



**Atlas Money Market Fund**

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**Atlas Sovereign 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 2019**

**Atlas  
funds**  
*Nurturing your investments*



Managed By

**Atlas Asset Management**

Rated AM2+ by PACRA  
(as of June 28, 2019)



# 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 20th August, 2002 as an unlisted public limited company. AAML as a Non-Banking Finance Company (NBFC) is licensed & regulated by Securities & Exchange Commission of Pakistan to perform Asset Management and Investment Advisory Services as per the NBFC (Establishment and Regulations) Rules, 2003 & NBFC and Notified Entities Regulations, 2008 and as a Pension Fund Manager to manage voluntary pension funds (under Voluntary Pension System Rules, 2005). AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited. AAML manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs and individuals.

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

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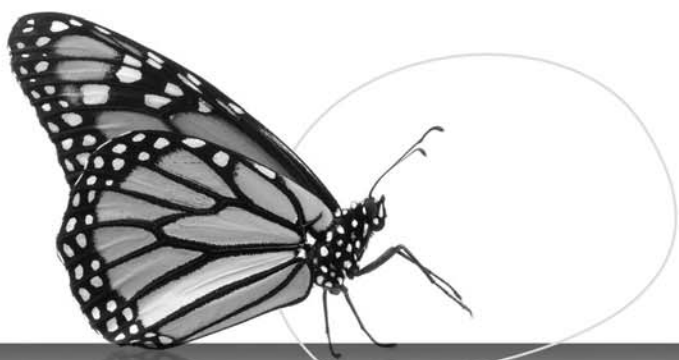
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## Diversity

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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<b>Chairman</b>	Mr. Yusuf H. Shirazi <i>(Non-Executive Director)</i>
<b>Directors</b>	Mr. Tariq Amin <i>(Independent Director)</i> Ms Zehra Naqvi <i>(Independent Director)</i> Mr. Frahim Ali Khan <i>(Non-Executive Director)</i> Mr. Ali H. Shirazi <i>(Non-Executive Director)</i> Mr. M. Habib-ur-Rahman <i>(Non-Executive Director)</i>
<b>Chief Executive Officer</b>	Mr. Muhammad. Abdul Samad <i>(Executive Director)</i>
<b>Company Secretary</b>	Ms Zainab Kazim

## Board Committees

### Audit Committee

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<b>Chairman</b>	Mr. Tariq Amin
<b>Members</b>	Mr. Frahim Ali Khan Mr. M. Habib-ur-Rahman
<b>Secretary</b>	Mr. M. Uzair Uddin Siddiqui

### Human Resource & Remuneration Committee

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<b>Chairman</b>	Mr. Frahim Ali Khan
<b>Members</b>	Mr. Ali H. Shirazi Mr. Muhammad. Abdul Samad
<b>Secretary</b>	Ms Zainab Kazim

The above information is as at 20 September 2019.

## Investment Committee

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

## Management Committee

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

## Risk Management Committee

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<b>Chairman</b>	Mr. Muhammad Abdul Samad
<b>Members</b>	Mr. Khalid Mahmood
<b>Secretary</b>	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

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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.



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

Growth | Returns | Tax Savings

# Chairman's Review

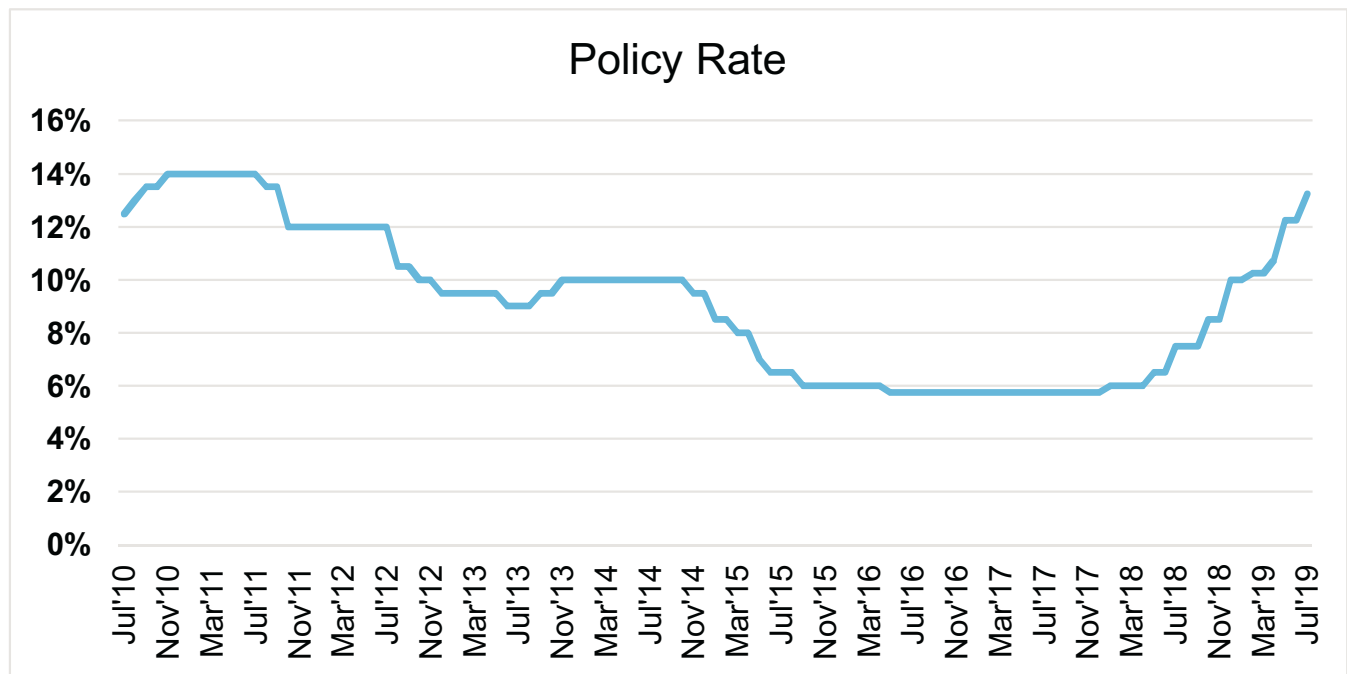
It is my pleasure to present to you the Annual Reports of Atlas Money Market Fund (AMF), Atlas Sovereign Fund (ASF), Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF) for the financial year ended June 30, 2019.

## THE ECONOMY

Pakistan's GDP witnessed growth of 3.29% in FY19 as compared to 5.80% in preceding year, reflecting a broad-based softening in domestic demand as monetary and fiscal policies have been tightened to contain macroeconomic imbalances. Average Consumer Price Index (CPI) inflation was within the target of 6.50% to 7.50% standing at 7.34% for the year. During FY19, the current account deficit was recorded at US\$ 13.51 billion as compared to US\$ 19.90 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 14.48 billion as of June, 2019 with SBP's share of US\$ 7.28 billion in the total liquid foreign exchange reserves. Foreign remittances for FY19 stood at US\$ 21.84 billion, which was an increase of 9.68% YoY compared to the corresponding period last year. The SBP in its latest monetary policy statement as on July 16, 2019 decided to increase policy rate by 100bps to 13.25% which is a cumulative increase of 750 bps since January, 2018.

## THE MONEY MARKET

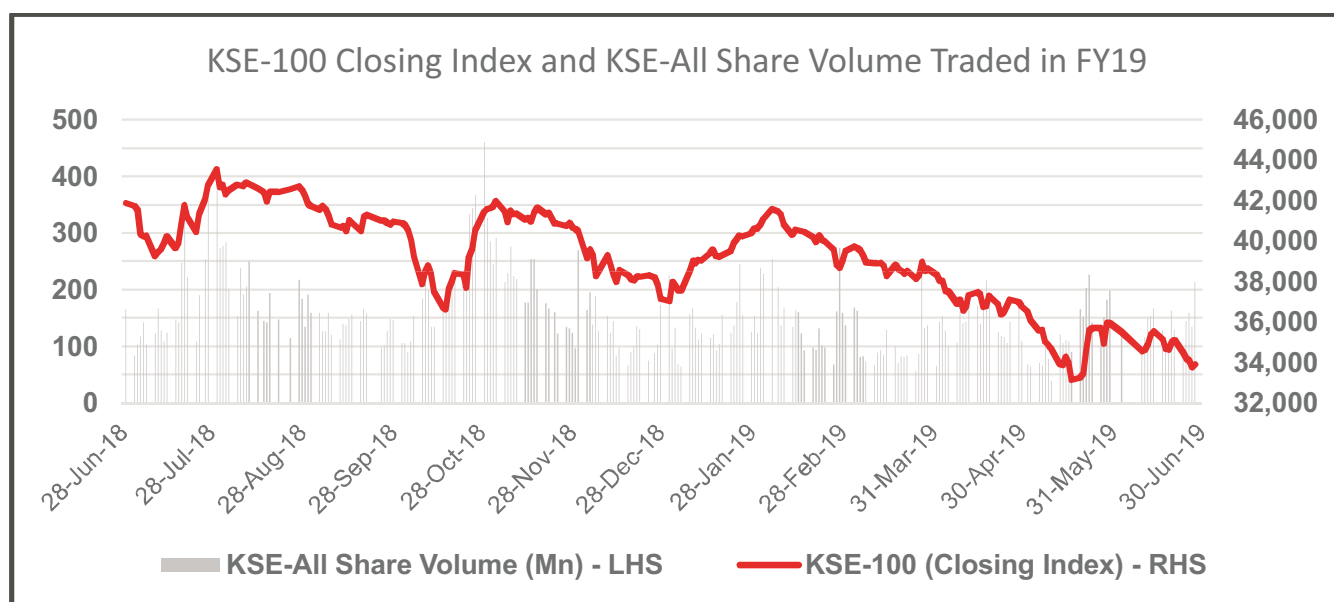
The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.



The growth in money supply (M2) witnessed an increase of 11.26% during 2018-19, which is Rs. 1,801.33 billion against the expansion of 9.71% (Rs. 1,416.28 billion) in preceding period last year. Net Foreign Assets (NFA) declined by Rs. 1,298.67 billion during 2018-19 as against the net contraction of Rs. 810.47 billion in the comparable period of fiscal year 2017-18. Net Domestic Asset (NDA) of banking system grew by 19.13% or Rs. 3,099.10 billion during 2018-19 as against an increase of 15.93% or Rs. 2,226.75 billion during the corresponding period last year. Overall NDA of the banking sector increased 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 increased by Rs. 693.54 billion in FY19 due to high working capital requirement of corporates.

