shariah compliant debt securities and derivatives is accounted for in the year in which it arises.

### 3.8 Expenses

All expenses chargeable to the Fund including remuneration of management company, trustee, and annual fee of the SECP are recognised in the income statement on an accrual basis.

### 3.9 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.10 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund intends to distribute such income by the year end in order to avail this tax exemption. Accordingly, no provision has been made for current and deferred taxation in these financial statements.

### 3.11 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the income statement.

### 3.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.13 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Distribution Committee of the Board of Directors of the Management Company under the powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.14 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at year end.

### 3.15 Earnings per unit

Earnings / (loss) per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year.

4 CASH AND BANK BALANCES	Note	2018	2017
		-----Rupees-----	
<b>In local currency</b>			
- Profit and loss sharing accounts	4.1	774,435,525	1,245,001,788
- Current account		5,000	5,000
- Cheques in hand	4.2	2,185,000	9,500,000
		<u>776,625,525</u>	<u>1,254,506,788</u>

4.1 The rate of return on these profit and loss sharing accounts ranges between 3.00% to 6.50% (30 June 2017: 2.00% to 5.95%) per annum.

4.2 This denotes cheque received against issue of units which was deposited and cleared in the bank account subsequent to the year end by 4 July 2018.

5 INVESTMENTS	Note	2018	2017
		-----Rupees-----	
<b>At fair value through profit or loss - held for trading</b>			
Government securities - Government of Pakistan (GoP) ijarah sukuks	5.1	-	113,208,900
Debt securities - sukuk certificates (unlisted)	5.2	100,782,300	52,129,700
		<u>100,782,300</u>	<u>165,338,600</u>

### 5.1 Government securities - Government of Pakistan (GoP) ijarah sukuks

Script	As at 01 July 2017	Acquired during the year	Disposed during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market value as at 30 June 2018	Unrealised appreciation as at 30 June 2018	Total Investment	Net Assets
	----- Face Value - Rupees -----				----- Rupees -----			----- age% -----	
Government of Pakistan Ijarah Sukuks	111,000,000	-	111,000,000	-	-	-	-	-	-
Total - 30 June 2018	<u>111,000,000</u>	-	<u>111,000,000</u>	-	-	-	-	-	-
Total - 30 June 2017					<u>111,876,900</u>	<u>113,208,900</u>	<u>1,332,000</u>	<u>68.47%</u>	<u>7.01%</u>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

5.1.1 Investments in GoP ijarah sukuks carried mark-up at the rate of Nil (30 June 2017: 5.51%) per annum and were due to mature on 18 December 2018. As at 30 June 2018, the cost of these investments amounted to Rs. Nil (30 June 2017: Rs 111,663,000).

## 5.2 Debt securities - sukuk certificates (unlisted)

Particulars	Note	As at 01 July 2017	Acquired during the period	Disposed during the period	As at 30 June 2018	Carrying value	Market value	Unrealised	Market value	Market value	Investments
						as at 30 June 2018	as at 30 June 2018	appreciation (diminution) as at 30 June 2018	as a percentage of total investments	as a percentage of net assets	as a percentage of total issue size
					Number of certificates	Rupees		age %			
<b>BANKS</b>											
Meezan Bank Limited (Face Value Rs. 1,000,000)	5.2.1	50	-	-	50	52,129,700	50,750,000	(1,379,700)	50.36%	5.82%	0.71%
<b>Fertilizers</b>											
Dawood Hercules Corporation Limited Sukuk 2 (Face Value Rs. 100,000)	5.2.2	-	500	-	500	50,000,000	50,032,300	32,300	49.64%	5.74%	0.83%
<b>Total - June 30, 2018</b>						<b>102,129,700</b>	<b>100,782,300</b>	<b>(1,347,400)</b>	<b>100.00%</b>	<b>11.55%</b>	
<b>Total - June 30, 2017</b>						<b>50,000,000</b>	<b>52,129,700</b>	<b>2,129,700</b>	<b>31.53%</b>	<b>3.23%</b>	

5.2.1 These certificates carry mark-up at the rate of 6 months KIBOR plus 0.50% per annum, and are due to mature by 22 September 2026 and are, currently, rated AA- by JCR-VIS Credit Rating Company Limited. As at 30 June 2018, the cost of these investments amounted to Rs. 100,000,000 (30 June 2017: Rs. 50,000,000).

5.2.2 These certificates carry mark-up at the rate of 3 months KIBOR plus 1.00%, and are due to mature by 28 February 2023. The certificates are currently, rated AA by Pakistan Credit Rating Agency (PACRA). As at June 30, 2018, the cost of these investments amounted to Rs. 50,000,000 (30 June 2017: Nil).

## 6 RECEIVABLE AGAINST ISSUE OF UNITS

This represents receivable against units issued to the unit holders based on their request for transfer of units from Atlas Islamic Stock Fund and Atlas Sovereign Liquidity Fund managed by the Management Company of the Fund.

7 MARKUP ACCRUED	Note	2018	2017
		-----Rupees-----	
Mark-up accrued on:			
- Profit and loss sharing accounts		538,809	8,740,209
- Government of Pakistan (GoP) ijarah sukuks		-	217,869
- Sukuk certificates		1,502,260	1,106,356
		<b>2,041,069</b>	<b>10,064,434</b>
<b>8 SECURITY DEPOSIT AND OTHER RECEIVABLES</b>			
Deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Withholding tax receivable	8.1	478,941	478,941
		<b>578,941</b>	<b>578,941</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 8.1 As per Clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under sections 150 and 151. However, several Companies (including banks) deducted withholding tax on dividend and profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT) /2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favor of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the cumulative amount of withholding tax deducted from profit on bank deposits by the Funds has been shown as other receivable as at 30 June 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2018 -----Rupees-----	2017
Management fee	9.1	217,009	461,858
Sindh Sales Tax payable on remuneration of the Management Company	9.2	295,805	327,636
Federal Excise Duty payable on remuneration of the Management Company	9.3	1,733,901	1,733,901
Accounting and operational charges payable	16	72,327	150,123
Sindh Sales Tax payable on Operational Charges		-	16,170
		<b>2,319,042</b>	<b>2,689,688</b>

- 9.1 During the year ended 30 June, 2018 the Management Company has charged its remuneration at the rate of 0.30% (2017: 0.30%) per annum of the average annual net assets of the Fund for the period. The fee is payable to the Management Company monthly in arrears.
- 9.2 During the year, an amount of Rs. 461,525 (2017: Rs. 672,211) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 493,356 (2017:Rs.631,678 ) has been paid to the Management Company which acts as the collecting agent.
- 9.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 9.2 above, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 1.734 million (30 June 2017: Rs 1.734 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs 1.05 per unit (30 June 2017: Rs 0.54 per unit).

<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
-----Rupees-----			
Trustee fee payable	10.1	122,972	194,913
Sindh Sales Tax payable on trustee fee	10.2	15,986	25,339
Settlement charges payable		500	500
Sindh Sales Tax payable on settlement charges		65	65
		<b>139,523</b>	<b>220,817</b>

**10.1** The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs.1,000 million	Rs.0.6 million or 0.17% per annum of Net Assets, whichever is higher
- Rs.1,000 million to Rs.5,000 million	Rs.1.7 million plus 0.085% per annum of Net Assets exceeding Rs.1,000 million
- exceeding Rs.5,000 million	Rs.5.1 million plus 0.07% per annum of Net Assets exceeding Rs.5,000 million

**10.2** During the year, an amount of Rs. 237,106 (2017: Rs. 282,752 ) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 246,459 (2017: Rs 319,148) was paid to the Trustee which acts as a collecting agent.

<b>11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
----- Rupees -----			
Annual fee payable	11.1	887,548	1,292,731

**11.1** In accordance with the NBFC Regulations 2008, the Fund is required to pay Securities and Exchange Commission of Pakistan an amount equal to 0.075% of average annual net assets of the Fund as annual fee.

### **12 PAYABLE AGAINST REDEMPTION OF UNITS**

This represents payable against units redeemed to the unit holder based on their request for cash payout, managed by the Management Company.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

13 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2018 -----Rupees-----	2017
Auditors' remuneration payable		230,076	174,413
Printing charges payable		73,257	101,260
Payable to shariah advisor		47,585	45,711
Withholding tax payable		329,616	15,732,191
Fund rating fee payable		298,320	100,000
Zakat payable		-	92,875
Other payable		477,433	476,203
Provision for Sindh Workers' Welfare Fund	13.1	2,426,648	1,272,428
		<b>3,882,935</b>	<b>17,995,081</b>

**13.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2018, the net asset value of the Fund as at June 30, 2018 would have been higher by Rs. 1.47 per unit (2017: Re 0.40 per unit).

### 14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2018 and 30 June 2017.

15 MARKUP INCOME	2018 -----Rupees-----	2017
Mark-up income on:		
- Profit and loss sharing accounts	63,564,660	83,126,409
- Government of Pakistan (GoP) ijarah sukuks	1,491,566	9,781,607
- Sukuk certificates	4,647,589	2,619,329
	<b>69,703,815</b>	<b>95,527,345</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 16 ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less.

Keeping in view the aforementioned provisions, the Management Company charged accounting and operational charges to the Fund.

17 AUDITORS' REMUNERATION	2018	2017
	-----Rupees-----	
Audit fee	100,000	100,000
Half yearly review of financial statements	50,000	50,000
Other Certifications	42,000	42,000
Income Certification	50,000	-
Sindh Sales Tax on services	19,360	15,360
Out of pocket expenses	29,339	30,000
	<b>290,699</b>	<b>237,360</b>

## 18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2018 is 0.65% (2017: 0.53%) after netting off 0.23% (2017: 0.21%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a shariah compliant income scheme.

## 19 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has declared the required minimum percentage of income earned by the Fund subsequent to the year ended 30 June 2018 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 20 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 21 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**21.1** Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund directors and their close family members and key management personnel of the Management Company.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 21.2** Transactions with connected persons essentially comprise sale and repurchase of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 21.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 21.4** The details of transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

	2018	2017
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the management company	3,550,194	5,170,855
Remuneration paid	3,795,043	4,848,372
Sindh Sales Tax on remuneration of the Management Company	461,525	672,211
Accounting and operational charges	1,164,812	1,581,144
Sindh Sales Tax on accounting and operational charges	-	126,492
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,823,891	2,175,016
Sindh sales tax on remuneration of the Trustee	237,106	282,752
Remuneration paid to the Trustee	1,895,832	2,059,082
Settlement charges	6,000	6,000
Sindh sales tax on settlement charges	780	780
<b>Atlas Battery Limited</b>		
Issue of Nil (2017: 4,174,602 ) units	-	2,151,771,453
Redemption of 1,193,786 (2017: 2,980,816) units	608,987,971	1,574,325,458
Outstanding Nil (2017: 1,193,786) units - at net asset value	-	600,259,505
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 30 (2017: 2,525,638 ) units	15,400	1,295,587,038
Redemption of Nil (2017: 2,525,638) units	-	1,323,395,227
Outstanding 30 (2017: Nil) units - at net asset value	15,794	-
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2017: 19) units	-	9,655
Redemption of 358 (2017: nil) units	180,655	-
Cash dividend	-	9,655
Outstanding Nil (2017: 358) units - at net asset value	-	180,007
<b>Honda Atlas Power Product (Pvt) Limited</b>		
Issue of 39,320 (2017: 76,668) units	20,000,000	40,000,000
Redemption of 79,624 (2017: 76,668) units	40,222,948	40,566,577
Outstanding 39,320 (2017: 79,624) units - at net asset value	20,744,161	-
<b>Shirazi Capital (Private) Limited (Group Company)</b>		
Redemption of Nil (2017: 109,280) units	-	56,327,298

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 -----Rupees-----	2017
<b>Shirazi Investments (Private) Limited (Group Company)</b>			
Issue of Nil (2017: 113,932 ) units		-	58,663,159
Cash dividend		-	3,114,481
Outstanding 113,932 (2017: 113,932) units - at net asset value		60,107,217	57,287,395
<b>Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)</b>			
Issue of Nil (2017: 1,149) units		-	576,837
Cash dividend		-	576,837
Outstanding 21,389 (2017: 21,389) units - at net asset value		11,284,054	10,754,682
<b>Atlas Insurance Limited Window Takaful Operations</b>			
Issue of Nil (2017: 31,008 ) units		-	16,662,791
Cash dividend		-	883,721
Outstanding 32,328 (2017: 32,328) units - at net asset value		17,055,172	16,255,059
<b>Chevron Pakistan Lubricants (Private) Limited Gratuity Fund (Unit Holder with more than 10% holding)</b>			
	21.5		
Issue of Nil (2017: 8,617) units		-	4,326,642
Cash dividend		-	4,326,642
Outstanding Nil (2017: 160,429) units - at net asset value		-	80,666,951
<b>Hamdard Laboratories (WAQF) Pakistan (Unit Holder with more than 10% holding)</b>			
	21.5		
Issue of Nil (2017: 5,373) units		-	2,697,536
Cash dividend		-	3,596,715
Outstanding Nil (2017: 131,574) units - at net asset value		-	66,157,561
<b>Directors and their close family members and key management personnel of the Management Company</b>			
Issue of 37,190 (2017: 18,510) units		19,062,443	9,505,528
Redemption of 40,193 (2017: 17,878) units		20,729,539	9,138,000
Cash dividend		-	624,439
Outstanding 15,713 (2017: 15,733) units - at net asset value		8,289,495	7,910,773

21.5 Holding being less than 10% in reporting period, disclosure is not applicable.

21.6 Other balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 22 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2018			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
	----- (Rupees) -----			
<b>Financial assets</b>				
Cash and Bank balances	776,625,525	-	-	776,625,525
Investments	-	100,782,300	-	100,782,300
Markup accrued	2,041,069	-	-	2,041,069
	<u>778,666,594</u>	<u>100,782,300</u>	<u>-</u>	<u>879,448,894</u>

	As at June 30, 2018			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	-	2,319,042	2,319,042	
Payable to Central Depository Company of Pakistan Limited - Trustee	-	139,523	139,523	
Payable against redemption of units	-	514,117	514,117	
Unclaimed dividend	-	62,457	62,457	
Accrued expenses and other liabilities	-	1,126,671	1,126,671	
	<u>-</u>	<u>4,161,810</u>	<u>4,161,810</u>	

	As at June 30, 2017			
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	Total
	----- (Rupees) -----			
<b>Financial assets</b>				
Cash and Bank balances	1,254,506,788	-	-	1,254,506,788
Investments	-	165,338,600	-	165,338,600
Receivable against sale of units	209,743,186	-	-	209,743,186
Markup accrued	10,064,434	-	-	10,064,434
	<u>1,474,314,408</u>	<u>165,338,600</u>	<u>-</u>	<u>1,639,653,008</u>

	As at June 30, 2017			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	-	2,689,688	2,689,688	
Payable to Central Depository Company of Pakistan Limited - Trustee	-	220,817	220,817	
Payable against redemption of units	-	3,712,000	3,712,000	
Unclaimed Dividend	-	62,457	62,457	
Accrued expenses and other liabilities	-	897,587	897,587	
	<u>-</u>	<u>7,582,549</u>	<u>7,582,549</u>	

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**23.1** The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund. The Fund may be exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

### 23.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

#### (i) Profit rate risk

Profit rate risk is the risk that the Fund's income will fluctuate due to changes in the market profit rates. As of 30 June 2018, the Fund is exposed to such risk in respect of bank balances, GOP Ijarah Sukuks and corporate Sukuk securities. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks and investment in corporate sukuks which exposes the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in market interest rates as at June 30, 2018, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 8,752,178 (2017: Rs.14,103,404 ).

#### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the impact on the Fund's net assets of the future movements in profit rates.

Yield / profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

The fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2018 can be determined as follows:

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at June 30, 2018 -----						
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
Percentage	(Rupees)					
<b>Financial Assets</b>						
Cash and Bank balances	3.00-6.50	774,435,525	-	-	2,190,000	776,625,525
Investments	6.95-7.80	-	-	100,782,300	-	100,782,300
Markup accrued		-	-	-	2,041,069	2,041,069
		<b>774,435,525</b>	<b>-</b>	<b>100,782,300</b>	<b>4,231,069</b>	<b>879,448,894</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	2,319,042	2,319,042
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	139,523	139,523
Payable against redemption of units		-	-	-	514,117	514,117
Unclaimed dividend		-	-	-	62,457	62,457
Accrued expenses and other liabilities		-	-	-	1,126,671	1,126,671
		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,161,810</b>	<b>4,161,810</b>
<b>On-balance sheet gap (a)</b>		<b>774,435,525</b>	<b>-</b>	<b>100,782,300</b>	<b>69,259</b>	<b>875,287,084</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a + b)</b>		<b>774,435,525</b>	<b>-</b>	<b>100,782,300</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>774,435,525</b>	<b>774,435,525</b>	<b>875,217,825</b>		

----- As at June 30, 2017 -----						
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
Percentage	(Rupees)					
<b>Financial Assets</b>						
Cash and Bank balances	2.0-5.95	1,245,001,788	-	-	9,505,000	1,254,506,788
Investments	5.51-6.62	-	-	165,338,600	-	165,338,600
Receiveable against sale of units		-	-	-	209,743,186	209,743,186
Markup accrued		-	-	-	10,064,434	10,064,434
		<b>1,245,001,788</b>	<b>-</b>	<b>165,338,600</b>	<b>229,312,620</b>	<b>1,639,653,008</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	2,689,688	2,689,688
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	220,817	220,817
Payable against redemption of units		-	-	-	3,712,000	3,712,000
Unclaimed Dividend		-	-	-	62,457	62,457
Accrued expenses and other liabilities		-	-	-	897,587	897,587
		<b>-</b>	<b>-</b>	<b>-</b>	<b>7,582,549</b>	<b>7,582,549</b>
<b>On-balance sheet gap (a)</b>		<b>1,245,001,788</b>	<b>-</b>	<b>165,338,600</b>	<b>221,730,071</b>	<b>1,632,070,459</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a + b)</b>		<b>1,245,001,788</b>	<b>-</b>	<b>165,338,600</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>1,245,001,788</b>	<b>1,245,001,788</b>	<b>1,410,340,388</b>		

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) Equity price risk

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of 30 June 2018.

## 23.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest a majority of its assets in short term instruments in order to maintain liquidity.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

2018	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Assets</b>					
Cash and bank balances	776,625,525	-	-	-	776,625,525
Investments	-	-	-	100,782,300	100,782,300
Markup accrued	538,809	1,502,260	-	-	2,041,069
	<b>777,164,334</b>	<b>1,502,260</b>	<b>-</b>	<b>100,782,300</b>	<b>879,448,894</b>
<b>Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	2,319,042	-	-	-	2,319,042
Payable to Central Depository Company of Pakistan Limited - Trustee	139,523	-	-	-	139,523
Payable against redemption of units	514,117	-	-	-	514,117
Unclaimed dividend	62,457	-	-	-	62,457
Accrued expenses and other liabilities	775,753	-	350,918	-	1,126,671
	<b>3,810,892</b>	<b>-</b>	<b>350,918</b>	<b>-</b>	<b>4,161,810</b>
<b>Net assets / (liabilities)</b>	<b>773,353,442</b>	<b>1,502,260</b>	<b>(350,918)</b>	<b>100,782,300</b>	<b>875,287,084</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2017	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Assets</b>					
Cash and bank balances	1,254,506,788	-	-	-	1,254,506,788
Investments	-	-	-	165,338,600	165,338,600
Receivable against sale of units	209,743,186	-	-	-	209,743,186
Markup accrued	8,740,209	1,106,356	217,869	-	10,064,434
	<b>1,472,990,183</b>	<b>1,106,356</b>	<b>217,869</b>	<b>165,338,600</b>	<b>1,639,653,008</b>
<b>Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	2,689,688	-	-	-	2,689,688
Payable to Central Depository Company of Pakistan Limited - Trustee	220,817	-	-	-	220,817
Payable against redemption of units	3,712,000	-	-	-	3,712,000
Dividend payable	62,457	-	-	-	62,457
Accrued expenses and other liabilities	576,203	-	321,384	-	897,587
	<b>7,261,165</b>	<b>-</b>	<b>321,384</b>	<b>-</b>	<b>7,582,549</b>
<b>Net assets / (liabilities)</b>	<b>1,465,729,018</b>	<b>1,106,356</b>	<b>(103,515)</b>	<b>165,338,600</b>	<b>1,632,070,459</b>

### 23.4 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

	2018		2017	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- Rupees -----				
Bank balances	776,625,525	776,625,525	1,254,506,788	1,254,506,788
Investments	100,782,300	100,782,300	165,338,600	165,338,600
Receivable against issue of units	-	-	209,743,186	209,743,186
Markup accrued	2,041,069	2,041,069	10,064,434	10,064,434
	<b>879,448,894</b>	<b>879,448,894</b>	<b>1,639,653,008</b>	<b>1,639,653,008</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 23.4.1 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investment in GOP Ijarah Sukuks and corporate Sukuks. The credit rating profile of above mentioned is as follows:

### Rating of amount placed with banks, investment in GOP Ijarah Sukuks and corporate Sukuk certificates

	% of financial assets	
	2018	2017
GOP Ijarah Sukuks (Government Guaranteed)	-	7.99
Sukuk Certificates	11.52	3.75
AAA	-	1.45
AA+	-	22.63
AA	78.15	35.77
AA-	-	11.00
A+	6.80	9.68
A	3.53	7.73
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2018 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

## 23.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of government securities is determined by reference to the rates announced by Financial Market Association of Pakistan and fair value of corporate Sukuks is determined on the basis of rates announced by MUFAP. The fair value of financial assets and liabilities of the Fund, other than government securities, approximates their carrying amount due to short term maturities of these instruments.

## 23.6 Fair value hierarchy

The Fund uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2018, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique. Particulars regarding their cost and market value are given in note 5.2

## 24 UNIT HOLDERS FUND RISK MANAGEMENT

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders, to maintain a strong base of assets to meet unexpected losses or opportunities and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs.100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times during the current year.

In accordance with the risk management policies as stated in note 23, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

### 25 UNIT HOLDING PATTERN OF THE FUND

Category	2018			2017		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	373	206,530,425	23.68%	283	185,141,179	11.47%
Insurance Companies	11	139,974,895	16.05%	9	299,649,963	18.56%
Others	5	144,735,833	16.59%	8	257,354,531	15.94%
Banks/ DFIs	1	52,174,077	5.98%	1	49,725,871	3.08%
Associated Companies/ Directors	4	81,575,214	9.35%	4	699,348,854	43.32%
Retirement Funds	8	164,463,728	18.86%	6	123,038,777	7.63%
Public Limited Companies	1	82,768,041	9.49%	-	-	-
	<b>403</b>	<b>872,222,213</b>	<b>100.00%</b>	<b>311</b>	<b>1,614,259,175</b>	<b>100.00%</b>

### 26 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of brokers	2018	2017
	Percentage of commission paid %	
Invest Capital Markets Limited	100	-
JS Global Capital Limited	-	76
Next Capital Limited	-	24
	<b>100.00</b>	<b>100.00</b>

### 27 THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	18 Years
Mr. Ali H. Shirazi	Director	Masters in Law	14.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	14 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	10 Years
Mr. Fawad Javaid	Fund Manager	CMA	10 Years
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	7 Years

### 28 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Fawad Javaid	Fund Manager	CMA	Atlas Money Market Fund Atlas Sovereign Liquid Fund

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 29 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The details of dates of Board meetings of the management company of the Fund, and the attendance of the Board members are given below:

Name of Directors	Meeting held on					
	07 July 2017	30 August 2017	26 October 2017	28 February 2018	27 April 2018	20 June 2018
Mr. Yusuf H. Shirazi	P	P	P	P	L	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Shamshad Nabi (Resigned w.e.f. Mar. 22,2018)	L	P	P	P	N/A	N/A
Mr. Frahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. Arshad P. Rana (Resigned w.e.f. Mar. 19,2018)	P*	P*	P*	P	N/A	N/A
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms Zehra Naqvi (w.e.f.Apr. 26, 2018)	N/A	N/A	N/A	N/A	N/A	P**
Mr. M. Abdul Samad (Appointed CEO w.e.f. Mar. 19, 2018)	N/A	N/A	N/A	N/A	P**	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Appointed Co.Sec. w.e.f. Jan. 31, 2018)	N/A	N/A	N/A	P**	P	P

\* Attended through teleconference call.  
\*\* Joined  
P Present  
L Leave of absence

## 30 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two Plus)] on 30 June 2018. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Moreover, PACRA has maintained the stability rating of the Fund at "AA- (f)" [2017: "AA- (f)"] on 29 May 2018.

## 31 NON ADJUSTING EVENT AFTER THE REPORTING PERIOD

The board of directors of Management Company in the meeting held on 06 July 2018, approved a final cash dividend of Rs. 24.5 per unit (for full year) on the face value of Rs. 500 each (i.e 4.9%) amounting to Rs. 28,077,890. The financial statement of the fund for the year ended 30 June 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the fund for the year ending 30 June 2019.

## 32 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

## 33 GENERAL

The figures have been rounded off to the nearest Rupee.

## 34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 06 September 2018.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Islamic Stock Fund

## Corporate Information

### Trustee

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Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal  
Karachi - 74400

### Shariah Advisor

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Dr. Mufti Muhammad Wasih Fasih Butt

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

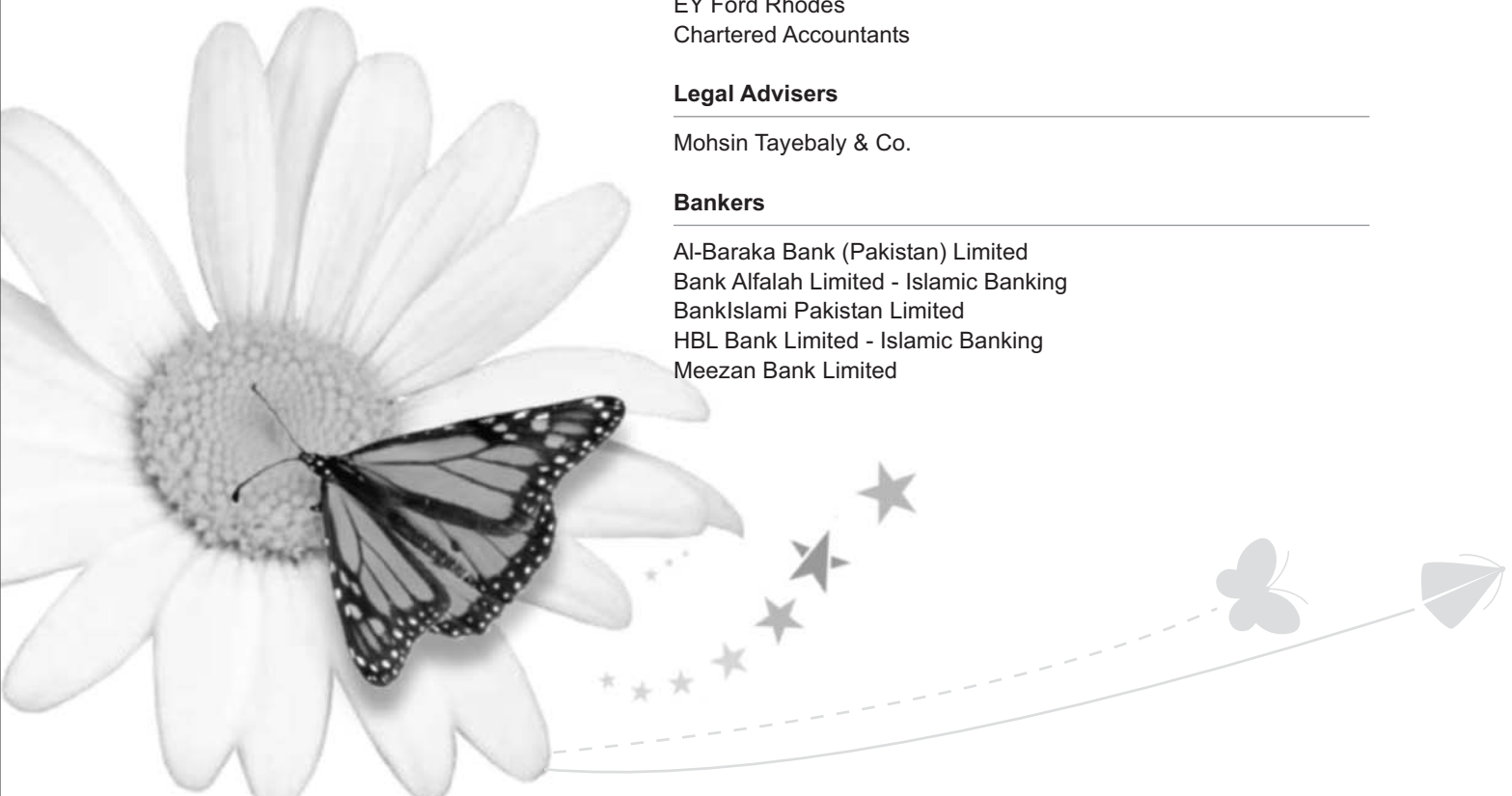
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Mohsin Tayebaly & Co.

### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited - Islamic Banking  
BankIslami Pakistan Limited  
HBL Bank Limited - Islamic Banking  
Meezan Bank Limited



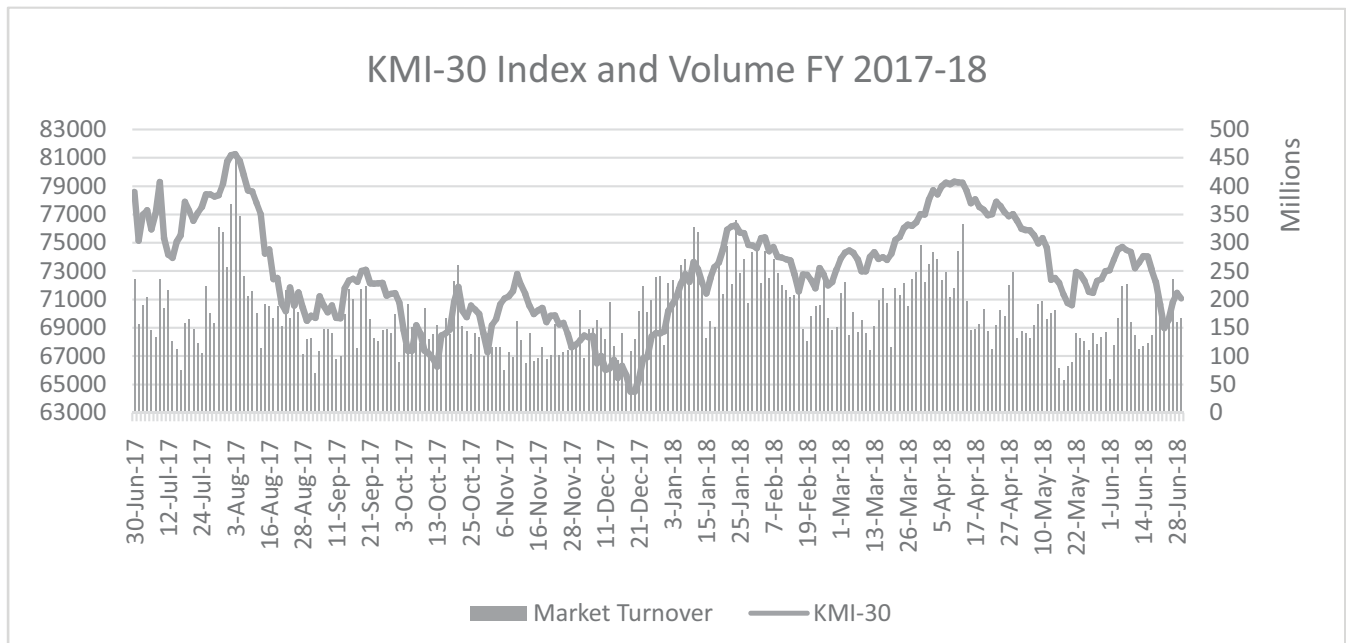
# Fund Manager's Report

Atlas Islamic Stock Fund (AISF) is an open-ended equity fund. The objective of AISF is to maximize Unit Holders returns on their Investments while at all times observing prudent Investment practices, the highest professional standards, all applicable laws and the Shariah Code. The Fund's strategy revolves around Shariah Compliance while making investments in stocks with attractive fundamentals and a potential to outperform the market to generate high returns. The Fund observes the investment limitations as set out by the Shariah code, according to the guidance of the Shariah Advisors and emphasizes on medium to long term investment views, by making investment decisions based upon fundamental analysis. The Fund makes use of portfolio management skills for sector and stock selection in order to efficiently manage the fund's portfolio.

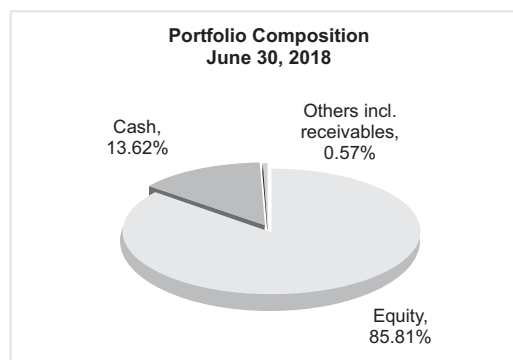
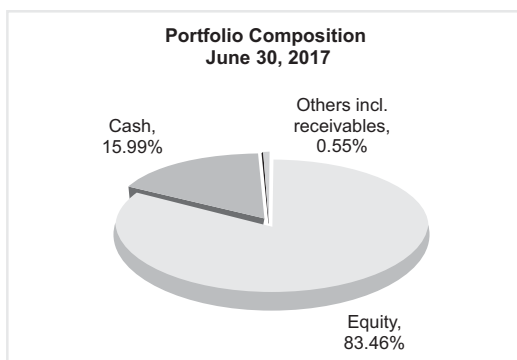
KMI - 30 Index serves as the performance benchmark of Atlas Islamic Stock Fund.

The KMI-30 index decreased from 78,598.22 points as on June 30, 2017 to 71,060.34 points as on June 30, 2018, decreasing by 9.59%. The average volumes during the year decreased by 56% to 175 million shares from 399 million shares traded last year. Net Foreign portfolio outflow during the year was recorded at US\$ 289 million compared to outflow of US\$ 652 million last year. On the local front Insurance Companies, and Companies were the most active participants investing US\$ 204 million and US\$100 million during the period. Broker Proprietary Trading Accounts, Mutual Funds and Banks/DFIs, on the other hand, reduced their exposure in the equity market by US\$ 44 million, US\$ 35 million and US\$ 10 million, respectively.

During the period the sectors that outperformed the market were Oil and Gas Exploration, Fertilizer, Chemical, Textile Spinning and Banks that posted 20.2%, 3.4%, 0.5%, -7.1% and -9.8% returns, respectively.



The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 7.88% to Rs. 530.39 as on June 30, 2018. The benchmark KMI-30 index decreased by 9.59% during the same period. The major outperformers for the index were PPL, POL, EFERT, OGDC, APL and EPCL as they contributed approximately 7,271 points to the index. Decline in share price of LUCK, DGKC, PAEL, HUBC, MLCF, FCCL, SNGP, HCAR, DAWH and PIOC led index to shed 12,192 points. The AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer and Cement sectors. The Net Assets of the Fund stood at Rs 2.26 billion, with 4.27 million units outstanding as of June 30, 2018.



### The Administrative Plans:

The management company is offering investment plans that allow investors focused combination investment strategic in Atlas Islamic Income fund (AIIF) and Atlas Islamic Stock Fund (AISF). The investment plans were offered from September 2008, and the returns are as under:

Administrative Plans	Proportionate investment in		Return (period ended)			
	AIIF	AISF	2014-15	2015-16	2016-16	2017-18
Atlas Bachat Islamic Plan	85%	15%	9.3%	5.1%	9.5%	3.0%
Atlas Bachat Balanced Islamic Plan	50%	50%	14.3%	5.4%	17.6%	-1.5%
Atlas Bachat Growth Islamic Plan	15%	85%	19.3%	5.6%	25.8%	-6.0%

### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	Percentage
Individuals	554	201,712,086	8.92%
Retirement Funds	13	325,712,489	14.40%
Associated Companies/ Directors	9	1,233,718,814	54.53%
Others	7	190,865,822	8.44%
Insurance Companies	8	310,179,707	13.71%
<b>Total</b>	<b>591</b>	<b>2,262,188,918</b>	<b>100.00%</b>

The Fund has made provision against SWWF, which up till June 30, 2018 amounted to Rs. 15,491,187 (Rs. 3.63 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2016. (Rs.2.45 per unit as on June 30, 2018)

The Total Expense Ratio (TER) of the Fund is 2.79% including Government levy, SWWF and SECP Fee of 0.4%.

During the year under review, the Investment Committee held 34 meetings to review investment of the Fund and the Risk Committee held 22 meetings to review risk management.

**Faran-UI-Haq**  
Fund Manager

Karachi: 06 September 2018

## Supplementary Non Financial Information as required under clause 38 A (g) of NBFC and NE Regulations, 2008

### Summary of actual proxies voted by Atlas Islamic Stock Fund

	Resolution	For	Against	Abstain
<b>Number</b>	189	189	-	N/A
<b>(%)</b>	100%	100%	-	-

**Note:** The Proxy voting policy of the Atlas Islamic Stock Fund (AISF) is available on the website of Atlas Asset Management Limited and detailed information regarding actual proxies voted by the Company in respect of the Fund is also available without charge, upon request, to all unit holders.

### Performance Since Inception

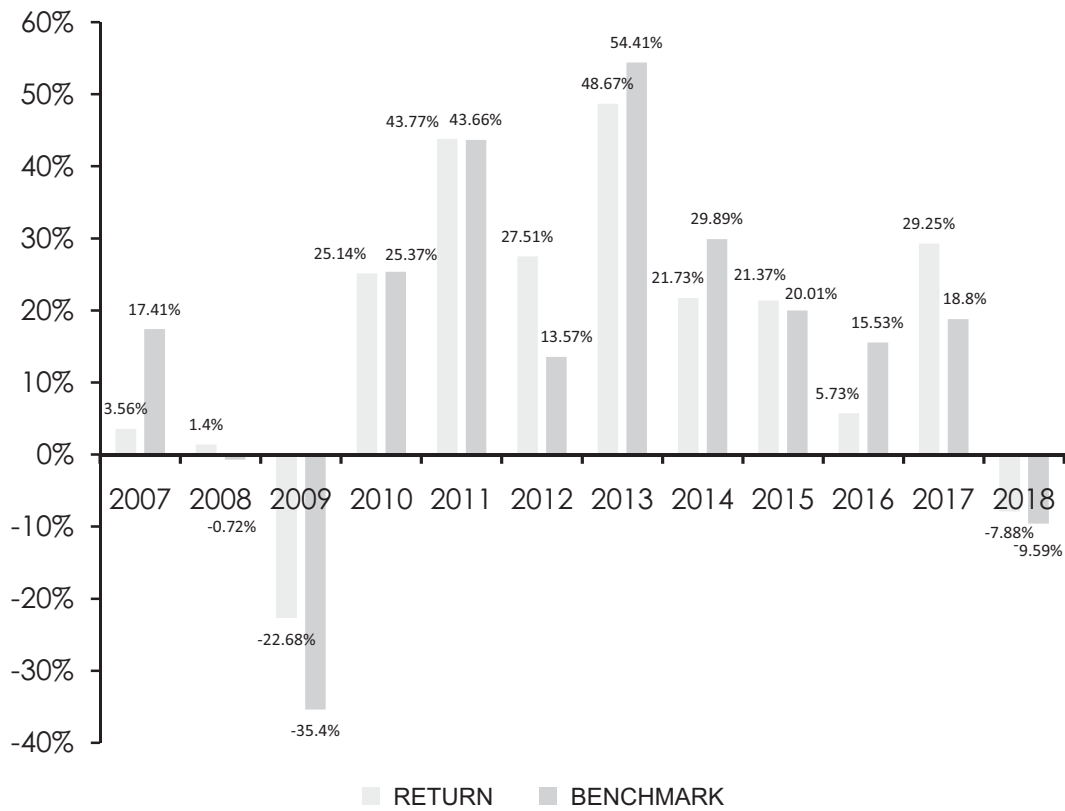
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007*
Net Assets (Rs. in '000)	2,262,189	2,478,898	1,411,789	1,415,763	809,364	974,606	510,953	318,777	252,773	417,775	597,788	512,580
Number of units in issue	4,265,137	4,058,678	2,987,494	2,854,233	1,980,470	2,015,536	1,317,773	779,243	521,664	1,078,902	1,172,525	989,930
Net assets value per unit (Rs.)	530.39	610.77	472.57	496.02	408.67	483.55	387.74	409.09	484.55	387.22	509.83	517.79
Net (loss) / income (Rs. in '000)	(184,177)	562,154	80,049	250,274	137,439	320	110,717	97,396	114,084	(122,217)	9,319	17,489
Earnings per unit (Rs.)	(43.18)	138.51	26.79	87.69	69.40	158.69	84.02	124.99	218.69	(113.28)	7.95	17.67
Annual return of the fund (%)	(7.88)	29.25	5.73	21.37	21.73	48.67	27.51	43.77	25.14	(22.68)	1.40	3.56
Offer Price ** (Rs.)	530.39	610.77	472.57	496.02	408.67	488.45	391.64	413.18	489.40	391.09	514.93	522.97
Redemption Price ** (Rs.)	530.39	610.77	472.57	496.02	408.67	476.36	381.94	402.95	477.28	381.41	502.18	510.03
Distribution (Rs.)	-	35.00	-	50.00	45.00	110.00	62.50	105.00	200.00	-	9.00	15.00
Distribution as a % of Opening Ex- NAV of units	-	7.41	-	12.23	12.05	33.82	20.55	36.90	51.65	-	1.79	3.00
Date of Distribution	-	-	-	7-Jul-15	24-Jun-14	4-Jul-13	5-Jul-12	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07
Highest offer price per unit (Rs.)	595.15	677.62	488.05	507.30	453.25	513.39	405.82	423.05	562.83	488.69	603.50	525.33
Lowest offer price per unit (Rs.)	484.26	493.88	390.34	388.08	381.62	340.83	288.51	293.27	409.30	238.43	464.43	508.46
Highest redemption price per unit (after applicable back-end load) (Rs.)	595.15	677.62	488.05	507.30	453.25	500.69	392.85	412.58	548.90	476.59	588.56	512.33
Lowest redemption price per unit (after applicable back-end load) (Rs.)	484.26	493.88	390.34	388.08	381.62	332.40	281.37	286.01	399.17	232.53	452.93	495.88

\*Period from 17 October 2006 to 30 June 2007 Date of Launch: January 15, 2007

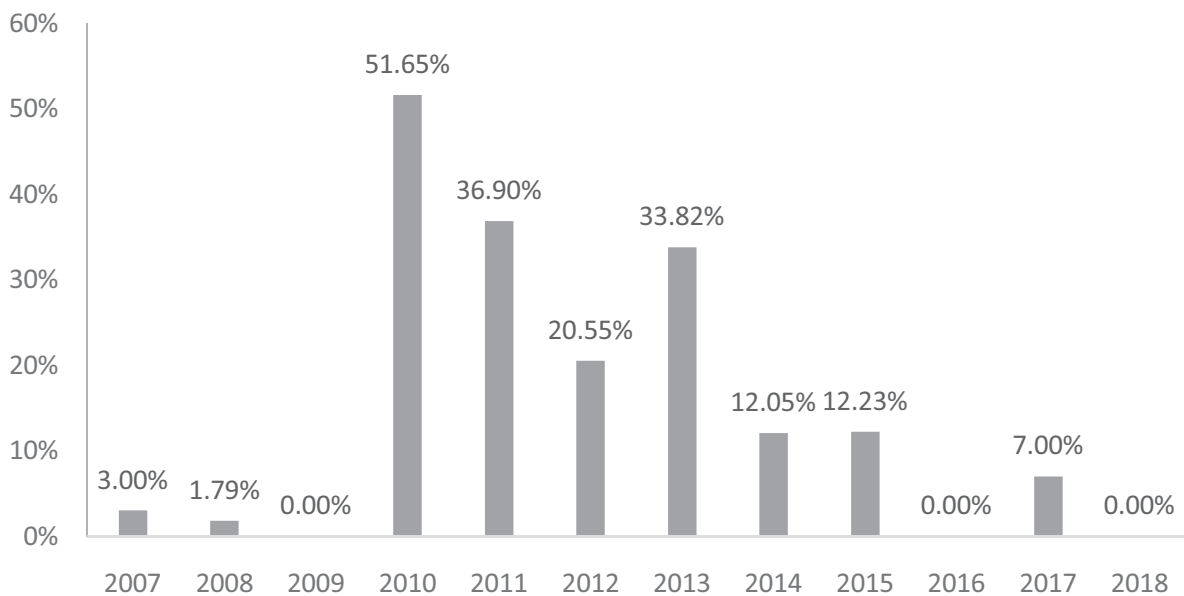
\*\* Relates to announced prices.