## THE STOCK MARKET

The KSE-100 index decreased from 41,910.90 points as on June 29, 2018 to 33,901.58 points as on June 28, 2019, decreasing by 19.11%. The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$356 million compared to outflow of US\$289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$166 million, US\$150 million and US\$111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$146 million and US\$15 million, respectively.



During the period, the sectors that outperformed the market were Textile Composite, Fertilizer and Commercial Banks that posted 4.24%, -12.34% and -12.99% returns, respectively. Fertilizer sector outperformed KSE-100 index on the back of improved profitability due to uptick in retail prices by 28% to Rs.1880/bag, partly to offset the impact of withdrawn cash subsidy (Rs.156/bag) and increase in gas prices (Rs.100/bag). Commercial Banks performed on account of 5.75% hike in policy rate during FY19 by the monetary policy committee of the State Bank of Pakistan. Sectors that remained subdued were Power Generation & Distribution Companies, Cement, Automobile Assemblers, Oil and Gas Marketing Companies, Refinery and Engineering posting -21.89%, -33.55%, -34.41%, -42.36%, -56.42%, and -60.52% returns, respectively. Oil & Gas Marketing Companies underperformed KSE-100 index due to economic slowdown and 58% decline in sales volume of furnace oil as the country shifted away from furnace oil based power generation to LNG and local coal based power generation in FY19. Cement sector underperformed due to subdued local demand and lower local retention prices of cement. Refineries underperformed due to reduced demand for furnace oil on account of reduced dependence upon furnace oil based power generation. Engineering sector underperformed due to increase in cost of imported raw material post PKR devaluation against US\$ coupled with negative demand outlook in long/flat steel.

During FY19, scrips that outperformed the KSE-100 index were LOTCHEM, MEBL, GATM, SYS, BAHL, ENGRO, EFERT, BAFL, HUBC, OGDC, BWCL and MTL posting 38.64%, 35.40%, 15.63%, 6.30%, 2.43%, 0.26%, -1.55%, -3.5%, -8.33%, -8.75%, -13.79% and -18.39% returns, respectively. Scrips that underperformed KSE-100 index were NRL, HASCOL, CHCC, INIL, KTML, UNITY, DGKC, PAEL, FCCL, LUCK and POL posting -73.57%, -69.55%, -66.35%, -65.15%, -52.31%, -49.90%, -47.92%, 43.54%, -25.59%, -23.9% and -21.28% returns, respectively.

During FY19, new listings on the stock exchange were At-Tahur Limited and Interloop Limited. The amounts raised through IPO were Rs. 770 million and Rs. 5,025 million, respectively. As on June 30, 2019, the market capitalization of At-Tahur Limited and Interloop Limited were Rs. 2,891 million and 38,488, respectively. During FY18, new listings/IPOs 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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The government of Pakistan in its budget FY 2019-2020 fixed corporate tax rate at 29% against the previous government's diminishing corporate tax rate structure proposed in FY 2018-2019 budget where corporate tax rate would have been reduced by 1% every year reaching 25% in tax year 2023 from 30% in tax year 2018. The government increased minimum turnover tax rates across the board, increasing the rate applicable on Oil & Gas Marketing Companies from 0.50% to 0.75% of revenue, while the rate applicable on other companies was increased from 1.25% to 1.50% of revenue.

## **MUTUAL FUND INDUSTRY**

The assets under management (AUMs) for the mutual funds industry decreased by 11.24% to Rs. 541.46 billion in June 30, 2019 from Rs.610.07 billion in June 30, 2018. Equity funds (both Conventional and Shariah Compliant) dominated the AUMs of the mutual fund industry with largest share of 31% of total industry and stood at Rs. 170 billion. Money Market funds (both Conventional and Shariah Compliant) stood at Rs 161.19 billion representing industry share of 30%, followed by Income Funds (both Conventional and Shariah Compliant) that stood at Rs. 102.31 billion with industry share of 19%. The outflows were seen in the equity fund category over the year with majority of it being shifted towards short-term fixed income securities as the stock market remained volatile on the expectation of increase in policy rate during the fiscal year.

## **MUTUAL FUND TAXATION**

### **FINANCE ACT 2019**

Following amendments related to mutual fund industry were introduced in the Income Tax Ordinance, 2001 through Finance Act 2019, whereby:

- Tax on Dividend for Individual investor increased to 15% from 10%.
- The investors whose names do not appear on Active Taxpayers List (ATL), their tax rates will be enhanced by 100% (double). On filing of returns, the taxpayers are entitled to claim refund of withholding tax in excess of their tax liability.

## **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)

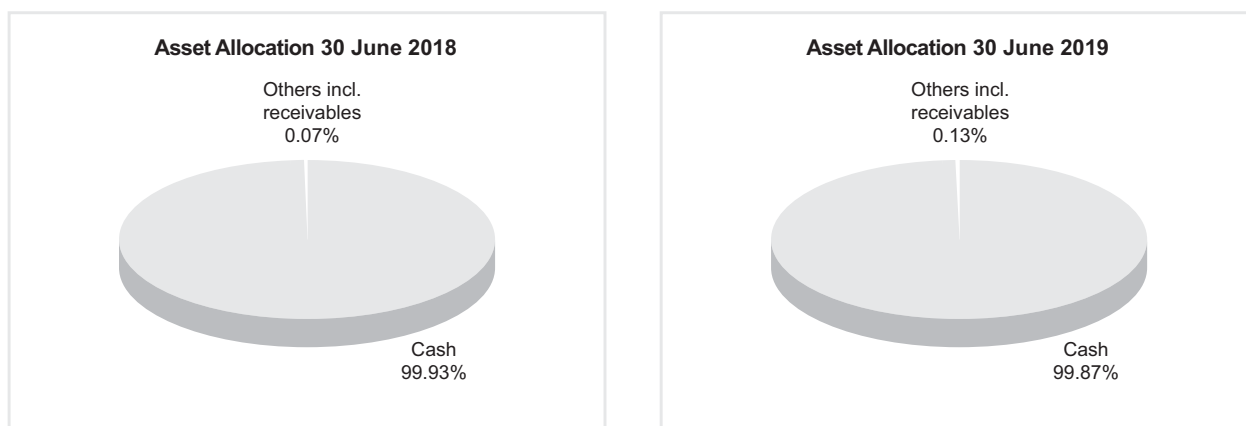
The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from June 13, 2013 and this was withdrawn on June 30, 2016. On September 04, 2013 a constitutional petition was filed in SHC jointly by various AMC's, challenging the 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.

## FUND OPERATIONS - AMF

The Net Asset Value per unit of the Fund increased by 8.87% to Rs. 503.12 per unit as on June 30, 2019. 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 stood at 8.74%. The AMF's total exposure in cash deposits stood at 99.87% 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 10.24 billion, with 20.35 million units outstanding as of June 30, 2019.

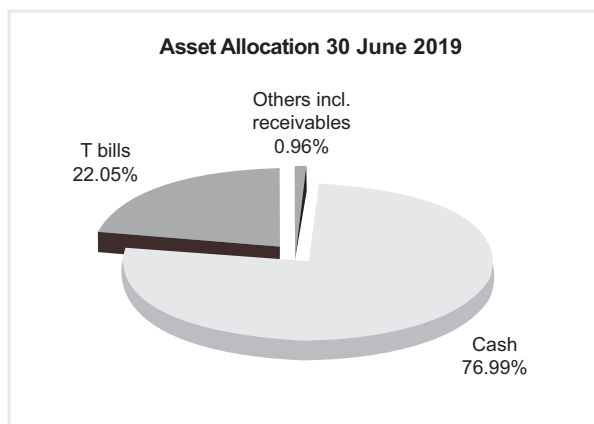
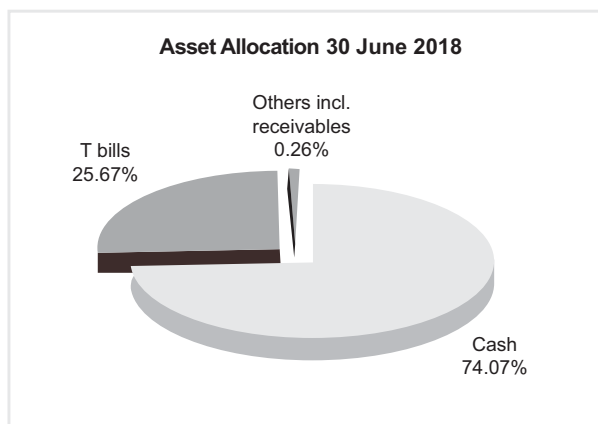


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs. 42.55 per unit for the period ended June 30, 2019 (8.51% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 38,941,269 (Rs. 1.91 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,428,502 up till June 30, 2016 (Rs.1.00 per unit as on June 30, 2019)

## FUND OPERATIONS - ASF

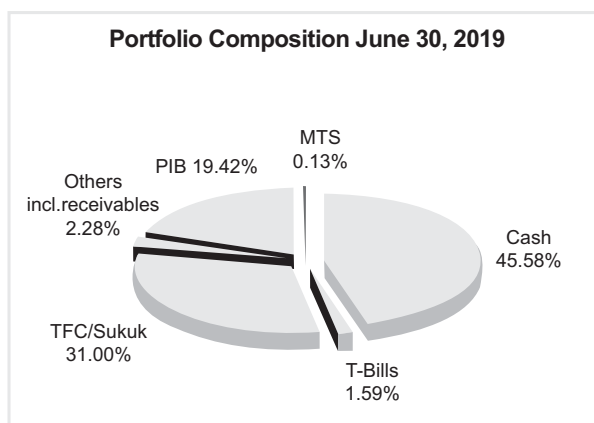
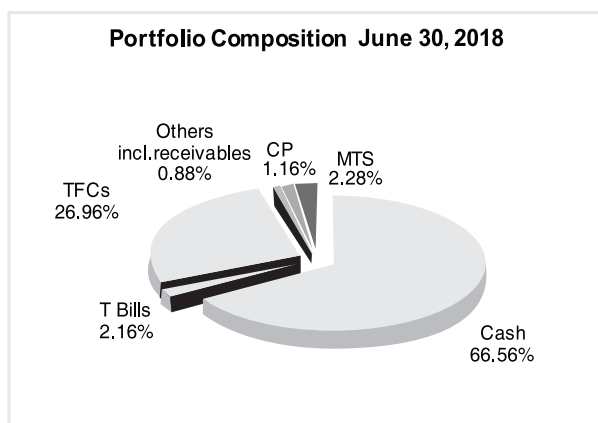
The Net Asset Value per unit of the Fund increased by 7.71% to Rs. 100.33 per unit as on June 30, 2019. The benchmark average six months PKRV rate stood at 9.31% during the period under review. The ASF's total exposure in PIBs stood at 22.05% and 76.99% in short term deposits with banks/ cash. ASF presents a good investment opportunity for investors to earn attractive returns with medium term investment horizon. The Net Assets of the Fund stood at Rs 2.30 billion, with 22.94 million units outstanding as of June 30, 2019.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 7.50 per unit for the period ended June 30, 2019 (7.5% on the face value of Rs. 100 per unit). The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 1,976,156 (Rs. 0.09 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 905,341 up till June 30, 2016. (Rs.0.04 per unit as on June 30, 2019)

## FUND OPERATIONS - AIF

AIF's Net Asset Value per unit increased by 7.33% to Rs. 513.41 as on June 30, 2019. The benchmark average six months KIBOR rate stood at 10.22% during the period under review. AIF's current asset allocation is 1.59% in Treasury bills, 0.13% in MTS, 31.00% in TFC/Sukuks, 45.58% in cash/deposits and 19.42% in PIBs. The Net Assets of the Fund stood at Rs 2.99 billion with 5.82 million units outstanding as of June 30, 2019.