**Note:** Past performance of the funds is not indicative of future performance, and the unit price and investment return may go down, as well as up.

## Yearly Performance



## Payout History (% on opening Ex-NAV)



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# TRUSTEE REPORT TO THE UNIT HOLDERS

## **Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Stock Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2018 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: 11 September 2018

**Aftab Ahmed Diwan**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As the Shariah Advisor of the Atlas Islamic Stock Fund (AISF), I am issuing this report in accordance with clause 2.3.4 (V) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Advisor, my responsibility is to express an opinion, based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

For screening investment in equities, I have advised a criteria on the basis of the following: (i) nature of business, (ii) interest bearing debt in relation to the total assets, (iii) illiquid assets in relation to the total assets, (iv) investment in non-Shariah compliant activities to total assets and income from non-compliant investments to gross revenues, and (v) net liquid assets per share vs share price.

As part of my mandate as the Shariah Advisor to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended 30 June 2018 are in compliance with the Shariah principles.

There are investments made by AISF where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Management Company, in consultation with me, the Shariah Advisor of the Fund, have determined the Haram portion of the income of the Fund and marked to charity in order to purify the whole income.

Karachi: 30 June 2018

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

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# INDEPENDENT AUDITOR'S REPORT

## To the Unitholders of Atlas Islamic Income Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Islamic Stock Fund** (the Fund), which comprise the statement of financial position as at June 30, 2018, and the statement of income, comprehensive income, cash flows and movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, or give a true and fair view of the financial position of the Fund as at June 30, 2018, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matter	How the matter was addressed in our audit
<b>1. Existence and valuation of equity investment</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the investments held by the Fund comprised of listed shares which represent 87.55% of the total assets of the Fund as at the year end.</p> <p>In view of the significance of investments in relation to the total assets and the Net Asset Value (NAV) of the Fund, we have considered the existence and valuation of such investments as a key audit matter.</p>	<p>We understood the requirements of the SECP notification and made inquiries from the management in respect of their methodology for implementing the changes with respect to recording of element of income.</p> <p>We performed walkthrough tests for ensuring compliance with the revised requirements and in this respect obtained reports of distribution of income and refund of capital by the Fund.</p> <p>We verified on a test basis transactions with the underlying records of the reports provided by the management. We recalculated the amount available for distribution taking into account amount already distributed at the time of redemption.</p> <p>We verified the accuracy of the management report for allocation of distributable amount between "distribution out of income" and "refund of capital". This included testing the parameters of the report.</p>

Key Audit Matter	How the matter was addressed in our audit
	We verified disclosures relating to change in accounting policy to ensure that these are in compliance with the applicable accounting and reporting framework.
<b>2. Amendments to the NBFC Regulations, 2008</b>	
<p>As disclosed in note 3.8 to the accompanying financial statements of the Fund for the year ended 30 June 2018, the Securities and Exchange Commission of Pakistan through its SRO no. 756(I)/2017 dated 03 August 2017 made certain amendments in the Non-Banking Finance Companies and Notified Entities Regulation, 2008 (the NBFC Regulations).</p> <p>These amendments are considered significant to our audit because application of the said amendments resulted in change in accounting policy relating to presentation "element of income / loss" in the financial statements and certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' (the Statements).</p>	<ul style="list-style-type: none"> <li>- Reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at 30 June 2018.</li> <li>- We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

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## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other matter

The financial statements of the Fund for the year ended 30 June 2017, were audited by another auditor who expressed an unmodified opinion on those statements on 13 September 2017.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

**EY Ford Rhodes**  
Chartered Accountants

Karachi: 6 September 2018

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2018

	Note	2018 -----Rupees-----	2017
<b>ASSETS</b>			
Bank balances	4	314,771,568	442,628,274
Investments	5	1,980,443,244	2,310,721,597
Profit receivable on bank balances		1,936,254	2,078,198
Dividend receivable		1,469,784	8,034,160
Advance, security deposits and other receivable	6	9,222,419	5,197,419
<b>Total assets</b>		<b>2,307,843,269</b>	<b>2,768,659,648</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	16,514,520	17,686,027
Payable to Central Depository Company of Pakistan Limited - Trustee	8	311,948	378,232
Payable to the Securities and Exchange Commission of Pakistan	9	2,309,630	2,184,540
Payable against purchase of investments		9,043,890	32,143,394
Payable against redemption of units	10	174,067	219,844,446
Accrued expenses and other liabilities	11	17,300,296	17,524,253
<b>Total liabilities</b>		<b>45,654,351</b>	<b>289,760,892</b>
<b>NET ASSETS</b>		<b>2,262,188,918</b>	<b>2,478,898,756</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>2,262,188,918</b>	<b>2,478,898,756</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>4,265,137</b>	<b>4,058,678</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>530.39</b>	<b>610.77</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 -----Rupees-----	2017
<b>INCOME</b>			
Profit on bank balances		21,180,036	13,855,981
Dividend income		111,158,890	91,144,325
Capital (loss) / gain on sale of investments - net		(154,666,593)	247,778,066
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(94,012,535)	176,579,916
		<b>(248,679,128)</b>	<b>424,357,982</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.8	-	93,256,667
<b>Total Income</b>		<b>(116,340,202)</b>	<b>622,614,955</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	48,623,772	45,990,386
Sindh sales tax on remuneration of the Management Company	7.2	6,321,090	5,978,750
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	3,428,357	3,302,260
Sindh sales tax on remuneration of the Trustee		445,687	429,294
Annual fee - Securities and Exchange Commission of Pakistan	9	2,309,630	2,184,540
Accounting and operational charges	13	2,403,047	2,264,390
Sindh Sales Tax on accounting and operational charges		-	181,151
Shariah advisory fee		334,287	345,401
Auditors' remuneration	16	302,000	309,920
Securities transaction cost		3,232,454	4,592,648
Annual listing fee and SECP supervisory fee		27,500	55,000
Advertisement and Marketing		43,653	-
Printing charges		258,373	125,897
Legal and professional charges		76,826	123,760
Bank charges		30,340	101,564
Reversal of provision for Workers' Welfare Fund	11.2	-	(21,015,392)
Provision for Sindh Workers' Welfare Fund	11.2	-	15,491,188
<b>Total Expenses</b>		<b>67,837,016</b>	<b>60,460,757</b>
<b>Net (loss) / income for the year before taxation</b>		<b>(184,177,218)</b>	<b>562,154,198</b>
<b>Taxation</b>	17	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(184,177,218)</b>	<b>562,154,198</b>
<b>Loss / earning per unit</b>	18		

The annexed notes from 1 to 32 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	-----Rupees-----	
<b>Net (loss) / income for the year after taxation</b>	<b>(184,177,218)</b>	<b>562,154,198</b>
Other comprehensive (loss) / income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b><u>(184,177,218)</u></b>	<b><u>562,154,198</u></b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018		
	Capital Value	Undistributed income	Net Assets
Note	-----Rupees-----		
Capital value	1,642,603,322	-	1,642,603,322
<b>Undistributed income brought forward</b>			
- Realised income	-	608,077,116	608,077,116
- Unrealised income	-	228,218,318	228,218,318
<b>Net assets at end of the year (Unit outstanding: 4,058,678) (Rs. 610.77 per unit)</b>	<b>1,642,603,322</b>	<b>836,295,434</b>	<b>2,478,898,756</b>
Issuance of 3,283,010 units	1,764,585,177	-	1,764,585,177
Redemption of 3,076,551 units	1,653,461,372	-	1,653,461,372
Total comprehensive loss for the year	-	(184,177,218)	(184,177,218)
Shariah non-compliant income set-aside for charity	-	(1,602,704)	(1,602,704)
Cash dividend declared for the year ended 30 June 2017 @ Rs. 35 per unit declared on 7 July 2017	-	(142,053,721)	(142,053,721)
<b>Net assets at end of the year (Unit outstanding: 8,657,936) (Rs. 620.86 per unit)</b>	<b>1,753,727,127</b>	<b>508,461,791</b>	<b>2,262,188,918</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	487,686,197	-
- Unrealised income	-	20,775,594	-
	-	<b>508,461,791</b>	-

	Note	June 30, 2017 --- (Rupees) ---
Capital value		1,136,394,219
<b>Undistributed income brought forward</b>		
- Realised income		186,509,132
- Unrealised income		88,885,893
		<b>275,395,025</b>
<b>Net assets at beginning of the year (Unit outstanding: 2,987,494) (Rs. 472.57 per unit)</b>		1,411,789,244
Issue of 3,527,505 units		2,079,603,184
Redemption of 2,456,321 units		(1,480,137,414)
		<b>599,465,770</b>
Element of income and capital gains included in prices of units sold less those in units redeemed transferred to income statement - net	3.8	(93,256,667)
Other income (net of expenses) for the year		137,796,216
Capital gain on sale of investments - net		247,778,066
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss' - net		176,579,916
<b>Total Comprehensive income for the year</b>		<b>562,154,198</b>
Shariah non-compliant income set-aside for charity		(1,253,789)
<b>Net assets at end of the year (Unit outstanding: 4,058,678) (Rs. 610.77 per unit)</b>		<b>2,478,898,756</b>
<b>Undistributed income carried forward</b>		
- Realised income		608,077,116
- Unrealised income		228,218,318
		<b>836,295,434</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) / income for the year after taxation	(184,177,218)	562,154,198
<b>Adjustments for:</b>		
Profit on bank balances	(21,180,036)	(13,855,981)
Dividend income	(111,158,890)	(91,144,325)
Capital loss / (gain) on sale of investments - net	154,666,593	(247,778,066)
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	94,012,535	(176,579,916)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(93,256,667)
Reversal of provision for Workers' Welfare Fund	-	(21,015,392)
Provision for Sindh Workers' Welfare Fund	-	15,491,188
	<b>116,340,202</b>	<b>(628,139,159)</b>
<b>Increase in assets</b>		
Security deposits and other receivable	(4,025,000)	(122,589)
<b>(Decrease) / increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(1,171,507)	2,828,032
Payable to Central Depository Company of Pakistan Limited - Trustee	(66,284)	133,474
Payable to the Securities and Exchange Commission of Pakistan	125,090	922,336
Payable against purchase of investments	(23,099,504)	32,143,394
Accrued and other liabilities	(1,826,661)	(756,383)
	<b>(26,038,866)</b>	<b>35,270,853</b>
Profit received on bank balances	21,321,980	12,174,126
Dividend received	117,723,266	84,595,465
Investments made during the year	(1,582,141,536)	(2,608,813,137)
Investments sold during the year	1,663,740,761	2,089,612,012
<b>Net cash generated from / (used in) operating activities</b>	<b>122,743,589</b>	<b>(453,268,231)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	1,764,585,177	2,079,828,184
Net payments against redemption of units	(1,873,131,751)	(1,260,785,948)
Dividend paid	(142,053,721)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(250,600,295)</b>	<b>819,042,236</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>	<b>(127,856,706)</b>	<b>365,774,005</b>
Cash and cash equivalents at the beginning of the year	442,628,274	76,854,269
<b>Cash and cash equivalents at the end of the year</b>	<b>314,771,568</b>	<b>442,628,274</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open-ended collective investment scheme constituted under a Trust Deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third, Fourth and Fifth Supplemental Trust Deeds dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010 and 23 May 2017, respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplements dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010, 20 September 2013, 24 March 2015, 29 September 2016, 2 June 2017 and 25 May 2018 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant equity scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis from 15 January 2007 and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to investors to invest in diversified and professionally managed investment portfolio of shariah compliant securities such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding term deposit receipts) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.
- 1.4 The titles of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS OF PREPERATION

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of directives issued under the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

### **New Standards, Interpretations and Amendments**

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## Standard

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)  
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

## 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

2.2.1 The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
- IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
- IFRS 9 - Financial Instruments	01 July 2018
- IFRS 9 - Prepayment Features with Negative Compensation - (Amendments)	01 January 2019
- IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 15 - Revenue from Contracts with Customers	01 July 2018
- IFRS 16 - Leases	01 January 2019
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures - (Amendments)	01 January 2019
- IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
- IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application. However, the Fund is currently evaluating the requirements of IFRS-9 and potential impact on the financial statements of the Fund.

## 2.3 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follow:

- Classification and valuation of investments (note 3.1.1, 3.1.4 and 5)
- Impairment of financial assets (note 3.1.5)
- Taxation (note 3.11 and 18)
- Provisions (note 3.5 and 12.2)

### 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

### 2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out as below. These policies have been applied consistently to all years except for the changes in accounting policies as explained in the note 3.9 below.

### 3.1 Financial assets

#### 3.1.1 Classification

The Fund classifies its financial assets in the following categories: Financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### a) Financial assets at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as at fair value through profit or loss if they are acquired for the purpose of selling in the near term.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

#### 3.1.2 Regular way contracts

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

## 3.1.4 Subsequent measurement

### a) Equity securities

Subsequent to initial recognition, financial investment in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on such revaluation is taken to the income statement for securities carried at fair value through profit or loss.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously recognised in other comprehensive income, is shown as part of net income for the year.

### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

## 3.1.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of provision is determined based on the provisioning criteria specified by the SECP.

## 3.1.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of assets and liabilities only when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 3.1.7 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.2 Cash and cash equivalents

Cash and cash equivalents include deposits with banks and other short term highly liquid investments with original maturities of three months or less.

## 3.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

## 3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Presently, the Fund does not have any derivative instrument.

## 3.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## 3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

## 3.7 Distribution to unit holders

Distribution to unit holders is recognised upon declaring and approval by the Distribution Committee of the Board of Directors of the Management Company under powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Director of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

## 3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

The SECP through its SRO no. 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations with respect to the accounting treatment and disclosure requirements as summarized below:

(a) The notification includes a definition and explanation relating to ""element of income"" and excludes the element of income from the expression ""accounting income"" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting year.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(b) The revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund.

(c) The regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting year was recognised in the Income Statement.

The above changes resulted in a change in accounting policy with respect to the presentation element of income / (loss) and capital gains / (loss). As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its SRO no. 756(I)/2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been higher by Rs. 7.75 million. However, the change in accounting policy does not have any impact on the 'Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'Statement of Assets and Liabilities' and 'Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures / new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund' which have been incorporated in these statements.

Additionally, the revised regulations required that for the purpose of maintaining the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

The income paid on redemption of units during the year will be considered as distribution of income during the year and therefore, will be deducted from the net income to arrive at the income available for distribution to the unit holders at the end of the year. MUFAP, in consultation with the SECP, has specified the methodology of determination of income paid on units redeemed during the year which has been followed by the Fund.

### 3.9 Revenue recognition

- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income on bank balances, placements and deposits is recognised on an accrual basis.
- Unrealised appreciation / (diminution) in the value of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

### 3.10 Expenses

All expenses chargeable to the Fund including remuneration of Management Company and Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 3.11 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no provision is made for current and deferred taxation in these financial statements.

## 3.12 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

## 3.13 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculation EPU is not practicable.

4 BANK BALANCES	Note	2018 -----Rupees-----	2017 -----Rupees-----
In local currency			
- Profit and loss sharing accounts	4.1	313,141,170	442,218,003
- Current account		36,398	250,271
- Cheque in hand	4.2	1,594,000	160,000
		<u>314,771,568</u>	<u>442,628,274</u>

4.1 The rate of return on these profit and loss sharing accounts ranges between 3.00% to 6.50% (30 June 2017: 2.00% to 5.60%) per annum.

4.2 This denotes cheque received against issue of units which was deposited and cleared in the bank account subsequent to the year end on 10 July 2018.

5 INVESTMENTS	Note	2018 -----Rupees-----	2017 -----Rupees-----
<b>At fair value through profit or loss</b>			
- Listed equity securities	5.1	1,980,443,244	2,310,721,597
		<u>1,980,443,244</u>	<u>2,310,721,597</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 5.1 Listed equity securities

Shares of listed companies - fully paid ordinary shares with a face value of Rs. 10 each unless stated otherwise.

Name of Investee Company	As at 01 July 2017	Purchases during the year	Bonus / Right shares during the year	Sales during the year	As at 30 June 2018	Carrying Cost	Market Value	Market Value as a Percentage of total investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
	-----Number of shares-----					-----Rupees-----		-----Percentage-----		
<b>At fair value through profit or loss - equity securities</b>										
Meezan Bank Limited	634,500	1,473,000	35,490	215,000	1,927,990	145,900,910	157,555,343	7.96	6.96	0.18
	<b>634,500</b>	<b>1,473,000</b>	<b>35,490</b>	<b>215,000</b>	<b>1,927,990</b>	<b>145,900,910</b>	<b>157,555,343</b>	<b>7.96</b>	<b>6.96</b>	<b>0.18</b>
<b>TEXTILE COMPOSITE</b>										
Kohinoor Textile Mills Limited	-	556,800	-	156,800	400,000	23,833,351	21,996,000	1.11	0.97	0.13
Nishat Mills Limited	480,000	305,000	-	235,000	550,000	85,642,115	77,506,000	3.91	3.43	0.16
	<b>480,000</b>	<b>861,800</b>	<b>-</b>	<b>391,800</b>	<b>950,000</b>	<b>109,475,466</b>	<b>99,502,000</b>	<b>5.02</b>	<b>4.40</b>	<b>0.29</b>
<b>WOOLLEN</b>										
Bannu Woollen Mills Limited	-	24,500	-	24,500	-	-	-	-	-	-
	<b>-</b>	<b>24,500</b>	<b>-</b>	<b>24,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CEMENT</b>										
Attock Cement Pakistan Limited	-	100,300	-	-	100,300	15,899,371	13,488,344	0.68	0.60	0.09
Cherat Cement Company Limited	175,000	-	-	175,000	-	-	-	-	-	-
D.G. Khan Cement Company Limited	280,000	754,500	-	419,500	615,000	92,242,403	70,411,350	3.56	3.11	0.14
Fauji Cement Company Limited	2,400,000	-	-	2,400,000	-	-	-	-	-	-
Kohat Cement Company Limited	289,200	211,600	-	435,800	65,000	13,817,123	7,999,550	0.40	0.35	0.04
Lucky Cement Limited (see note 5.3)	185,000	113,200	-	83,200	215,000	150,235,616	109,204,950	5.51	4.83	0.07
Maple Leaf Cement Factory Limited	-	175,000	-	-	175,000	9,043,890	8,879,500	0.45	0.39	0.03
Pioneer Cement Limited	522,500	25,000	-	247,500	300,000	38,738,972	14,058,000	0.71	0.62	0.13
	<b>3,851,700</b>	<b>1,379,600</b>	<b>-</b>	<b>3,761,000</b>	<b>1,470,300</b>	<b>319,977,375</b>	<b>224,041,694</b>	<b>11.31</b>	<b>9.90</b>	<b>0.50</b>
<b>REFINERY</b>										
Attock Refinery Limited	-	50,000	-	50,000	-	-	-	-	-	-
National Refinery Limited	30,000	25,000	-	30,000	25,000	10,485,807	11,075,250	0.56	0.49	0.03
	<b>30,000</b>	<b>75,000</b>	<b>-</b>	<b>80,000</b>	<b>25,000</b>	<b>10,485,807</b>	<b>11,075,250</b>	<b>0.56</b>	<b>0.49</b>	<b>0.03</b>
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
K-Electric Limited (face value 3.5)	4,000,000	2,100,000	-	3,100,000	3,000,000	20,699,645	17,040,000	0.86	0.75	0.01
Lalpir Power Limited	-	150,000	-	38,000	112,000	2,464,045	2,151,520	0.11	0.10	0.03
Pakgen Power Limited	-	1,500,000	-	-	1,500,000	33,044,698	28,920,000	1.46	1.28	0.40
The Hub Power Company Limited (see note 5.3)	1,200,000	612,900	-	512,750	1,300,150	145,833,999	119,821,824	6.05	5.30	0.11
	<b>5,200,000</b>	<b>4,362,900</b>	<b>-</b>	<b>3,650,750</b>	<b>5,912,150</b>	<b>202,042,387</b>	<b>167,933,344</b>	<b>8.48</b>	<b>7.42</b>	<b>0.55</b>
<b>OIL &amp; GAS MARKETING COMPANIES</b>										
Attock Petroleum Limited	105,100	43,250	-	72,500	75,850	44,937,064	44,750,742	2.26	1.98	0.09
Pakistan State Oil Company Limited (see note 5.3 & 5.4)	235,000	-	34,000	105,000	164,000	52,937,832	52,202,840	2.64	2.31	0.05
Sui Northern Gas Pipelines Limited	650,000	451,700	-	630,000	471,700	57,002,807	47,273,774	2.39	2.09	0.07
Sui Southern Gas Company Limited	400,000	75,000	-	475,000	-	-	-	-	-	-
	<b>1,390,100</b>	<b>569,950</b>	<b>34,000</b>	<b>1,282,500</b>	<b>711,550</b>	<b>154,877,703</b>	<b>144,227,356</b>	<b>7.28</b>	<b>6.38</b>	<b>0.21</b>
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Mari Petroleum Company Limited	94,510	13,900	-	33,400	75,010	117,466,254	112,978,562	5.70	4.99	0.07
Oil & Gas Development Company Limited	775,500	965,200	-	375,700	1,365,000	207,283,770	212,421,300	10.73	9.39	0.03
Pakistan Oilfields Limited	190,100	118,500	-	144,600	164,000	80,066,189	110,173,560	5.56	4.87	0.07
Pakistan Petroleum Limited (see note 5.3)	760,000	350,000	-	322,500	787,500	136,879,431	169,233,750	8.55	7.48	0.04
	<b>1,820,110</b>	<b>1,447,600</b>	<b>-</b>	<b>876,200</b>	<b>2,391,510</b>	<b>541,695,644</b>	<b>604,807,172</b>	<b>30.54</b>	<b>26.74</b>	<b>0.21</b>
<b>ENGINEERING</b>										
International Industries Limited	215,000	143,500	-	193,500	165,000	52,456,002	38,327,850	1.94	1.69	0.14
International Steels Limited	100,000	552,000	-	652,000	-	-	-	-	-	-
Mughal Iron And Steel Industries Limited	-	105,000	-	-	105,000	7,831,404	6,449,100	0.33	0.29	0.04
	<b>315,000</b>	<b>800,500</b>	<b>-</b>	<b>845,500</b>	<b>270,000</b>	<b>60,287,406</b>	<b>44,776,950</b>	<b>2.26</b>	<b>1.98</b>	<b>0.18</b>
<b>AUTOMOBILE ASSEMBLER</b>										
Atlas Honda Limited	30,000	-	-	9,500	20,500	12,382,615	10,455,000	0.53	0.46	0.02
Millat Tractors Limited	12,500	-	-	-	12,500	17,180,500	14,850,750	0.75	0.66	0.03
Pak Suzuki Motor Company Limited	27,000	-	-	27,000	-	-	-	-	-	-
	<b>69,500</b>	<b>-</b>	<b>-</b>	<b>36,500</b>	<b>33,000</b>	<b>29,563,115</b>	<b>25,305,750</b>	<b>1.28</b>	<b>1.12</b>	<b>0.05</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Name of Investee Company	As at 01 July 2017	Purchases during the year	Bonus / Right shares during the year	Sales during the year	As at 30 June 2018	Carrying Cost	Market Value	Market Value as a Percentage of total investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
	-----Number of shares-----					-----Rupees-----		-----Percentage-----		
<b>At fair value through profit or loss - equity securities</b>										
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>										
Agriauto Industries Limited (face value Rs. 5)	80,000	-	-	1,000	79,000	34,120,100	23,305,000	1.18	1.03	0.27
Thal Limited (face value Rs. 5)	55,000	14,000	-	69,000	-	-	-	-	-	-
The General Tyre & Rubber Company of Pakistan Limited	-	130,000	-	130,000	-	-	-	-	-	-
	<b>135,000</b>	<b>144,000</b>	<b>-</b>	<b>200,000</b>	<b>79,000</b>	<b>34,120,100</b>	<b>23,305,000</b>	<b>1.18</b>	<b>1.03</b>	<b>0.27</b>
<b>CABLES &amp; ELECTRICAL GOODS</b>										
Pak Elektron Limited	425,000	925,000	-	745,000	605,000	37,770,979	21,453,300	1.08	0.95	0.12
Pakistan Cables Limited	2,000	-	-	2,000	-	-	-	-	-	-
	<b>427,000</b>	<b>925,000</b>	<b>-</b>	<b>747,000</b>	<b>605,000</b>	<b>37,770,979</b>	<b>21,453,300</b>	<b>1.08</b>	<b>0.95</b>	<b>0.12</b>
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>										
Pakistan Telecommunication Company Limited	1,500,000	81,500	-	1,581,500	-	-	-	-	-	-
Systems Limited	-	143,000	-	-	143,000	13,678,260	14,474,460	0.73	0.64	0.13
	<b>1,500,000</b>	<b>224,500</b>	<b>-</b>	<b>1,581,500</b>	<b>143,000</b>	<b>13,678,260</b>	<b>14,474,460</b>	<b>0.73</b>	<b>0.64</b>	<b>0.13</b>
<b>FERTILIZER</b>										
Dawood Hercules Corporation Limited	400,000	46,900	-	196,100	250,800	33,528,793	27,783,624	1.40	1.23	0.05
Engro Corporation Limited	440,000	605,000	-	450,000	595,000	176,597,744	186,746,700	9.43	8.26	0.11
Engro Fertilizers Limited	3,000,000	300,000	-	1,400,000	1,900,000	108,909,120	142,329,000	7.19	6.29	0.14
	<b>3,840,000</b>	<b>951,900</b>	<b>-</b>	<b>2,046,100</b>	<b>2,745,800</b>	<b>319,035,657</b>	<b>356,859,324</b>	<b>18.02</b>	<b>15.77</b>	<b>0.30</b>
<b>PHARMACEUTICALS</b>										
Abbott Laboratories (Pakistan) Limited	34,050	-	-	34,050	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	25,000	-	25,000	-	-	-	-	-	-
Glaxosmithkline Pakistan Limited	145,000	-	-	144,800	200	39,384	33,200	0.00	0.00	-
The Searle Company Limited (see note 5.4)	250	45,000	50	13,300	32,000	10,475,077	10,864,000	0.55	0.48	0.02
	<b>179,300</b>	<b>70,000</b>	<b>50</b>	<b>217,150</b>	<b>32,200</b>	<b>10,514,461</b>	<b>10,897,200</b>	<b>0.55</b>	<b>0.48</b>	<b>0.02</b>
<b>CHEMICALS</b>										
Archroma Pakistan Limited	12,500	-	-	12,100	400	285,116	202,000	0.01	0.01	-
Dynea Pakistan Limited	-	22,500	-	22,500	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	1,125,000	1,408,500	-	2,533,500	-	-	-	-	-	-
ICI Pakistan Limited	-	8,000	-	8,000	-	-	-	-	-	-
Ittehad Chemicals Limited	-	150,000	-	150,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	1,500,000	1,700,000	-	2,000,000	1,200,000	14,171,775	14,352,000	0.72	0.63	0.08
Sitara Chemical Industries Limited	30,000	-	-	30,000	-	-	-	-	-	-
	<b>2,667,500</b>	<b>3,289,000</b>	<b>-</b>	<b>4,756,100</b>	<b>1,200,400</b>	<b>14,456,891</b>	<b>14,554,000</b>	<b>0.73</b>	<b>0.64</b>	<b>0.08</b>
<b>PAPER &amp; BOARD</b>										
Packages Limited	-	55,000	-	5,000	50,000	31,824,942	24,486,000	1.24	1.08	0.06
	-	<b>55,000</b>	<b>-</b>	<b>5,000</b>	<b>50,000</b>	<b>31,824,942</b>	<b>24,486,000</b>	<b>1.24</b>	<b>1.08</b>	<b>0.06</b>
<b>LEATHER &amp; TANNERIES</b>										
Service Industries Limited	-	27,020	-	650	26,370	23,342,650	20,699,923	1.05	0.92	0.22
	-	<b>27,020</b>	<b>-</b>	<b>650</b>	<b>26,370</b>	<b>23,342,650</b>	<b>20,699,923</b>	<b>1.05</b>	<b>0.92</b>	<b>0.22</b>
<b>FOODS &amp; PERSONAL CARE PRODUCTS</b>										
Al Shaheer Corporation Limited (see note 5.4)	6,713	525,000	-	-	531,713	15,406,026	14,489,178	0.73	0.64	0.37
Engro Foods Limited	-	170,000	-	170,000	-	-	-	-	-	-
	<b>6,713</b>	<b>695,000</b>	<b>-</b>	<b>170,000</b>	<b>531,713</b>	<b>15,406,026</b>	<b>14,489,178</b>	<b>0.73</b>	<b>0.64</b>	<b>0.37</b>
<b>GLASS &amp; CERAMICS</b>										
Ghani Glass Limited	-	100,000	-	100,000	-	-	-	-	-	-
Shabbir Tiles & Ceramics Limited	-	600,000	-	600,000	-	-	-	-	-	-
Tariq Glass Industries Limited	700	175,000	-	175,700	-	-	-	-	-	-
	<b>700</b>	<b>875,000</b>	<b>-</b>	<b>875,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>MISCELLANEOUS</b>										
Tri-Pack Films Limited	-	12,000	-	12,000	-	-	-	-	-	-
	-	<b>12,000</b>	<b>-</b>	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total as at 30 June 2018</b>						<b>2,074,455,779</b>	<b>1,980,443,244</b>	<b>100.00</b>	<b>87.55</b>	
<b>Total as at 30 June 2017</b>						<b>2,134,141,681</b>	<b>2,310,721,597</b>			