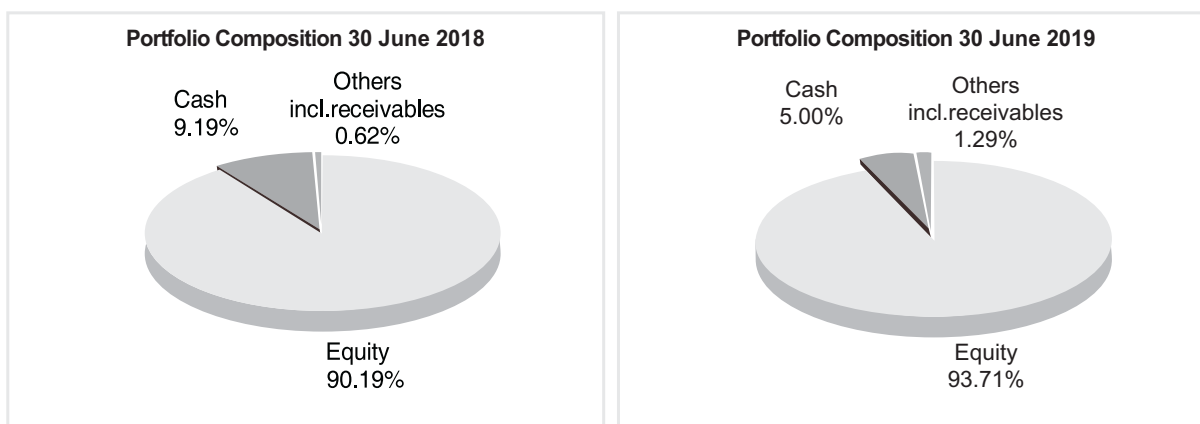
The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 36.50 per unit for the period ended June 30, 2019 (7.3% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to 28,626,992 (Rs. 4.92 per unit). The Scheme has held provision for FED liability that amounted to Rs. 23,582,971 up till June 30, 2016. (Rs. 4.05 per unit as on June 30, 2019)

### FUND OPERATIONS - ASMF

The Net Asset Value per unit of ASMF decreased by 18.83% to Rs. 503.96 as on June 30, 2019. The benchmark KSE-100 index decreased by 19.11% during the same period. The KSE-100 index decreased from 41,910.90 points as on June 30, 2018 to 33,901.58 points as on June 30, 2019. 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 5.04 billion, with 10.00 million units outstanding as of June 30, 2019.



The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 38,835,533 (Rs. 3.88 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,301,988 up till June 30, 2016. (Rs. 2.03 per unit as on June 30, 2019)

### RATINGS

- **Asset Manager Rating**

The Pakistan Credit Rating Agency Limited (PACRA) 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 - ASF**

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.

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- **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

## **FUTURE OUTLOOK**

The recent corrective actions which mainly includes monetary policy tightening, exchange rate adjustments and measures to boost exports would help in overcoming economic challenges. The significant decrease in the current account deficit supported by lower international oil prices and expected rise in exports on the back of export-friendly policies will ease pressure on external account. Furthermore, aid package given by UAE and Saudi Arabia has given much needed respite to the dwindling foreign exchange reserves. Moreover, recent induction into the IMF program will also help shore up foreign currency reserves as IMF will help mobilize further financing from multilateral and bilateral creditors and will unlock the potential inflows from international bond market as foreign investors tend to be more confident in IMF programs. Going forward, government's focus towards export oriented policies will be instrumental in reducing current account deficit. However, continuous external flow would be required to maintain the stable balance of payments position over medium to long term.

ع خدا رحمت کندای عاشقان پاک طینات را

God, please have mercy on these lovers of clean intention

## **ACKNOWLEDGEMENT**

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, Mr. Muhammad Abdul Samad and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 26 September 2019

**Yusuf H. Shirazi**  
Chairman

# Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund (AMF), Atlas Sovereign Fund (ASF), 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 AMF, ASF, AIF and ASMF for the year ended 30 June 2019.

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

Earnings per unit, net assets, and summary of sales / redemption of units of AMF, ASF, AIF and ASMF for the year ended 30 June 2019 and 30 June, 2018 are as follows:

	AMF		ASF		AIF		ASMF	
	2019	2018	2019	2018	2019	2018	2019	2018
Earnings/ (loss)per unit – Rupees	60.23	22.11	2.00	4.29	50.32	36.73	(117.05)	(29.54)
Return (YTD)	8.87%	5.49%	7.71%	5.00%	7.33%	4.82%	-18.83%	-4.75%
Net assets – Rupees million	10,239.50	13,160.88	2,301.24	358.20	2,988.50	6,736.31	5,044.44	5,375.33
Sales – Rupees million	24,094.33	17,530.87	2,438.34	119.19	745.12	918.31	2,110.91	1,900.90
Sales – in units	47,324,003	33,927,632	23,792,387	1,166,753	1,442,451	1,762,116	3,527,450	3,118,966
Redemptions – Rupees million	26,493.35	9,549.10	438.63	4.40	4,251.24	7,193.35	1,270.19	1,673.15
Redemptions – in units	51,831,140	18,293,203	4,267,683	43,011	8,166,953	13,718,499	2,175,838	2,750,698
Units outstanding at year end	20,351,995	24,859,132	22,936,104	3,411,400	5,820,926	12,545,428	10,009,549	8,657,936

## 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 - AMF

The Investment Committee of the Management Company of AMF, under the authority delegated to them by the Board of Directors, approved an aggregate interim distribution of Rs. 42.55 per unit (2018: Rs. 27.00 per unit for full year) for the FY 2018-19. The total payout for the year works out to 8.51% (2018: 5.40%) on the face value of Rs. 500 per unit.

## INCOME DISTRIBUTION - ASF

The Investment Committee of the Management Company of ASF, under the authority delegated to them by the Board of Directors, approved an aggregate interim distribution of Rs. 7.50 per unit (2018: Rs. 4.75 per unit for full year) for the FY 2018-19. The total payout for the year works out to 7.50% (2018: 4.75%) on the face value of Rs. 100 per unit.

## INCOME DISTRIBUTION - AIF

The Investment Committee of the Management Company of AIF, under the authority delegated to them by the Board of Directors, approved an aggregate interim distribution of Rs. 36.50 per unit (2018: Rs. 24.00 per unit for full year) for the FY 2018-19. The total payout for the year works out to 7.30% (2018: 4.80%) on the face value of Rs.500 per unit.

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## **INCOME DISTRIBUTION - ASMF**

The Board of Directors of AAML, the Management Company of ASMF, in their meeting held on July 04, 2019 announced NIL distribution per unit (for full year) for the financial year ended June 30, 2019 (2018: Nil 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 AMF, ASF, 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 AMF, ASF, 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 AMF, ASF, AIF and ASMF are annexed on pages 23, 58, 99 and 145 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 22, 22, 27 and 24 respectively, to the financial statements of AMF, ASF, AIF and ASMF.

## **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. Frahim 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.

Six Board Meetings were held and attended during FY 2018-19. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 26, 26, 31 and 28 respectively to the financial statements of AMF, ASF, 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). 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. Frahim Ali Khan	Non-Executive Director	4
3	Mr. M. Habib -ur-Rahman	Non-Executive Director	4

**Human Resource & Remuneration Committee (HR& RC)** - two 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	2
2	Mr. Ali H. Shirazi	Non-Executive Director	2
3	Mr. M. Abdul Samad	Chief Executive Officer	2

**Investment Committee** - forty nine 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	10
2	Mr. M. Abdul Samad	Chief Executive Officer	45
3	Mr. Khalid Mahmood (executive management)	Chief Investment Officer Member IC	46
5	Mr. M. Umar Khan (executive management)	Head of Portfolio Management Member IC	40
6	Mr. Fawad Javaid (executive management)	Head of Fixed Income Member IC	47
7	Mr. Faran-ul-Haq (executive management)	Head of Equities Member IC	43

## 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) [2018: AM2+ (AM Two Plus) on 30 June 2019]. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### FUND STABILITY RATING - AMF

PACRA has maintained the stability rating of "AA (f)" (Double A; fund rating) to the Fund on 17 April 2019. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

### FUND STABILITY RATING - ASF

PACRA has maintained the stability rating of "AA (f)" (Double A; fund rating) to the Fund on 17 April 2019. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

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## **FUND STABILITY RATING - AIF**

PACRA has maintained the stability rating of "AA- (f)" (Double A Minus fund rating) to the Fund on 17 April 2019. 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 24 September 2019, recommended the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi and M/s. EY Ford Rhodes, Chartered Accountants, Karachi, being eligible, as auditors of the Atlas Sovereign Fund and Atlas Money Market Fund respectively, for the financial year ending 30 June 2020, and the re-appointment of M/s. EY Ford Rhodes, Chartered Accountants, Karachi, being eligible, as auditors of Atlas Income Fund and Atlas Stock Market Fund, respectively for the financial year ending 30 June 2020.

## **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: 26 September 2019

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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

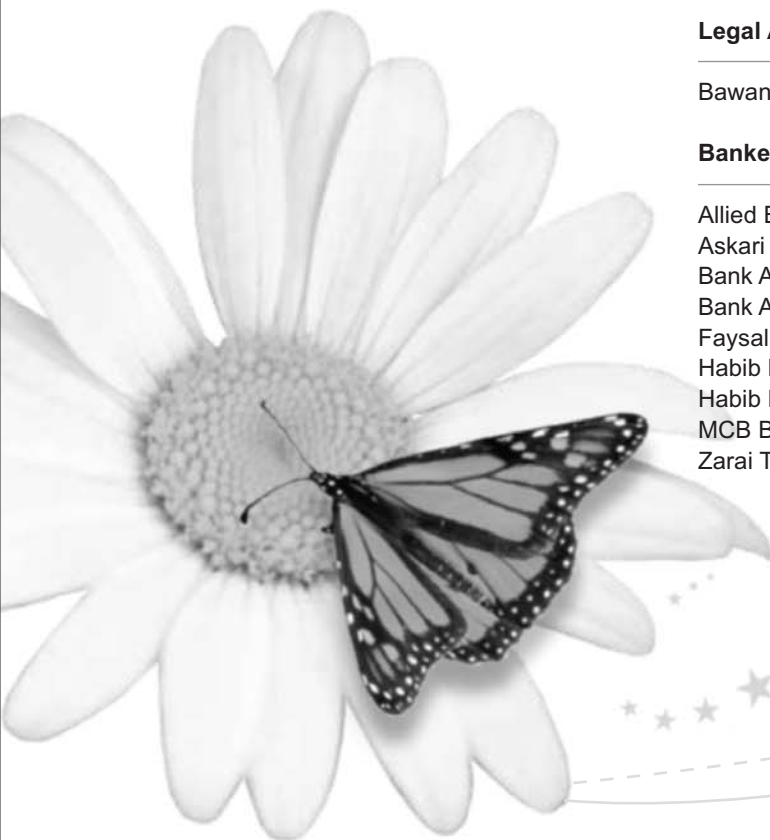
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Bawaney & Partners

### Bankers

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Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Zarai Taraqati Bank Limited



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## Fund Manager's Report

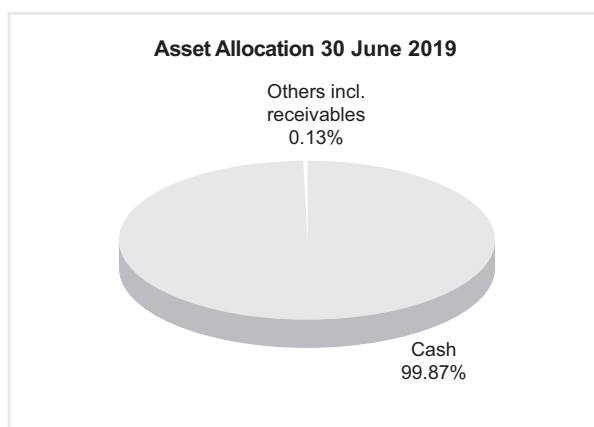
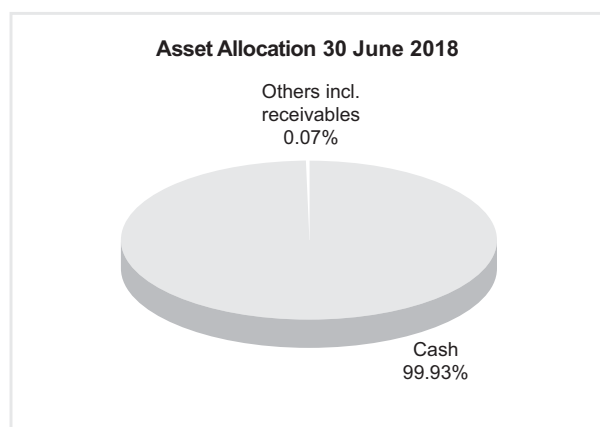
Atlas Money Market Fund (AMF) is an Open-ended Money Market Fund. The investment objective of AMF is to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in authorized short term money 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 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

During the year, SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since January 2018 by increasing 650 basis points as on June 30, 2019 to anchor expected rise in inflation in view of reversal of international oil and commodities prices. In recent monetary policy announced on July 16, 2019, SBP further increased the policy rate by another 100 bps to 13.25%. The decision was taken on account of upside inflationary pressures from exchange rate depreciation since the last MPC meeting on 20th May 2019 and the likely increase in near term inflation from the one-off impact of recent adjustments in utility prices and other measures in the FY20 budget. Going forward, the MPC will be ready to take action depending on economic developments and data outturns. Unanticipated increases in inflation that adversely affect the inflation outlook may lead to further modest tightening. On the other hand, a greater than expected softening in domestic demand and downward revision in projected inflation would also provide grounds for easing monetary conditions.

The Net Asset Value per unit of the Fund increased by 8.87% to Rs. 503.12 per unit as on June 30, 2019. 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 stood at 8.74%. The AMF's total exposure in cash deposits stood at 99.87% 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 10.24 billion, with 20.35 million units outstanding as of June 30, 2019.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 42.55 per unit for the period ended June 30, 2019 (8.51% 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	643	603,890,620	5.90%
Associated Companies / Directors	11	3,773,101,683	36.85%
Insurance Companies	2	11,621,695	0.11%
Retirement Funds	16	547,207,481	5.34%
Public Limited Companies	28	5,276,976,911	51.54%
Others	4	26,705,357	0.26%
<b>Total</b>	<b>704</b>	<b>10,239,503,747</b>	<b>100.00%</b>

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 38,941,269 (Rs. 1.91 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,428,502 up till June 30, 2016 (Rs.1.00 per unit as on June 30, 2019)

The Total Expense Ratio (TER) of the Fund is 0.95% including reversal representing Government levy, SWWF and SECP Fee of 0.32%.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Karachi: 26 September 2019

**Fawad Javaid**  
Head of Fixed Income

## Performance Since Inception

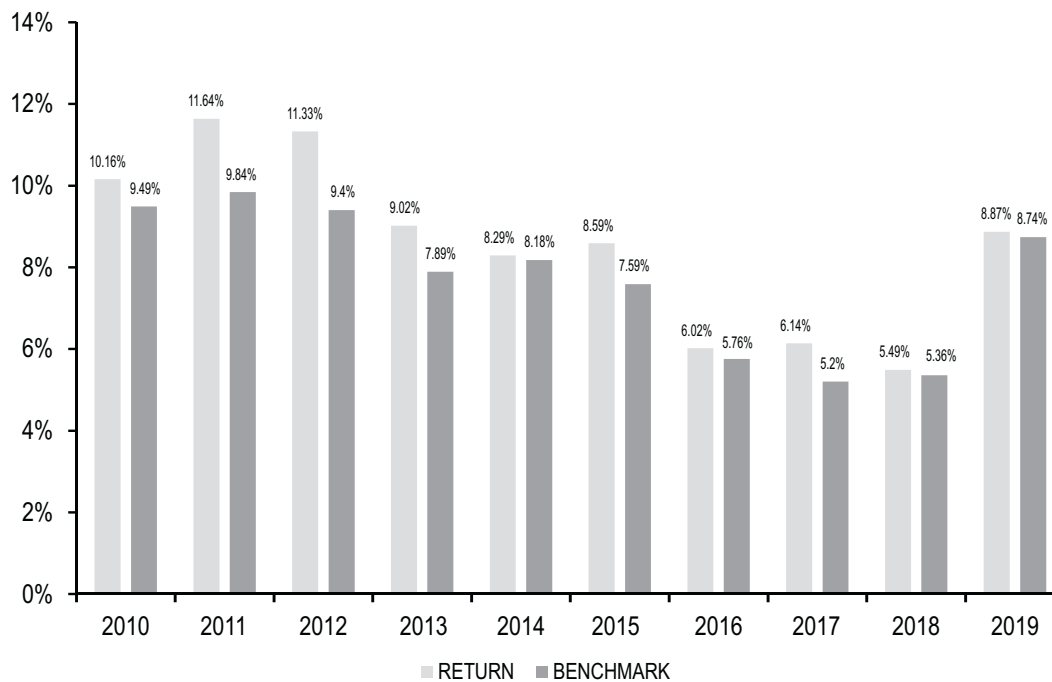
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010*
Net assets (Rs. in '000)	10,239,504	13,160,883	4,629,482	3,269,852	3,699,654	6,049,597	3,821,637	4,532,025	3,316,616	1,410,417
Number of units in issue	20,351,995	24,859,132	9,224,702	6,525,388	7,345,095	12,038,054	7,607,048	9,015,663	6,415,479	2,746,118
Net asset value per unit (Rs.)	503.12	529.42	501.86	501.10	503.69	502.54	502.38	502.68	516.97	513.60
Net income (Rs. in '000)	1,225,892	549,628	77,403	56,325	97,766	496,778	348,581	467,312	283,224	62,542
Earnings per unit (Rs.)	60.23	22.11	8.39	8.63	13.31	41.27	45.82	51.83	44.15	22.77
Annual return of the Fund (%)	8.87	5.49	6.14	6.02	8.59	8.29	9.02	11.33	11.64	10.16
Offer price **	503.12	529.42	501.86	501.10	503.69	502.54	502.19	502.54	516.97	513.60
Redemption price **	503.12	529.42	501.86	501.10	503.69	502.54	502.19	502.54	516.97	513.60
Highest offer price (Rs.)	523.51	529.33	530.81	533.67	544.97	506.35	508.59	508.12	517.25	513.60
Lowest offer price (Rs.)	502.60	502.63	501.18	500.76	503.60	501.14	502.07	502.27	501.41	502.07
Highest repurchase price per unit (Rs.)	523.51	529.33	530.81	533.67	544.97	506.35	508.59	508.12	517.25	513.60
Lowest repurchase price per unit (Rs.)	502.60	502.63	501.18	500.76	503.60	501.14	502.07	502.27	501.41	502.07
Weighted average portfolio (No. of days)	1.00	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)



## Distribution History

Distribution detail	2019	2018	2017	2016	2015
First Interim distribution cash dividend (Rs.)	20.00	-	30.00	33.00	42.00
First Interim distribution as a % of Ex-NAV of units	3.98	-	5.99	6.55	8.36
Date of distribution	18-Jan-19	-	20-Jun-17	24-Jun-16	29-Jun-15
Second Interim distribution cash dividend (Rs.)	4.50	-	-	-	-
Second Interim distribution as a % of Ex-NAV of units	0.90	-	-	-	-
Date of distribution	15-Feb-19	-	-	-	-
Third Interim distribution cash dividend (Rs.)	3.75	-	-	-	-
Third Interim distribution as a % of Ex-NAV of units	0.75	-	-	-	-
Date of distribution	15-Mar-19	-	-	-	-
Fourth Interim distribution cash dividend (Rs.)	3.90	-	-	-	-
Fourth Interim distribution as a % of Ex-NAV of units	0.78	-	-	-	-
Date of distribution	15-Apr-19	-	-	-	-
Fifth Interim distribution cash dividend (Rs.)	4.25	-	-	-	-
Fifth Interim distribution as a % of Ex-NAV of units	0.85	-	-	-	-
Date of distribution	15-May-19	-	-	-	-
Sixth Interim distribution cash dividend (Rs.)	6.15	-	-	-	-
Sixth Interim distribution as a % of Ex-NAV of units	1.22	-	-	-	-
Date of distribution	27-Jun-19	-	-	-	-
Final distribution cash dividend (Rs.)	-	27	-	-	-
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%