5.2 The cost of listed equity securities as at 30 June 2018 is Rs. 1,959,667,650 (2017: Rs. 2,082,503,279).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 5.3 The above investments include shares which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades:

	Number of shares		Market value	
	2018	2017	2018	2017
			----- Rupees -----	
The Hub Power Company Limited	200,000	200,000	18,432,000	23,486,000
Pakistan Petroleum Company Limited	135,000	135,000	29,011,500	19,998,900
Pakistan State Oil Company Limited	110,000	110,000	35,014,100	42,608,500
Lucky Cement Limited	75,000	75,000	38,094,750	62,719,500
			<b>120,552,350</b>	<b>148,812,900</b>

- 5.4 The investment in equity securities include the bonus shares having market value of Rs. 0.69 million withheld by the investee companies, as issuance of bonus shares has been made taxable through Finance Act, 2014.

The management of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, have filed various petitions in Honorable Sindh High Court challenging the levy of withholding of income tax on Bonus shares received by mutual funds based on the principle that exemption is already given to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule of the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay orders while the matter is still pending adjudication.

The Honorable Supreme Court in its decision dated June 27, 2018 in a case held that the suits which are already pending or shall be filed in future, must only be maintained / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. In pursuance of said Supreme Court order, SHC issued notices of hearing for cases of tax related matters and held that Plaintiffs are directed to deposit 50% of amount claimed by the tax department, if the deposits are not made within time, the suits stand dismissed as not maintainable. MUFAP discussed this matter with the lawyer alongwith members of the AMC's, and it was agreed that 50% of the said tax withheld amount must have to be deposited, in order of saving our remaining 50% withheld tax amount. The lawyer vide its letters dated August 16, 2018 has directed share registrars to deposit 50% of tax withheld in FBR accounts, in respect of all bonus shares cases.

6 ADVANCE, SECURITY DEPOSITS AND OTHER RECEIVABLE	Note	2018	2017
		----- Rupees -----	
Held with:			
National Clearing Company of Pakistan Limited		2,500,000	2,500,000
Central Depository Company of Pakistan Limited		100,000	100,000
Withholding tax receivable	6.1	2,597,419	2,597,419
Advance against book building - At-Tahur Limited		4,025,000	-
		<b>9,222,419</b>	<b>5,197,419</b>

- 6.1 As per Clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under sections 150 and 151. However, several Companies (including banks) deducted withholding tax on dividend and profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. Such deductions aggregate to Rs. 2.597 million (2017: 2.597 million).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all Funds managed by the Company to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted from dividend and profit received on bank deposits by the Funds has been shown as other receivable as at 30 June 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2018	2017
			-----Rupees-----	
	Remuneration of the Management Company	7.1	3,817,436	4,793,989
	Sindh Sales Tax payable on remuneration of the Management Company	7.2	2,052,827	2,179,779
	Federal Excise Duty payable on remuneration of the Management Company	7.3	10,453,385	10,453,385
	Accounting and operational charges payable	13	190,872	239,698
	Sindh Sales Tax on accounting and operational charges		-	19,176
			<b>16,514,520</b>	<b>17,686,027</b>

7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of equity schemes. Previously the Management Company was entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and, thereafter at the rate of 2% of such assets. During the year ended 30 June 2018, the Management Company has charged its remuneration at the rate of 2% (2017: 2%) per annum of the average annual net assets of the Fund. The fee is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 6,321,090 (2017: Rs. 5,978,750) was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 6,448,042 (2017: Rs. 5,689,755) has been paid to the Management Company which acts as the collecting agent.

7.3 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 8.2 above, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 10.453 million (30 June 2017: Rs 10.453 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs 2.45 per unit (30 June 2017: Rs 2.58 per unit).

<b>8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		-----Rupees-----	
Trustee fee	8.1	273,062	324,719
Sindh Sales Tax payable on trustee fee	8.2	35,497	42,213
Settlement charges		3,000	10,000
Sindh Sales Tax payable on settlement charges		389	1,300
		<b>311,948</b>	<b>378,232</b>

**8.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs. 1,000 million Rs. 0.7 million or 0.20% per annum of Net Asset Value whichever is higher
- On an amount exceeding Rs.1,000 million Rs. 2.0 million plus 0.10% per annum of Net Asset Value exceeding Rs. 1,000 million

**8.2** During the year, an amount of Rs. 445,687 (2017: Rs 429,294) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 452,403 (2017: Rs. 415,268) was paid to the Trustee which acts as a collecting agent.

<b>9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		-----Rupees-----	
Annual fee payable	9.1	<b>2,309,630</b>	<b>2,184,540</b>

**9.1** In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an equity scheme is required to pay the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

### **10 PAYABLE AGAINST REDEMPTION OF UNITS**

This includes payable against units redeemed to the unit holders based on their request for transfer of units from the Fund to other funds managed by the Management Company.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11 ACCRUED AND OTHER LIABILITIES	Note	2018	2017
		-----Rupees-----	
Auditors' remuneration payable		241,365	-
Printing charges payable		171,177	141,155
Rating fee payable		140,000	140,000
Charity payable		463,265	189,888
Transaction charges payable		368,629	613,844
Legal and professional charges payable		-	100,000
Withholding tax and Capital gain payable		73,467	188,577
Payable to Shariah Advisor		75,004	85,713
Provision for Sindh Workers' Welfare Fund	11.2	15,491,187	15,491,188
Others		276,202	350,456
		<b>17,300,296</b>	<b>17,524,253</b>

**11.1** The Shariah Advisor of the Fund, has certified an amount of Rs. 1,602,704 (30 June 2017: Rs. 1,253,789) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity.

**11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2018 would have been higher by Rs. 3.63 per unit (30 June 2017: Rs. 3.82 per unit)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2018 and 30 June 2017.

## 13 ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund in respect of the back office accounting function to an independent service provider.

## 14 ADVERTISEMENT AND MARKETING EXPENSES

In connection with Regulation 60(3)(v) of the NBFC Regulations, SECP has issued Circular No. 40 of 2016 dated December 30, 2016 (later amended vide Circular No. 05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from 1 January 2017 till 31 December 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less.

Keeping in view the aforementioned Circular provided by the SECP, the Board of Directors of the Management Company have approved the plan in April 2017, as required by the said circular and have approved selling and marketing expenses to be charged to the Fund.

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular and approved plan) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the year ended 30 June 2018 are lower than 0.4% per annum of net assets of the Fund. Accordingly, with effect from 1 July 2017, the Management Company has charged expenses in the Fund on the actual basis being lower than the allowed limit.

## 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2018 is 2.79% (30 June 2017: 2.63%) which includes 0.40% (30 June 2017:1.10%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

## 16 AUDITORS' REMUNERATION

	2018	2017
	-----Rupees-----	
Audit fee	120,000	120,000
Half yearly review of financial statements	60,000	60,000
Review of statement of compliance with Code of Corporate Governance	-	39,600
Certification charges	50,000	-
Sindh Sales Tax on Services	29,900	20,736
Out of pocket expenses	42,100	69,584
	<b>302,000</b>	<b>309,920</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 17 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the Fund has incurred net loss for the year hence, no distribution has been made by the Fund.

## 18 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**19.1** Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors, their close family members and key management personnel of the Management Company or for any of the connected persons of the Management Company.

**19.2** Transactions with connected persons essentially comprise issue and redemption of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

**19.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

**19.4** The details of transactions carried out by the Fund with connected persons during the year and the balances with them at the year end are as follows:

	2018	2017
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	48,623,772	45,990,386
Remuneration paid	49,600,325	43,583,696
Sindh sales tax on remuneration of the Management Company	6,321,090	5,978,750
Accounting and operational charges	2,403,047	2,264,390
Sindh Sales Tax on accounting and operational charges	-	181,151
Remuneration payable to the Management Company	3,817,436	4,793,989
Issue of 2,711 (2017: Nil) units	1,561,061	-
Redemption of Nil (2017: 11,971) units	-	7,500,000
Outstanding 53,685 (2017:50,973) units - at net asset value	28,473,822	31,132,779
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	3,428,357	3,302,260
Sindh sales tax on remuneration of the Trustee	445,687	429,294
Remuneration paid	3,480,014	3,178,875
Remuneration payable to the Trustee	273,062	324,719
Settlement charges	143,373	188,900
Sindh sales tax on settlement charges	18,639	24,557

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	-----Rupees-----	
<b>Atlas Battery Limited (Group Company)</b>		
Issue of 69,611 (2017: 1,160,763) units	40,080,134	662,253,087
Redemption of 506,353 (2017:320,875) units	280,000,000	200,000,000
Dividend paid	450,805,868	-
Outstanding 871,997 (2017: 1,308,739) units - at net asset value	462,498,556	799,338,519
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 38,374 (2017: Nil) units	22,094,487	-
Dividend paid	25,250,842	-
Outstanding 759,826 (2017: 721,453) units - at net asset value	403,004,346	440,641,849
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 1,188,416 (2017: 731,162) units	622,305,049	408,487,682
Redemption of 1,392,013 (2017: 819,021) units	732,847,282	477,893,034
Dividend paid	18,231,368	-
Outstanding 317,300 (2017: 520,896 ) units - at net asset value	168,292,639	318,147,650
<b>Atlas Foundation (Group company)</b>		
Issue of 5,235 (2017: 9,784) units	3,013,961	5,000,000
Dividend paid	3,444,527	-
Outstanding 103,650 (2017: 98,414) units - at net asset value	54,974,774	60,108,319
<b>Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of 6,564 (2017: Nil) units	3,779,464	-
Dividend paid	3,779,464	-
Outstanding 114,549 (2017:107,985) units - at net asset value	60,755,585	65,953,998
<b>Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of 2,561 (2017: Nil) units	1,474,815	-
Redemption of 44,699 (2017:15,780) units	24,587,154	9,860,449
Dividend paid	1,474,815	-
Outstanding Nil (2017:42,138) units - at net asset value	-	25,736,626
<b>Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of group company)</b>		
Issue of 1,654 (2017: Nil) units	952,589	-
Dividend paid	952,589	-
Redemption 17,557 (2017:Nil)	10,000,000	-
Outstanding 11,314 (2017: 27,217) units - at net asset value	6,001,096	16,623,327
<b>Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of 71,124 (2017: Nil)	35,521,285	-
Redemption of Nil (2017: 8,078) units	-	5,000,000
Dividend paid	1,903,401	-
Outstanding 125,506 (2017: 54,383) units - at net asset value	66,567,313	33,214,894

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	-----Rupees-----	
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 5,524 (2017: Nil)	3,180,500	-
Dividend paid	3,634,857	-
Outstanding 109,377 (2017: 103,853) units - at net asset value	58,012,449	63,430,297
<b>Atlas Insurance Limited Window Takaful Operation</b>		
Issue of 44,617 (2017: 40,327) units	22,949,462	24,000,000
Redemption of 42,472 (2017: Nil) units	21,714,458	-
Dividend paid	1,411,453	-
Outstanding 42,472 (2017: 40,327) units - at net asset value	22,526,515	24,630,522
<b>Cherat Cement Company Limited Employees Provident Fund</b>		
Issue of 174 (2017: 3,274) units	100,279	2,096,423
Redemption of 3,449 (2017: Nil)	1,721,259	-
Outstanding Nil (2017: 3,274) units - at net asset value	-	1,999,919
<b>Shirazi Investments (Private) Limited -Employee Provident Fund</b>		
Issue of 25,607 (2017: Nil) units	13,450,000	-
Outstanding 25,607 (2017: Nil) units - at net asset value	13,581,656	-
<b>Directors and their close family members and key management personnel and executives of the Management Company</b>		
Issue of 24,986 (2017: 408) units	13,265,985	249,421
Redemption of 16,932 (2017: 24,539) units	8,912,176	15,067,318
Dividend Paid	4,480,548	-
Outstanding 136,070 (2017: 126,891) units - at net asset value	72,170,026	77,501,216

19.5 Other balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

### 20 FINANCIAL INSTRUMENTS BY CATEGORY

	-----As at 30 June 2018-----			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	----- (Rupees) -----			
<b>Financial Assets</b>				
Bank balances	314,771,568	-	-	314,771,568
Investments	-	1,980,443,244	-	1,980,443,244
Profit receivable on bank balances	1,936,254	-	-	1,936,254
Dividend receivable	1,469,784	-	-	1,469,784
	<b>318,177,606</b>	<b>1,980,443,244</b>	<b>-</b>	<b>2,298,620,850</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

-----As at 30 June 2018-----			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- (Rupees) -----			
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	16,514,520	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee	-	311,948	311,948
Payable against purchase of investments	-	9,043,890	9,043,890
Payable against redemption of units	-	174,067	174,067
Accrued expenses and other liabilities	-	1,735,642	1,735,642
	-	<b>27,780,067</b>	<b>27,780,067</b>

-----As at 30 June 2017-----				
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
----- (Rupees) -----				
<b>Financial Assets</b>				
Bank balances	442,628,274	-	-	442,628,274
Investments	-	2,310,721,597	-	2,310,721,597
Profit receivable on bank balances	2,078,198	-	-	2,078,198
Dividend receivable	8,034,160	-	-	8,034,160
Receivable against issue of units	-	-	-	-
	<b>452,740,632</b>	<b>2,310,721,597</b>	-	<b>2,763,462,229</b>

-----As at 30 June 2017-----			
	Liabilities at fair value through profit or loss	Others	Total
----- (Rupees) -----			
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	17,686,027	17,686,027
Payable to Central Depository Company of Pakistan Limited - Trustee	-	378,232	378,232
Payable against purchase of investments	-	32,143,394	32,143,394
Payable against redemption of units	-	219,844,446	219,844,446
Accrued expenses and other liabilities	-	1,844,488	1,844,488
	-	<b>271,896,587</b>	<b>271,896,587</b>

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

### 21.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

#### (i) Profit rate risk

Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. As of 30 June 2018, the Fund is exposed to such risk on its balances held with banks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which exposes the fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in market interest rates as at June 30, 2018, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 3,131,412 (2017: Rs. 4,422,180).

#### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

Yield / profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

The fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2018 can be determined as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

----- As at June 30, 2018 -----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one	More than one year		
<b>Percentage ----- (Rupees) -----</b>					
<b>Financial Assets</b>					
Cash and Bank balances	313,141,170	-	-	-	313,141,170
Investments	-	-	-	1,980,443,244	1,980,443,244
Markup accrued	-	-	-	1,936,254	1,936,254
Dividend receivable	-	-	-	1,469,784	1,469,784
	<b>313,141,170</b>	<b>-</b>	<b>-</b>	<b>1,983,849,282</b>	<b>2,296,990,452</b>
<b>Financial Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	-	-	-	16,514,520	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	311,948	311,948
Payable against purchase of investments	-	-	-	9,043,890	9,043,890
Payable against redemption of units	-	-	-	174,067	174,067
Accrued expenses and other liabilities	-	-	-	1,735,642	1,735,642
	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,780,067</b>	<b>27,780,067</b>
<b>On-balance sheet gap (a)</b>	<b>313,141,170</b>	<b>-</b>	<b>-</b>	<b>1,956,069,215</b>	<b>2,269,210,385</b>
<b>Off-balance sheet financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a + b)</b>	<b>313,141,170</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>313,141,170</b>	<b>313,141,170</b>	<b>313,141,170</b>		

----- As at June 30, 2017 -----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
<b>Percentage ----- (Rupees) -----</b>					
<b>Financial Assets</b>					
Cash and Bank balances	442,218,003	-	-	410,271	442,628,274
Investments	-	-	-	2,310,721,597	2,310,721,597
Markup accrued	-	-	-	2,078,198	2,078,198
Dividend receivable	-	-	-	8,034,160	8,034,160
Receiveable against sale of units	-	-	-	-	-
	<b>442,218,003</b>	<b>-</b>	<b>-</b>	<b>2,321,244,226</b>	<b>2,763,462,229</b>
<b>Financial Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	-	-	-	17,686,027	17,686,027
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	378,232	378,232
Payable against purchase of investments	-	-	-	32,143,394	32,143,394
Payable against redemption of units	-	-	-	219,844,446	219,844,446
Accrued expenses and other liabilities	-	-	-	1,844,488	1,844,488
	<b>-</b>	<b>-</b>	<b>-</b>	<b>271,896,587</b>	<b>271,896,587</b>
<b>On-balance sheet gap (a)</b>	<b>442,218,003</b>	<b>-</b>	<b>-</b>	<b>2,049,347,639</b>	<b>2,491,565,642</b>
<b>Off-balance sheet financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a + b)</b>	<b>442,218,003</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>442,218,003</b>	<b>442,218,003</b>	<b>442,218,003</b>		

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### (iii) Equity price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 5% increase / decrease in KMI 30 index on 30 June, 2018, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 99,022,162 (2017: 8,544,101) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

### 21.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to the daily settlement of equity securities and to daily redemptions, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The fund did not withhold any redemptions during the year.

The table below summarises the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

-----As at 30 June 2018-----						
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
-----Rupees-----						
<b>Financial Assets</b>						
Bank balances	314,771,568	-	-	-	-	314,771,568
Investments	-	-	-	-	1,980,443,244	1,980,443,244
Profit receivable on bank balances	1,936,254	-	-	-	-	1,936,254
Dividend receivable	1,469,784	-	-	-	-	1,469,784
	<b>318,177,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,980,443,244</b>	<b>2,298,620,850</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	16,514,520	-	-	-	-	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee	311,948	-	-	-	-	311,948
Payable against purchase of investments	9,043,890	-	-	-	-	9,043,890
Payable against redemption of units	174,067	-	-	-	-	174,067
Accrued expenses and other liabilities	368,629	779,634	587,379	-	-	1,735,642
	<b>26,413,054</b>	<b>779,634</b>	<b>587,379</b>	<b>-</b>	<b>-</b>	<b>27,780,067</b>
<b>Net assets / (liabilities)</b>	<b>291,764,552</b>	<b>(779,634)</b>	<b>(587,379)</b>	<b>-</b>	<b>1,980,443,244</b>	<b>2,270,840,783</b>

-----As at 30 June 2017-----						
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
-----Rupees-----						
<b>Financial Assets</b>						
Bank balances	442,628,274	-	-	-	-	442,628,274
Investments	-	-	-	-	2,310,721,597	2,310,721,597
Profit receivable on bank balances	2,078,198	-	-	-	-	2,078,198
Dividend receivable	8,034,160	-	-	-	-	8,034,160
Receivables against sale of units	-	-	-	-	-	-
	<b>452,740,632</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,310,721,597</b>	<b>2,763,462,229</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	17,686,027	-	-	-	-	17,686,027
Payable to Central Depository Company of Pakistan Limited - Trustee	378,232	-	-	-	-	378,232
Payable against purchase of investments	32,143,394	-	-	-	-	32,143,394
Payable against redemption of units	219,844,446	-	-	-	-	219,844,446
Accrued expenses and other liabilities	613,844	599,033	631,611	-	-	1,844,488
	<b>270,665,943</b>	<b>599,033</b>	<b>631,611</b>	<b>-</b>	<b>-</b>	<b>271,896,587</b>
<b>Net assets / (liabilities)</b>	<b>182,074,689</b>	<b>(599,033)</b>	<b>(631,611)</b>	<b>-</b>	<b>2,310,721,597</b>	<b>2,491,565,642</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 21.4 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

	2018		2017	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	314,771,568	314,771,568	442,628,274	442,628,274
Investments	1,980,443,244	-	2,310,721,597	-
Profit receivable on bank balances	1,936,254	1,936,254	2,078,198	2,078,198
Dividend receivable	1,469,784	1,469,784	8,034,160	8,034,160
	<b>2,298,620,850</b>	<b>318,177,606</b>	<b>2,763,462,229</b>	<b>452,740,632</b>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 1,980.443 million (2017: Rs 2,310.722 million) is not exposed to credit risk.

### 21.4.1 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks. The credit rating profile of balances with banks is as follows:

Ratings of amount placed with Banks	% of financial assets exposed to credit risk	
	2018	2017
AA+	0.01	0.12
A+	51.76	-
A	48.23	99.88
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2018 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial assets is mainly held with credit worthy counterparties.

## 21.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

### 21.6 Fair value hierarchy

Following hierarchy is used in determining and disclosing the fair value of the following financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fund recognises equity securities at fair value which is determined using the rate at which they are quoted on the Stock Exchange (level 1). Fair value of remaining financial assets is not significantly different from their carrying value.

## 22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

## 23 UNIT HOLDING PATTERN OF THE FUND

Category	2018			2017		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	554	201,712,086	8.92%	488	198,447,968	8.01%
Retirement Funds	13	325,712,489	14.40%	14	322,052,692	12.99%
Associated Companies/ Directors	9	1,233,718,814	54.53%	10	1,801,336,252	72.67%
Others	7	190,865,822	8.44%	6	146,768,050	5.92%
Insurance Companies	8	310,179,707	13.71%	1	10,293,794	0.42%
	<b>591</b>	<b>2,262,188,918</b>	<b>100.00%</b>	<b>519</b>	<b>2,478,898,756</b>	<b>100.00%</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2018		2017	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	8.49%	Shajar Capital Pakistan (Private) Limited	7.26%
Topline Securities (Private) Limited	8.12%	JS Global Capital Limited	6.93%
Taurus Securities Limited	7.64%	Optimus Capital Management (Private) Limited	6.90%
Shajar Capital Pakistan (Private) Limited	7.52%	Alfalah Securities (Private) Limited	6.27%
Alfalah Securities (Private) Limited	6.81%	Topline Securities (Private) Limited	6.24%
IGI Finex Securities Limited	5.26%	Habib Metropolitan Financial Services Limited	6.01%
Intermarket Securities (Private) Limited	4.61%	Next Capital Limited	5.28%
Arif Habib Limited	4.52%	IGI Finex Securities Limited	5.23%
Foundation Securities (Private) Limited	4.32%	Global Securities Pakistan Limited	5.19%
Axis Global Limited	4.27%	Intermarket Securities (Private) Limited	4.98%

### 25 THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	18 Years
Mr. Ali H. Shirazi	Director	Masters in Law	14.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	14 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	10 Years
Mr. Fawad Javaid	Fund Manager	CMA	10 Years
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	7 Years

### 26 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	Atlas Stock Market Fund

### 27 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The details of dates of Board meetings of the management company of the Fund, and the attendance of the Board members are given below:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Name of Directors	Meeting held on					
	07 July 2017	30 August 2017	26 October 2017	28 February 2018	27 April 2018	20 June 2018
Mr. Yusuf H. Shirazi	P	P	P	P	L	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Shamshad Nabi (Resigned w.e.f. Mar. 22,2018)	L	P	P	P	N/A	N/A
Mr. Frahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. Arshad P. Rana (Resigned w.e.f. Mar. 19,2018)	P*	P*	P*	P	N/A	N/A
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms Zehra Naqvi (w.e.f.Apr. 26, 2018)	N/A	N/A	N/A	N/A	N/A	P**
Mr. M. Abdul Samad (Appointed CEO w.e.f. Mar. 19, 2018)	N/A	N/A	N/A	N/A	P**	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Appointed Co.Sec. w.e.f. Jan. 31, 2018)	N/A	N/A	N/A	P**	P	P

\* Attended through teleconference call.

\*\* Joined

P Present

L Leave of absence

### 28 RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 30 June 2018. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### 29 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of Management Company in the meeting held on 06 July 2018 (2017: 07 July 2017) approved a final cash dividend of Rs. Nil (2017: Rs.35) Per unit amounting to Rs. Nil (2017: Rs. 142,053,721).

### 30 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 31 GENERAL

32.1 Figures have been rounded off to the nearest Rupee.

32.2 Units have been rounded off to the nearest decimal place.

### 32 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 06 September 2018.

**For Atlas Asset Management Limited  
(Management Company)**

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

ادارے پر عائد معاشرتی ذمہ داریاں اور عطیات

بورڈ سے منظور شدہ کمپنی کے عطیات دینے کے اصول و ضوابط کے تحت ہر سال کمپنی، منظم کمپنی کے منافع، بعد از ادائیگی محصول، کا ایک فیصد عطیہ کرتی ہے۔ اس کے علاوہ شرعی اصولوں پر عمل پیرا "ٹلس اسلامک اسٹاک فنڈ" اور "ٹلس اسلامک انکم فنڈ" کی تاسیسی دستاویزات کے تحت یہ لازم ہے کہ فنڈز کی آمدنی کو اس میں شامل حرام جزو سے پاک کیا جائے۔ شرعی مشیر کی تصدیق کے بعد اس طرح کی آمدنی کو سہ ماہی بنیادوں پر، شرعی مشیر کی جانب سے منظور کردہ خیراتی اداروں کو عطیہ کر دیا جاتا ہے۔

منسلک افراد اور اداروں سے لین دین

دوران سال کمپنی سے منسلک افراد اور اداروں نے فنڈز کے یونٹس میں کسی قسم کا لین دین نہیں کیا سوائے اُن کے جن کی تفصیل (آئی آئی ایف) اور (اے آئی ایس ایف) کے مالیاتی نتائج کے علی الترتیب نوٹ نمبر ۳۱ اور ۱۹ میں دی گئی ہے۔

تازہ ترین درجہ بندی

۱۳ اشاعت نیچر کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پیکرا) نے مینجمنٹ کمپنی کی اسٹیٹ نیچر ریٹنگ اے ایم ۲+ (اے ایم ٹوپلس) ترتیب دی ہے۔ [اے ایم ٹوپلس) + (اے ایم ۲: ۲۰۱۷ء] بتاریخ ۳۰ جون ۲۰۱۸ء کو۔ یہ درجہ بندی کمپنی کی تجربہ کار ٹیم، منظم سرمایہ کاری نظام اور ہم آہنگ معیار نظام اور طریقہ کار کی عکاسی کرتی ہے۔

مستحکم درجہ بندی۔ اے آئی آئی ایف

پیکرانے اے آئی آئی ایف کی درجہ بندی برائے استحکام فنڈ ترتیب دی ہے۔ "اے اے (ایف)" - "ڈبل اے مائٹس (ایف): فنڈ ریٹنگ) بتاریخ ۲۹ مئی ۲۰۱۸ء کو۔ فنڈز کی یہ درجہ بندی ریٹرن میں تناسب استحکام کی نگرانی اور کم خطرات کا سامنا کرنے کی بہت مضبوط صلاحیت کو ظاہر کرتی ہے۔