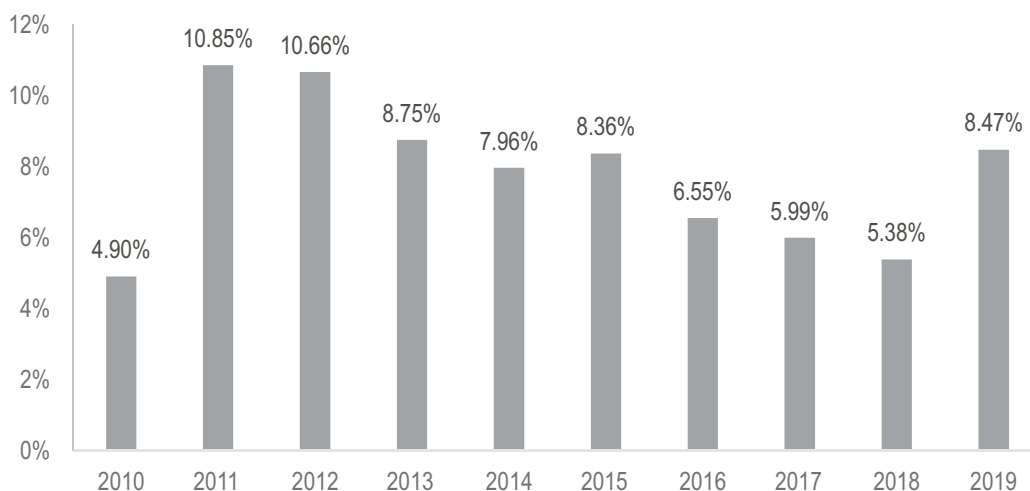
Quarterly Distribution	2011	2010*
First quarter Interim distribution (Bonus)	11.50	11.00
First quarter Interim distribution as a % of opening Ex-NAV of units	2.30%	2.20%
Date of distribution - Interim	12 October 2010	6 April 2010
Second quarter Interim distribution (Bonus)	13.75	-
Second quarter Interim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

### 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 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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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# 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, 2019, 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 and forming part of 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, 2019, 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>Net Asset Value</b>	
	(Refer notes 4 to the annexed financial statements)  The balances with banks constitute the most significant component of the net asset value (NAV). The balances with banks as at June 30, 2019 amounted to Rs. 10.339 billion. The existence of balances with banks for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: <ul style="list-style-type: none"><li>• Obtained independent confirmations for verifying the existence of the balances with banks as at June 30, 2019 and reconciled it with the books and records of the Fund; 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.

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.

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## **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.

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

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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: 26 September 2019

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

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
<b>Assets</b>			
Cash and bank balances	4	10,339,271,465	13,224,116,066
Investments	5	-	-
Profit receivable on bank balances		7,648,801	5,027,146
Other receivables	6	6,100,073	3,586,604
<b>Total assets</b>		<b>10,353,020,339</b>	<b>13,232,729,816</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	7	29,366,349	30,963,521
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	857,187	1,035,151
Payable to the Securities and Exchange Commission of Pakistan	9	10,938,706	7,692,651
Payable against redemption of units		8,034,982	309,512
Unclaimed dividend		5,394,915	25,152
Accrued expenses and other liabilities	10	58,924,453	31,820,642
<b>Total liabilities</b>		<b>113,516,592</b>	<b>71,846,629</b>
<b>NET ASSETS</b>		<b>10,239,503,747</b>	<b>13,160,883,187</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>10,239,503,747</b>	<b>13,160,883,187</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>20,351,995</b>	<b>24,859,132</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>503.12</b>	<b>529.42</b>

The annexed notes from 1 to 30 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 2019

	Note	2019 ----- Rupees -----	2018
<b>Income</b>			
Profit on savings and term deposits		570,298,109	273,041,358
Income from government securities		807,026,124	372,416,832
Loss on sale of investments - net		(12,892,884)	(3,653,585)
<b>Total income</b>		<b>1,364,431,349</b>	<b>641,804,605</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	65,632,235	46,155,900
Sindh Sales Tax on remuneration of the Management Company	7.2	8,532,191	6,000,267
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	11,000,965	8,211,080
Sindh Sales Tax on remuneration of the Trustee	8.2	1,430,125	1,067,440
Annual fees to the Securities and Exchange Commission of Pakistan	9.1	10,938,706	7,692,650
Accounting and operational charges	12	14,584,941	10,168,444
Auditors' remuneration	13	522,705	649,338
Annual rating fee		467,186	355,499
Annual listing fee		27,500	27,500
Securities transaction cost		110,615	70,886
Printing charges		(24,408)	345,077
Amortisation of formation cost		-	-
Legal and professional charges		117,069	102,920
Bank charges		181,133	112,314
Provision for Sindh Workers' Welfare Fund	10.1	25,018,208	11,216,906
<b>Total expenses</b>		<b>138,539,171</b>	<b>92,176,221</b>
<b>Net income for the year before taxation</b>		<b>1,225,892,178</b>	<b>549,628,384</b>
<b>Taxation</b>	15	-	-
<b>Net income for the year after taxation</b>		<b>1,225,892,178</b>	<b>549,628,384</b>
<b>Earnings per unit</b>	16		
<b>Allocation of net income for the period:</b>			
- Net income for the period after taxation		1,225,892,178	549,628,384
- Income already paid on units redeemed		(305,185,212)	(155,278,178)
		<b>920,706,966</b>	<b>394,350,206</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	-
- Excluding capital gains		920,706,966	394,350,206
		<b>920,706,966</b>	<b>394,350,206</b>

The annexed notes from 1 to 30 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 2019

	2019	2018
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>1,225,892,178</b>	<b>549,628,384</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>1,225,892,178</u></b>	<b><u>549,628,384</u></b>

The annexed notes from 1 to 30 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 2019

	30 June 2019			30 June 2018		
	Capital Value	Undistributed income	Net Assets	Capital Value	Undistributed income	Net Assets
Note	Rupees			Rupees		
Capital value	12,754,057,197	-	12,754,057,197	4,617,006,642	12,475,784	4,629,482,426
<b>Net assets at the beginning 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>4,617,006,642</b>	<b>12,475,784</b>	<b>4,629,482,426</b>
Issue of 47,324,003 units (2018: 33,927,632)						
- Capital value (at net asset value per unit at the beginning of the period)	23,776,482,315	-	23,776,482,315	17,026,921,626	-	17,026,921,626
- Element of income	317,849,810	-	317,849,810	503,947,675	-	503,947,675
Total proceeds on issuance of units	24,094,332,125	-	24,094,332,125	17,530,869,301	-	17,530,869,301
Redemption of 51,831,140 (2018: 18,293,203) units						
- Capital value (at net asset value per unit at the beginning of the period)	(26,041,237,824)	(305,185,212)	(26,346,423,036)	(9,607,010,512)	(155,278,178)	(9,762,288,690)
- Element of income	(146,929,727)	-	(146,929,727)	213,191,766	-	213,191,766
Total payments on redemption of units	(26,188,167,551)	(305,185,212)	(26,493,352,763)	(9,393,818,746)	(155,278,178)	(9,549,096,924)
Total comprehensive income for the period	-	1,225,892,178	1,225,892,178	-	549,628,384	549,628,384
Refund of capital	(455,713,025)	-	(455,713,025)	-	-	-
Final Cash distribution for year the ended 30 June 2018 of Rs. 27 per unit for full year declared on 06 July 2018	-	(386,348,605)	(386,348,605)	-	-	-
First interim distribution of Rs. 20 per unit declared on 18 January 2019	-	(359,028,549)	(359,028,549)	-	-	-
Second interim distribution of Rs. 4.50 per unit declared on 15 February 2019	-	(106,637,844)	(106,637,844)	-	-	-
Third interim distribution of Rs. 3.75 per unit declared on 15 March 2019	-	(104,217,404)	(104,217,404)	-	-	-
Fourth interim distribution of Rs. 3.90 per unit declared on 15 April 2019	-	(102,633,744)	(102,633,744)	-	-	-
Fifth interim distribution of Rs. 4.25 per unit declared on 15 May 2019	-	(106,192,435)	(106,192,435)	-	-	-
Sixth interim distribution of Rs. 6.15 per unit declared on 27 June 2019	-	(127,479,374)	(127,479,374)	-	-	-
<b>Net assets at end of the period (Units outstanding: 20,351,995) (Rs. 503.1204 per unit)</b>	<b>36,392,676,297</b>	<b>34,995,001</b>	<b>10,239,503,747</b>	<b>12,754,057,197</b>	<b>406,825,990</b>	<b>13,160,883,187</b>
<b>Undistributed income brought forward</b>						
- Realised income	-	406,825,990	-	-	12,475,784	-
- Unrealised income	-	-	-	-	-	-
	-	406,825,990	-	-	12,475,784	-
<b>Accounting income available for distribution:</b>						
- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	-	920,706,966	-	-	394,350,206	-
Final Cash distribution for year the ended 30 June 2018 of Rs. 27 per unit	-	(386,348,605)	-	-	-	-
First interim distribution of Rs. 20 per unit declared on 18 January 2019	-	(359,028,549)	-	-	-	-
Second interim distribution of Rs. 4.50 per unit declared on 15 February 2019	-	(106,637,844)	-	-	-	-
Third interim distribution of Rs. 3.75 per unit declared on 15 March 2019	-	(104,217,404)	-	-	-	-
Fourth interim distribution of Rs. 3.90 per unit declared on 15 April 2019	-	(102,633,744)	-	-	-	-
Fifth interim distribution of Rs. 4.25 per unit declared on 15 May 2019	-	(106,192,435)	-	-	-	-
Sixth interim distribution of Rs. 6.15 per unit declared on 27 June 2019	-	(127,479,374)	-	-	-	-
<b>Undistributed income carried forward</b>	-	<b>34,995,001</b>	-	-	<b>406,825,990</b>	-
<b>Undistributed income carried forward</b>						
- Realised income	-	34,995,001	-	-	406,825,990	-
- Unrealised income	-	-	-	-	-	-
	-	<b>34,995,001</b>	-	-	<b>406,825,990</b>	-
			(Rupees)			(Rupees)
<b>Net assets value per unit at beginning of the year</b>			<b>529.42</b>			<b>501.86</b>
<b>Net assets value per unit at end of the year</b>			<b>503.12</b>			<b>529.42</b>

The annexed notes from 1 to 30 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 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019 ----- Rupees -----	2018
Net income for the year after taxation		1,225,892,178	549,628,384
<b>Adjustments for:</b>			
Profit on savings and term deposits		(570,298,109)	(273,041,358)
Income from government securities		(807,026,124)	(372,416,832)
Capital loss on sale of investments - net		12,892,884	3,653,585
Provision for Sindh Workers' Welfare Fund		25,018,208	11,216,906
		<b>(1,339,413,141)</b>	<b>(630,587,699)</b>
<b>(Increase) / Decrease in assets</b>			
Other receivables		(2,513,469)	2,446,350
<b>Increase / (Decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		(1,597,172)	4,843,371
Payable to the Central Depository Company of Pakistan Limited - Trustee		(177,964)	611,745
Payable to the Securities and Exchange Commission of Pakistan		3,246,055	3,813,902
Unclaimed dividend		5,369,763	-
Accrued expenses and other liabilities		2,085,603	(24,209,158)
		<b>8,926,285</b>	<b>(14,940,140)</b>
		<b>(107,108,147)</b>	<b>(93,453,105)</b>
Interest received		567,676,454	273,772,415
Investments made during the year		(150,107,275,329)	(59,980,721,744)
Investments sold / matured during the year		150,901,408,569	60,349,484,991
		<b>1,361,809,694</b>	<b>642,535,662</b>
<b>Net cash generated from operating activities</b>		<b>1,254,701,547</b>	<b>549,082,557</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		24,094,332,125	17,635,689,573
Net payments against redemption of units		(26,485,627,293)	(9,552,090,605)
Refund of capital		(455,713,025)	-
Final Cash distribution for year the ended 30 June 2018 of Rs. 27 per unit for full year declared on 06 July 2018		(386,348,605)	-
First interim distribution of Rs. 20 per unit declared on 18 January 2019		(359,028,549)	-
Second interim distribution of Rs. 4.50 per unit declared on 15 February 2019		(106,637,844)	-
Third interim distribution of Rs. 3.75 per unit declared on 15 March 2019		(104,217,404)	-
Fourth interim distribution of Rs. 3.90 per unit declared on 15 April 2019		(102,633,744)	-
Fifth interim distribution of Rs. 4.25 per unit declared on 15 May 2019		(106,192,435)	-
Sixth interim distribution of Rs. 6.15 per unit declared on 27 June 2019		(127,479,374)	-
<b>Net cash (used in) / generated from financing activities</b>		<b>(4,139,546,148)</b>	<b>8,083,598,968</b>
<b>Net (decrease in) / increase in cash and cash equivalents</b>		<b>(2,884,844,601)</b>	<b>8,632,681,525</b>
Cash and cash equivalents at the beginning of the year		13,224,116,066	4,591,434,541
<b>Cash and cash equivalents at the end of the year</b>	4	<b>10,339,271,465</b>	<b>13,224,116,066</b>

The annexed notes from 1 to 30 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 2019

## 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 Limited (CDC) as the Trustees 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

The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the 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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has an impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) which are exposed to credit risk, pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognised as FVTPL. The management considers its investment in debt securities being managed as a group of assets whose performance is measured based on fair value and hence has classified them as FVTPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS 9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

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

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

The following amendments to published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

<b>Standard, interpretation or amendment</b>	<b>Effective date</b>
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

**2.3.1** There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

### **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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 15).

## 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 2.2 and 3.2 to the financial statements.

### 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 and subsequent measurement

##### Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income "(FVOCI)"
- at fair value through profit or loss (FVTPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

#### 3.2.2 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## **3.2.3 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.

## **3.2.4 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.

## **3.2.5 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.

## **3.2.6 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.

## **3.2.7 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.

## **3.3 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

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 Board of Directors of the Management Company. Based on the 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 year 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

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 element of income is a transaction of capital nature and the receipt and payment of element of income is 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.

### 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.
- 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.

### 3.11 Expenses

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

### 3.12 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 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.

4 CASH AND BANK BALANCES	Note	2019	2018
		----- Rupees -----	
Balances with banks in savings accounts	4.1	10,287,871,465	13,200,471,066
Cheques in hand	4.2	51,400,000	23,645,000
		<u>10,339,271,465</u>	<u>13,224,116,066</u>

4.1 The rate of return on these accounts ranges between 6.00% and 13.40% (2018: 4.00% to 7.35%) per annum.

4.2 The denotes cheques received against issue of units which were deposited and cleared in the bank account subsequent to the year end by 03 July 2019.

### 5 INVESTMENTS

#### At fair value through profit or loss

#### Investments in government securities

- Market Treasury Bills

Note	2019	2018
	----- Rupees -----	
5.1	-	-

#### 5.1 Government Securities - Market Treasury Bills

Particulars	Face value				Amortised cost as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of	
	As at 01 July 2018	Purchased during the year	Sold / matured during the year	As at 30 June 2019			total investment	net assets
	----- (Rupees) -----						----- % age -----	
3 Months	-	152,169,465,000	152,169,465,000	-	-	-	-	-
30 June 2019	-	152,169,465,000	152,169,465,000	-	-	-	-	-
30 June 2018								

6 OTHER RECEIVABLES	Note	2019	2018
		----- Rupees -----	
Other receivables	6.1	6,100,073	3,586,604

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 and 150. However, withholding tax on profit on debt 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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld as at June 30, 2019 amounts to Rs 6.100 million (Rs 3.586 million).

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 January 28, 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 amount of withholding tax deducted on profit on debt has been shown as other receivables as at June 30, 2019 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	2019 ----- Rupees -----	2018
Remuneration of the Management Company	7.1	4,302,315	5,483,460
Sindh Sales Tax payable on remuneration of the Management Company	7.2	3,679,463	3,833,012
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,428,502	20,428,502
Accounting and operational charges payable	12	956,069	1,218,547
		<b>29,366,349</b>	<b>30,963,521</b>

7.1 During the year ended 30 June 2019, the Management Company has charged its remuneration at the rate of 0.45% (2018: 0.45%) per annum of the average net assets for the year. The fee is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 8,532,191 (2018: Rs. 6,000,267) 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. 8,685,740 (2018: Rs. 5,531,598) was 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) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 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.

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.

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 2018: 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 2019 would have been higher by Rs. 1.00 (30 June 2018: Re. 0.82) per unit.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
Trustee fee	8.1	758,573	916,063
Sindh Sales Tax on trustee fee	8.2	98,614	119,088
		<b>857,187</b>	<b>1,035,151</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
- 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 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

8.2 During the year ended 30 June 2019, an amount of Rs. 1,430,125 (2018: Rs 1,067,440) 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. 1,450,599 (2018: Rs 997,062) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
Annual fee payable	9.1	10,938,706	7,692,651

9.1 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.

10 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
Auditors' remuneration payable		618,300	461,455
Printing charges payable		77,972	226,417
Withholding tax payable		18,170,295	30,775
Capital gain tax payable		1,108,008	16,823,435
Provision for Sindh Workers' Welfare Fund	10.1	38,941,269	13,923,061
Zakat payable		8,609	-
Fund rating fee payable		-	355,499
		<b>58,924,453</b>	<b>31,820,642</b>

10.1 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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).

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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Rs. 1.91 per unit (2018: Re 0.56 per unit).

## 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

## 12 ACCOUNTING AND OPERATIONAL CHARGES

Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the management continued to charge expenses at the rate of 0.1 percent of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

## 13 AUDITORS' REMUNERATION

	2019	2018
	----- Rupees -----	
Annual audit fee	315,000	357,443
Half yearly review of condensed interim financial information	157,500	157,500
Other Certifications	50,000	40,000
Out of pocket expenses	50,000	50,000
Sindh Sales Tax on services	45,800	44,395
Prior year adjustment	(95,595)	-
	<b>522,705</b>	<b>649,338</b>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 0.95% (2018: 0.65%) which includes 0.32% (2018: 0.25%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

## 15 TAXATION

**15.1** 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 paid the required minimum percentage of income earned by the Fund during the year ended 30 June 2019 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 2019

## 16 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.

## 17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** 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.
- 17.2** 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.
- 17.3** 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.
- 17.4** 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:

	2019	2018
	----- Rupees -----	
<b>Atlas Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	65,632,235	46,155,900
Remuneration paid	66,813,380	42,550,754
Sindh Sales Tax on remuneration of the Management Company	8,532,191	6,000,267
Accounting and operational charges	14,584,941	10,168,444
Issue of 372,611 (2018: Nil) units	189,160,580	-
Redemption of 372,611 (2018: Nil) units	187,872,711	-
Dividend declared	8,091,020	-
Outstanding 1 (2018: Nil) units - at net asset value	298	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	11,000,965	8,211,080
Sindh Sales Tax on remuneration of the Trustee	1,430,125	1,067,440
Remuneration paid	11,158,455	7,669,713
<b>Atlas Foundation (Group Company)</b>		
Issue of 11,851 (2018: 10,905) units	56,236,967	5,600,000
Dividend declared	7,314,935	-
Outstanding 212,500 (2018: 100,649) units - at net asset value	106,913,042	53,285,796
<b>Atlas Battery Limited</b>		
Issue of 31,622 (2018: 1,902,047) units	15,888,580	975,708,017
Redemption of 560,022 (2018: 1,369,520) units	283,372,212	702,297,156
Dividend declared	14,403,364	-
Outstanding 4,127 (2018: 532,527) units - at net asset value	2,076,707	281,930,697