آڈیٹرز

بورڈ آف ڈائریکٹران کی آڈٹ کمیٹی نے اپنی میٹنگ منعقدہ ۳ ستمبر ۲۰۱۸ء میں، میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹینٹس کراچی، کوٹلس اسلامک انکم فنڈ اور ٹلس اسلامک اسٹاک فنڈ کیلئے بطور اہل تقرری کیلئے تجویز کیا، برائے اختتام سال ۳۰ جون ۲۰۱۹ء۔

توثیق

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹران، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی قابل قدر حمایت، مدد اور رہنمائی کا شکریہ ادا کرتے ہیں۔ مینجمنٹ کمپنی کے ملازمین اور اسٹیٹ کا ان کی لگن اور محنت کیلئے، اور مینجمنٹ کمپنی پر یونٹ ہولڈرز کے اعتماد کا بھی بورڈ شکریہ ادا کرتا ہے۔

از طرف اور منجانب بورڈ

فراہیم علی خان

ڈائریکٹر

محمد عبدالصمد

چیف ایگزیکٹو آفیسر

کراچی: ۲۰ ستمبر، ۲۰۱۸ء

۱۸۔ ۲۰۱۷ء مالیاتی سال کے دوران چھ بورڈ میٹنگ منعقد کی گئیں اور اس میں شرکت کی گئی۔ میٹنگز کی تاریخیں اور شریک ہونے والے ڈائریکٹران کی تفصیلات، جیسا کہ این بی ایف سی کے قواعد و ضوابط ۲۰۰۸ء کے تحت درکار ہے، اے آئی آئی ایف اور اے آئی ایس ایف کی مالیاتی تفصیلات کے نوٹس ۲۹ اور ۲۷ میں بالترتیب منسلک ہیں۔

بورڈ کی کمیٹیوں میں شامل ہیں آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری مینوریشن کمیٹی، اور انویسٹمنٹ کمیٹی (جس میں ایگزیکٹو مینجمنٹ کے افراد شامل ہیں جیسا کہ این بی ایف سی قواعد ۲۰۰۸ء میں درکار ہے)۔ بورڈ ایوایلویشن کمیٹی کو بورڈ کی منظوری سے ۲۲ مارچ ۲۰۱۸ء کو سرکلر ریزولوشن نمبر ۱۳۸ کے ذریعے تحلیل کر دیا گیا تھا۔

● آڈٹ کمیٹی (اے سی)۔ چار اے سی میٹنگز دوران سال منعقد کی گئیں، اور درج ذیل شرکت کی گئی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب طارق امین	آزاد ڈائریکٹر	۴
۲	جناب شمشاد نبی*	آزاد ڈائریکٹر	۳
۳	جناب فراہم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۴	جناب ایم حبیب الرحمن**	نان ایگزیکٹو ڈائریکٹر	۱

\* مستغنی تاریخ ۲۲ مارچ ۲۰۱۸ء

\*\* رکن تاریخ ۲۲ مارچ ۲۰۱۸ء

● ہیومن ریسورس اینڈ ری مینوریشن کمیٹی (ایچ آراینڈ آری)۔ چار میٹنگز منعقد ہوئیں دوران سال اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب فراہم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۲	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۴
۳	جناب ایم حبیب الرحمن	سابق چیف ایگزیکٹو آفیسر	۲
۴	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۴

● انویسٹمنٹ کمیٹی۔ چونتیس میٹنگز منعقد ہوئیں دوران سال اور شریک کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۶
۲	جناب ایم حبیب الرحمن	سابق چیف ایگزیکٹو آفیسر	۲۱
۳	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۳۴
۴	جناب خالد محمود (ایگزیکٹو مینجمنٹ)	چیف انویسٹمنٹ آفیسر۔ ممبر آئی سی	۳۰
۵	جناب ایم عمر خان (ایگزیکٹو مینجمنٹ)	فنانس مینجر۔ رکن آئی سی	۳۱
۶	جناب فواد جاوید (ایگزیکٹو مینجمنٹ)	فنانس مینجر۔ رکن آئی سی	۳۳
۷	جناب فاران الحق (ایگزیکٹو مینجمنٹ)	فنانس مینجر۔ سیکریٹری آئی سی	۳۴

شرعی مشیر کا تقرر

بورڈ نے جناب یحییٰ عاصم، سبکدوش ہونے والے شرعی مشیر کا استعفیٰ منظور کیا، اور جناب مفتی وصی فصیح کواے آئی آئی ایف اور اے آئی ایس ایف کیلئے شرعی مشیر بذریعہ سرکلر ریزولوشن بتاریخ ۱۱ اپریل ۲۰۱۸ء مقرر کیا۔

## کارپوریٹ نظم و ضبط:

کمپنی کارپوریٹ نظم و ضبط کے معیارات، ضابطہ اخلاق اور بہترین کاروباری طریقوں پر سختی سے عمل کرنے پر یقین رکھتی ہے۔ اور یہ سب اٹلس گروپ کی کاروباری تہذیب کا ایک جزو لاینفک ہے۔ جولائی ۲۰۱۲ء میں کارپوریٹ نظم و ضبط کے اصولوں کی منظوری دی گئی جس میں بورڈ کے ممبران، ملازمین اور کمپنی پر مختلف حلقوں، آپس کے معاملات اور معاشرے کی فلاح و بہبود کے سلسلے میں عائد کردہ فرائض اور ذمہ داریوں کو صراحت کے ساتھ بیان کر دیا گیا ہے۔ یہ ضابطہ اخلاق کمپنی کی ویب سائٹ پر دستیاب ہے۔

مفاد کو ارسال کردہ ایس ای سی پی لیٹر نمبر ۲۰۱۸/۳۳۶/مفاد / آرا ایس / ایس سی ڈی مورخہ ۱۸ اپریل ۲۰۱۸ء کے مطابق جس کے تحت غیر محدود مجموعی سرمایہ کاری منصوبہ نیز غیر مندرج بینجمنٹ کمپنیاں، جو اس طرح کے مجموعی سرمایہ کاری منصوبہ چلا رہی ہیں، نئی لسٹنگ کمپنیز (ضابطہ برائے انتظامی تشکیل) کے قواعد و ضوابط ۲۰۱۷ء کی ضروریات سے مستثنیٰ ہیں۔

## بورڈ کے ڈائریکٹران کی جانب سے ڈیٹن نامہ

بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ (اے آئی آئی ایف) اور (اے آئی ایف) کے:

- ☆ منظم کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے تمام فنڈز کی کارکردگی، سالانہ آمدنی، کیش فلوا اور یونٹ ہولڈرز کے سرمائے میں نقل و حرکت کی ایک منصفانہ تصویر پیش کرتے ہیں۔
- ☆ تمام فنڈز کے کھاتوں کو مناسب طریقہ سے تیار کیا گیا ہے۔
- ☆ گوشواروں کی تیاری میں حساب داری کے اصولوں کو تسلسل کے ساتھ لاگو کیا جا رہا ہے اور گوشواروں کی تیاری میں احتیاط اور فہم فراست کا استعمال کیا جا رہا ہے۔
- ☆ گوشواروں کی تیاری میں وہ بین الاقوامی معیارات جو پاکستان میں لاگو ہوتے ہیں، کو مدنظر رکھا گیا ہے اگر کہیں انحراف ہوا ہے تو اسے مناسب طریقے سے ظاہر کر دیا گیا ہے۔
- ☆ اندرونی نظم و ضبط کا نظام مؤثر نگرانی میں مستحکم بنیادوں پر نافذ ہے۔
- ☆ فنڈز کے مستقبل بنیادوں پر جاری رہنے پر کوئی شبہ نہیں ہے۔
- ☆ کارپوریٹ نظم و ضبط کے اصولوں سے، جن کی تفصیل لسٹنگ قواعد میں دی گئی ہے، کوئی انحراف نہیں کیا گیا ہے۔
- ☆ اہم مالیاتی اعداد و شمار / کارکردگی کے چارٹ، (اے آئی آئی ایف)، اور (اے آئی ایف) کی سالانہ رپورٹس کے صفحات ۲۳ اور ۶۰ پر علی الترتیب شائع کئے گئے ہیں۔
- ☆ کفالتی فنڈ کی سرمایہ کاری کی قدر کے گوشوارے کا اطلاق میوچل فنڈ پر نہیں ہوتا کیوں کہ ملازمین کے ریٹائرمنٹ فنانڈس سے متعلق اخراجات منظم کمپنی برداشت کرتی ہے۔
- ☆ یونٹس کی ملکیت کا انداز (اے آئی آئی ایف) اور (اے آئی ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۵ اور ۳۳ میں دیا گیا ہے۔

## چیف ایگزیکٹو آفیسر کی تبدیلی

اے اے ایم ایل کے بورڈ آف ڈائریکٹران نے، اپنے ۸۹ ویں اجلاس منعقدہ ۲۸ فروری ۲۰۱۸ء میں جناب ایم حبیب الرحمن کا استعفیٰ منظور کیا تھا، اور جناب محمد عبدالصمد کو بحیثیت چیف ایگزیکٹو آفیسر مقرر کیا تھا۔

جناب محمد عبدالصمد نے، جناب حبیب الرحمن کی بطور چیف ایگزیکٹو سبکدوشی کے بعد ۱۹ مارچ ۲۰۱۸ء سے بطور چیف ایگزیکٹو آفیسر کی ذمہ داریاں سنبھالی ہیں۔

## بینجمنٹ کمپنی اور کمپنی کے بورڈ آف ڈائریکٹران

بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز میں ایک ایگزیکٹو اور چھ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہیں۔ اے اے ایم ایل کے ڈائریکٹران میں شامل ہیں جناب یوسف ایچ شیرازی، چیئرمین، جناب فراہم علی خان ڈائریکٹر، جناب ایم حبیب الرحمن ڈائریکٹر، جناب طارق امین آزاد ڈائریکٹر، جناب علی ایچ شیرازی ڈائریکٹر، مس زہرا نقوی آزاد ڈائریکٹر اور جناب محمد عبدالصمد چیف ایگزیکٹو آفیسر۔

دوران سال، بورڈ میں دو اتفاقی آسامیاں تھیں، جس کی تقرری سیوریٹیز اینڈ اینجینئرنگ کمیشن آف پاکستان کی جانب سے کی گئی، جیسا کہ این بی ایف سی کے قواعد و ضوابط ۲۰۰۸ء کے تحت درکار ہے۔

## ڈائریکٹرز رپورٹ:

اٹلس ایسیٹ منجمنٹ لمیٹڈ، منتظم برائے اٹلس اسلامک انکم فنڈ (اے آئی آئی ایف) اور اٹلس اسلامک اسٹاک فنڈ (اے آئی ایس ایف)، کے ڈائریکٹرز صاحبان مذکورہ فنڈز کے آڈٹ شدہ مالیاتی نتائج برائے اختتام سال ۲۰۱۸ء، آڈیٹرز کی رپورٹ کے ہمراہ پیش کرتے ہوئے دلی مسرت محسوس کرتے ہیں۔

آمدنی یونٹ، ریٹرن، مجموعی اثاثہ جات اور خلاصہ فروخت / تلافی

آمدنی یونٹ، ریٹرن، مجموعی اثاثہ جات، اور اے آئی آئی ایف اور اے آئی ایس ایف کا خلاصہ فروخت / تلافی برائے اختتام سال ۲۰۱۸ء اور ۲۰۱۷ء درج ذیل ہیں۔

اے آئی ایس ایف		اے آئی آئی ایف		
۲۰۱۸ء	۲۰۱۷ء	۲۰۱۷ء	۲۰۱۸ء	
۱۳۸.۵۱	(۴۳.۱۸)	۱۱.۸۲	۳۲.۲۱	آمدنی / (خسارہ) فی یونٹ - روپے
۲۹.۲۵ فیصد	(۷.۸۸) فیصد	۵.۹۷ فیصد	۴.۹۲ فیصد	ریٹرن
۲۰۷۸.۹۰	۲۰۶۲.۱۹	۱۶۱۳.۲۶	۸۷۲.۲۲	مجموعی اثاثہ جات - ملین روپے
۲۰۷۹.۶۰	۱۰۷۳.۵۹	۵۰۲۲.۶۳	۱۰۵۰۷.۷۵	فروخت - ملین روپے
۳۰۵۲۷.۵۰۵	۳۰۲۸۳.۰۱۰	۹۰۷۶۸.۱۹۹	۲۰۹۲۶.۸۳۰	فروخت - بالحاظ یونٹس
۱۰۴۸۰.۱۲	۱۰۶۵۳.۴۶	۴۰۲۵.۴۶	۲۰۳۰۶.۳۵	ریڈمشن - ملین روپے
۲۰۴۵۶.۳۲۱	۳۰۷۶۰.۵۵۱	۷۰۶۷۱.۷۱۳	۴۰۲۸۳.۹۸۳	ریڈمشن - بالحاظ یونٹس
۴۰۵۸.۶۷۸	۸۰۶۵۷.۹۳۶	۳۰۲۱۰.۴۲۲	۱۰۶۵۳.۷۷۰	یونٹس بقایا جات بوقت اختتام سال

تقسیم آمدن - اے آئی آئی ایف

اے اے ایم ایل منتظم کمپنی برائے اے آئی آئی ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۶ جولائی ۲۰۱۸ء کو ۲۴.۵۰ روپے فی یونٹ منافع (پورے سال کیلئے) برائے اختتام مالیاتی سال ۲۰۱۸ء کیلئے فی یونٹ تقسیم کا اعلان کیا، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۴.۹۰ فیصد (۲۰۱۷ء: ۲۸.۵۰ روپے فی یونٹ عبوری منافع، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۷.۷۰ فیصد)۔

تقسیم آمدن - اے آئی ایس ایف

اے اے ایم ایل کے بورڈ آف ڈائریکٹران، اے آئی آئی ایف کی مینجمنٹ کمپنی، نے اپنی میٹنگ منعقدہ ۶ جولائی ۲۰۱۸ء کو مالیاتی سال برائے اختتام ۲۰۱۸ء کیلئے فنڈ کو خسارے کی وجہ سے کسی منافع کا اعلان نہیں کیا۔ (۲۰۱۷ء: ۳۵ روپے فی یونٹ، ۵۰۰ روپے کی اصل قیمت پر ۷.۷۰ فیصد)۔

چیرمین کا جائزہ:








اے آئی آئی ایف اور اے آئی ایس ایف کی سالانہ رپورٹ میں شامل جائزہ جملہ طور پر اس سال کے فنڈز کی کارکردگی اور اسکے آئندہ لائحہ عمل سے متعلق ہے۔ ڈائریکٹران اس جائزے کے مندرجات کی توثیق کرتے ہیں۔










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