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	----- Rupees -----	
<b>Atlas Fund of Funds (Fund under common management)</b>		
Issue of 222,834 units (2018: 34,016) units	112,150,000	17,100,000
Redemption of 222,834 (2018: 34,016) units	113,150,000	17,993,931
<b>Atlas Group of Companies, M.S.G.Fund</b>		
Issue of 252,031 (2018: 115,887) units	127,778,346	60,209,000
Redemption of 147,482 (2018: 6,766) units	74,300,000	3,500,000
Dividend declared	7,778,346	-
Outstanding 213,670 (2018: 109,121) units - at net asset value	107,501,398	57,770,882
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 1,609,457 (2018: 10,571,154) units	812,285,435	5,389,780,725
Redemption of 5,040,039 (2018: 985,571) units	2,550,000,000	500,000,000
Dividend declared	590,249,863	-
Outstanding 6,155,001 (2018: 9,585,583) units - at net asset value	3,096,704,288	5,074,799,245
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 2,063,181 (2018: 314,490) units	1,053,108,979	162,000,000
Dividend declared	17,007,997	-
Redemption of 2,063,181 (2018: 314,490) units	1,050,995,516	166,383,895
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 137,877 (2018: Nil) units	69,317,303	-
Redemption of 237,987 (2018: Nil) units	120,000,000	-
Dividend declared	16,997,194	-
Outstanding 143,264 (2018: 243,374) units - at net asset value	72,079,270	128,847,159
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 2,755 (2018: Nil) units	1,385,256	-
Dividend declared	1,385,256	-
Outstanding 21,673 (2018: 18,918 ) units - at net asset value	10,904,341	10,015,626
<b>Honda Atlas Cars (Pakistan) Limited (Group Company)</b>		
Issue of 737,324 (2018: 964,581) units	375,836,755	500,000,000
Redemption of 4,254,774 (2018: Nil) units	2,186,388,415	-
Dividend declared	131,403,157	-
Outstanding Nil (2018: 3,517,450) units - at net asset value	-	1,862,208,294
<b>Batools Benefit Trust</b>		
Issue of 1,355 (2018: 10,706) units	681,353	5,500,000
Dividend declared	779,509	-
Outstanding 12,061 (2018: 10,706) units - at net asset value	6,068,058	5,667,756

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	----- Rupees -----	
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 36,673 (2018: 57,409) units	18,502,631	29,567,000
Redemption of 39,676 (2018: Nil) units	20,000,000	-
Dividend declared	3,782,631	-
Outstanding 54,406 (2018: 57,409) units - at net asset value	27,372,391	30,393,222
<b>Shirazi Investments (Private) Limited</b>		
Issue of 158,463 (2018: 1,669,629) units	79,671,949	880,000,000
Redemption of 833,325 (2018: Nil) units	425,000,000	-
Dividend declared	101,743,194	-
Outstanding 944,767 (2018: 1,669,629) units - at net asset value	500,486,813	883,934,770
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)</b>		
Redemption of Nil (2018: 420) units	-	211,646
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 2,409 (2018: Nil) units	1,211,474	-
Redemption of 23,490 (2018: 420) units	11,874,188	-
Dividend declared	1,228,054	-
Outstanding Nil (2018: 21,081) units - at net asset value	-	11,160,565
<b>Atlas Die Casting (Private) Limited (Group Company)</b>		
Issue of 780,763 (2018: Nil) units	395,031,266	-
Dividend declared	5,494,705	-
Redemption of 780,763 (2018: 198,172) units	399,099,536	102,870,816
<b>Mr. Amin Mohammad Lakhani (Unit Holder with more than 10% holding)*</b>		
Redemption of Nil (2018: 867,486) units	-	454,000,000
Outstanding Nil (2018: 439,809) units - at net asset value	-	232,843,713
<b>Fauji Fertilizer Company Limited (Unit Holder with more than 10% holding)</b>		
Issue of 16,287,897 (2018: Nil) units	8,284,891,901	-
Redemption of 11,202,348 (2018: Nil) units	5,786,932,117	-
Outstanding 5,085,549 (2018: Nil) units - at net asset value	2,558,641,525	-
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Issue of 196,504 (2018: 608,091) units	99,644,920	318,383,031
Redemption of 569,138 (2018: 31,900) units	291,391,158	16,750,664
Dividend declared	36,545,071	-
Outstanding 298,070 (2018: 670,704) units - at net asset value	149,964,978	355,084,285
<b>17.5</b>	Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.	

\*The holding during the current period is less than 10%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2019			
	Loans and receivables	At fair value through profit or loss	Available-for- sale	Total
	----- (Rupees) -----			
<b>Financial assets</b>				
Cash and bank balances	10,339,271,465	-	-	10,339,271,465
Profit receivable on bank balances	7,648,801	-	-	7,648,801
	<b>10,346,920,266</b>	<b>-</b>	<b>-</b>	<b>10,346,920,266</b>

	As at 30 June 2019			
	At fair value through profit or loss	At amortised cost	Total	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	-	29,366,349	29,366,349	
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	857,187	857,187	
Payable against redemption of units	-	8,034,982	8,034,982	
Unclaimed dividend	-	5,394,915	5,394,915	
Accrued expenses and other liabilities	-	704,881	704,881	
	<b>-</b>	<b>44,358,314</b>	<b>44,358,314</b>	

	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>	

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 19 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.

### 19.1 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 2019, 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 2019, 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 2019, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 102,282,805 (2018: Rs 132,004,711).

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

As at 30 June 2019 & 30 June 2018 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 2019 and 30 June 2018 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 2019 and 30 June 2018 can be determined as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

----- As at 30 June 2019 -----

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	6.00% - 13.40%	10,287,871,465	-	-	51,400,000	10,339,271,465
Profit receivable on bank balances		-	-	-	7,648,801	7,648,801
		<u>10,287,871,465</u>	-	-	<u>59,048,801</u>	<u>10,346,920,266</u>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	29,366,349	29,366,349
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	857,187	857,187
Payable against redemption of units		-	-	-	8,034,982	8,034,982
Unclaimed dividend		-	-	-	5,394,915	5,394,915
Accrued expenses and other liabilities		-	-	-	704,881	704,881
		-	-	-	<u>44,358,314</u>	<u>44,358,314</u>
<b>On-balance sheet gap (a)</b>		<u>10,287,871,465</u>	-	-	<u>14,690,487</u>	<u>10,302,561,952</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>10,287,871,465</u>	-	-	-	-
<b>Cumulative interest rate sensitivity gap</b>		<u>10,287,871,465</u>	<u>10,287,871,465</u>	<u>10,287,871,465</u>		

----- 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>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>33,376,707</u>	<u>33,376,707</u>
<b>On-balance sheet gap (a)</b>		<u>13,200,471,066</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>	-	-	-	-
<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>		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## (ii) 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) 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 2019 which expose it to price risk.

## 19.2 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.

	----- As at 30 June 2019 -----				
	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	10,339,271,465	-	-	-	10,339,271,465
Profit receivable on bank deposits	7,648,801	-	-	-	7,648,801
	<b>10,346,920,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,346,920,266</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	29,366,349	-	-	-	29,366,349
Payable to the Central Depository Company of Pakistan Limited - Trustee	857,187	-	-	-	857,187
Payable against redemption of units	8,034,982	-	-	-	8,034,982
Unclaimed dividend	5,394,915	-	-	-	5,394,915
Accrued expenses and other liabilities	-	704,881	-	-	704,881
	<b>43,653,433</b>	<b>704,881</b>	<b>-</b>	<b>-</b>	<b>44,358,314</b>
<b>Net assets / (liabilities)</b>	<b>10,303,266,833</b>	<b>(704,881)</b>	<b>-</b>	<b>-</b>	<b>10,302,561,952</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	As at 30 June 2018				Total
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	
----- 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>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>33,376,707</b>
<b>Net assets / (liabilities)</b>	<b>13,196,809,876</b>	<b>(1,043,371)</b>	<b>-</b>	<b>-</b>	<b>13,195,766,505</b>

## 19.3 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 2019, the Fund did not hold investments in government guaranteed securities. Furthermore, the Fund's maximum exposure to credit risk as of 30 June 2019 amounts to Rs. 10,349,423,761 (2018: Rs 13,229,143,212).

### 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 2019, the Fund did not hold investments in government guaranteed securities. Banks with which the Fund has maintained balances are rated as follows:

Rating	2019	2018
AA	20.07%	0%
AA+	16.84%	1.20%
AAA	63.09%	98.80%
	<b>100.00%</b>	<b>100.00%</b>

## 20 FAIR VALUE MEASUREMENT

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. 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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 June 30, 2019, the Fund did not have any financial instruments measured at fair value.

## 21 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 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.

## 22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Investment amount (Rupees)	Percentage of total	Number of unit holders	Investment amount (Rupees)	Percentage of total
Individuals	643	603,890,620	5.90	280	844,024,718	6.41
Associated Companies / Directors	11	3,773,101,683	36.85	9	8,251,511,367	62.70
Insurance Companies	2	11,621,695	0.11	1	5,135,099	0.04
Banks / DFIs	-	-	0.00	1	500,289,308	-
Retirement Funds	16	547,207,481	5.34	15	448,026,036	3.40
Public Limited Companies	28	5,276,976,911	51.54	6	1,600,163,012	12.16
Others	4	26,705,357	0.26	13	1,511,733,647	11.49
	<b>704</b>	<b>10,239,503,747</b>	<b>100.00</b>	<b>325</b>	<b>13,160,883,187</b>	<b>100.00</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 23 LIST OF TOP BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	25.30	Invest Capital Markets Limited	53.55
JS Global Capital Limited	2.79	Pearl Securities Limited	28.85
Optimus Capital Management (Private) Limited	6.13	Arif Habib Limited	13.77
Pearl Securities Limited	65.78	BMA Capital Management Limited	3.83

## 24 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 25 NAME AND QUALIFICATION OF THE FUND MANAGER

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

## 26 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:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Names of Directors	Meeting held on					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi						
Mr. Tariq Amin	P	L	P	L	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	L	P	L	P	P	P
Ms Zehra Naqvi	P	L	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Company Secretary)	P	P	P	P	P	P

P Present  
L Leave of absence

## 27 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. 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)" [2018: "AA (f)"] on 17 April 2019.

## 28 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.

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

## 30 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 Sovereign 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

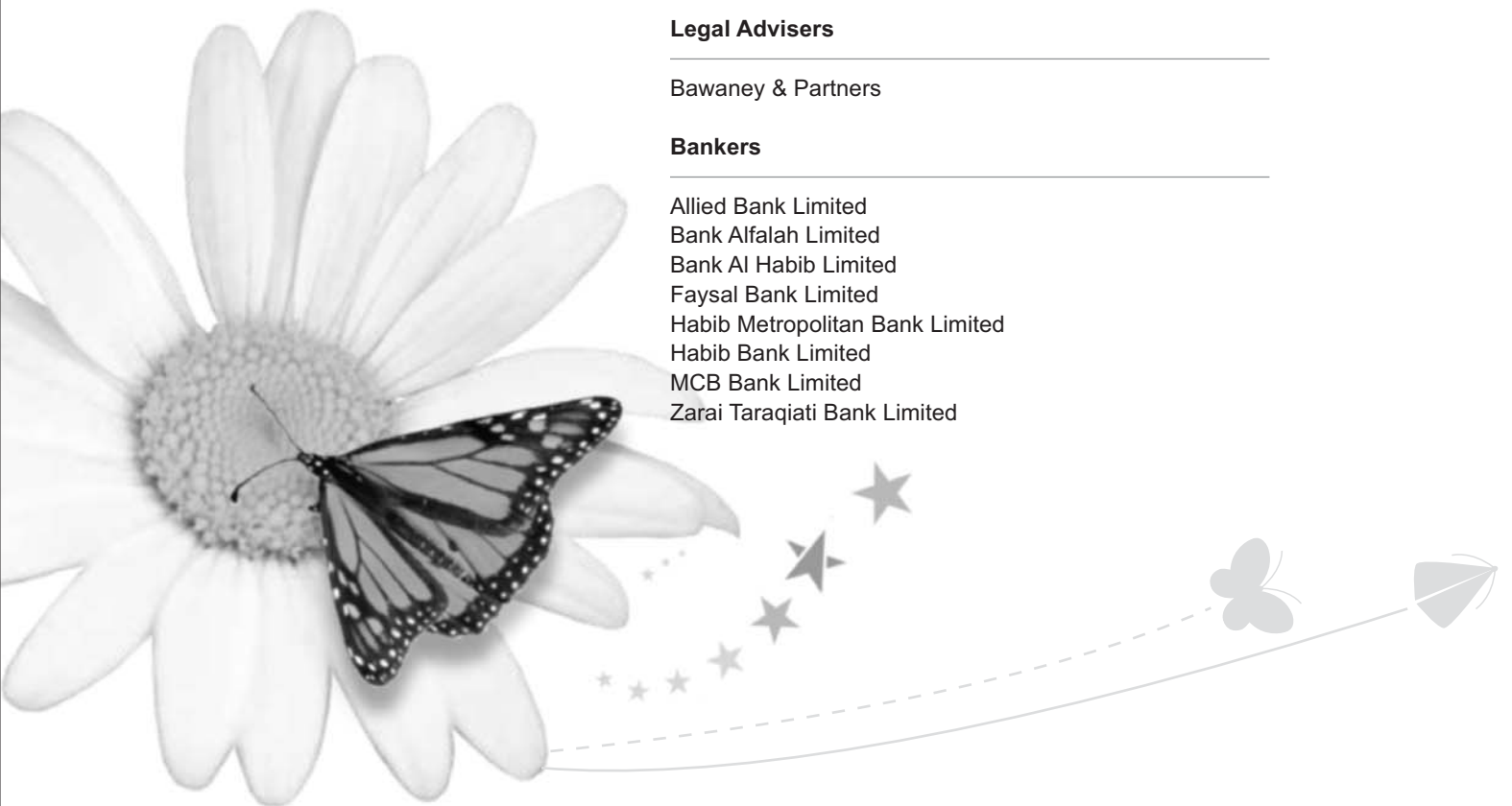
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Bawaney & Partners

### Bankers

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Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
Zarai Taraqiat Bank Limited



## Fund Manager's Report

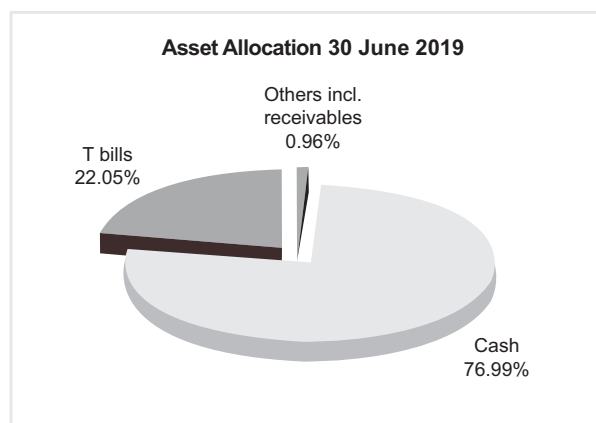
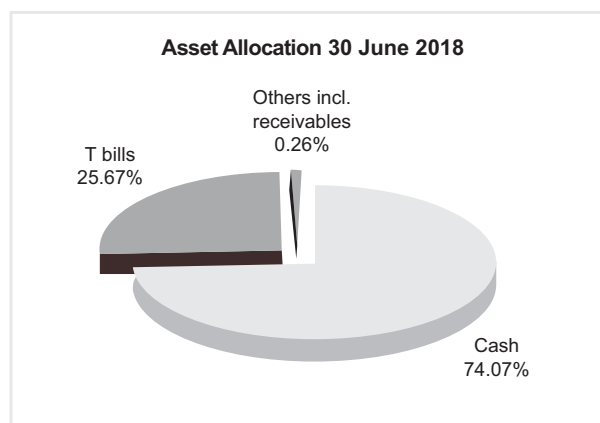
Atlas Sovereign Fund (ASF) is an Open-ended Income Fund. The objective of ASF is to provide unit-holders competitive returns with medium risk and high liquidity by investing in Government Securities and Debt Instruments. The Fund's strategy is based on the conviction that economic environment drives 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 Sovereign Fund performance benchmark is average Six Months PKRV rates.

The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

During the year, SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since January 2018 by increasing 650 basis points as on June 30, 2019 to anchor expected rise in inflation in view of reversal of international oil and commodities prices. In recent monetary policy announced on July 16, 2019, SBP further increased the policy rate by another 100 bps to 13.25%. The decision was taken on account of upside inflationary pressures from exchange rate depreciation since the last MPC meeting on 20th May 2019 and the likely increase in near term inflation from the one-off impact of recent adjustments in utility prices and other measures in the FY20 budget. Going forward, the MPC will be ready to take action depending on economic developments and data outturns. Unanticipated increases in inflation that adversely affect the inflation outlook may lead to further modest tightening. On the other hand, a greater than expected softening of demand and downward revision in projected inflation would provide ground for easing monetary conditions.

The Net Asset Value per unit of the Fund increased by 7.71% to Rs. 100.33 per unit as on June 30, 2019. The benchmark average six months PKRV rate stood at 9.31% during the period under review. The ASF's total exposure in PIBs stood at 22.05% and 76.99% in short term deposits with banks/ cash. ASF presents a good investment opportunity for investors to earn attractive returns with medium term investment horizon. The Net Assets of the Fund stood at Rs 2.30 billion, with 22.94 million units outstanding as of June 30, 2019.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 7.50 per unit for the period ended June 30, 2019 (7.5% on the face value of Rs. 100 per unit).

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**Breakdown of Unit Holding by size:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	47	326,116,893	14.17
Associated companies / Directors	7	1,699,859,915	73.87
Retirement Funds	5	275,209,579	11.96
<b>Total</b>	<b>60</b>	<b>2,301,236,691</b>	<b>100.00</b>

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 1,976,156 (Rs. 0.09 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 905,341 up till June 30, 2016. (Rs.0.04 per unit as on June 30, 2019).

The Total Expense Ratio (TER) of the Fund is 1.1% including expenses representing Government levy, SWWF and SECP Fee of 0.31%.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Karachi: 26 September 2019

**Fawad Javaid**  
Head of Fixed Income

## Performance Since Inception

	2019	2018	2017	2016	2015*
Net Assets (Rs. in '000)	2,301,237	358,197	250,510	746,960	604,907
Number of units in issue	22,936,104	3,411,400	2,287,658	7,461,205	5,898,379
Net assets value per unit (Rs.)	100.33	105.00	109.50	100.11	102.55
Net income (Rs. in 000)	45,984	14,631	21,473	12,781	15,854
Earnings per unit (Rs.)	2.00	4.29	9.39	1.71	2.69
Annual return of the fund (%)	7.71	5.00	9.39	5.79	8.32
Offer Price ** (Rs.)	100.33	105.00	109.54	100.11	102.55
Redemption Price ** (Rs.)	100.33	105.00	109.54	100.11	102.55
Highest offer Price (Rs.)	104.33	104.97	109.54	105.76	104.61
Lowest offer Price (Rs.)	100.27	100.14	100.25	100.02	100.12
Highest repurchase price per unit (Rs.)	104.33	104.97	109.54	105.76	104.61
Lowest repurchase price per unit (Rs.)	100.27	100.14	100.25	100.02	100.12
Weighted average portfolio (No. of days)	218.17	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

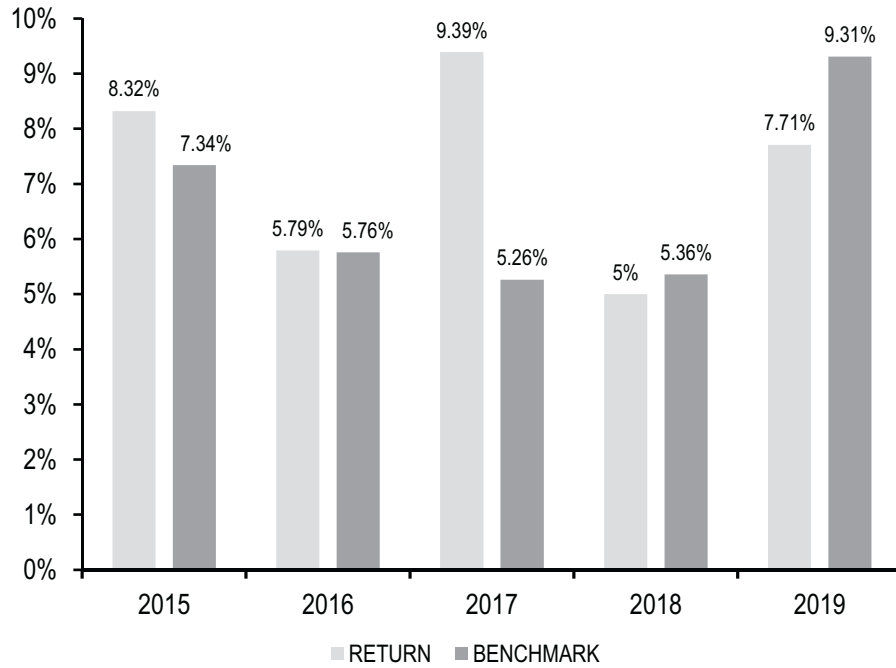
**Note:** Past Performance of the Fund is not indicative of future performance, and the price and investment return may go down, as well as up.

## Distribution Details

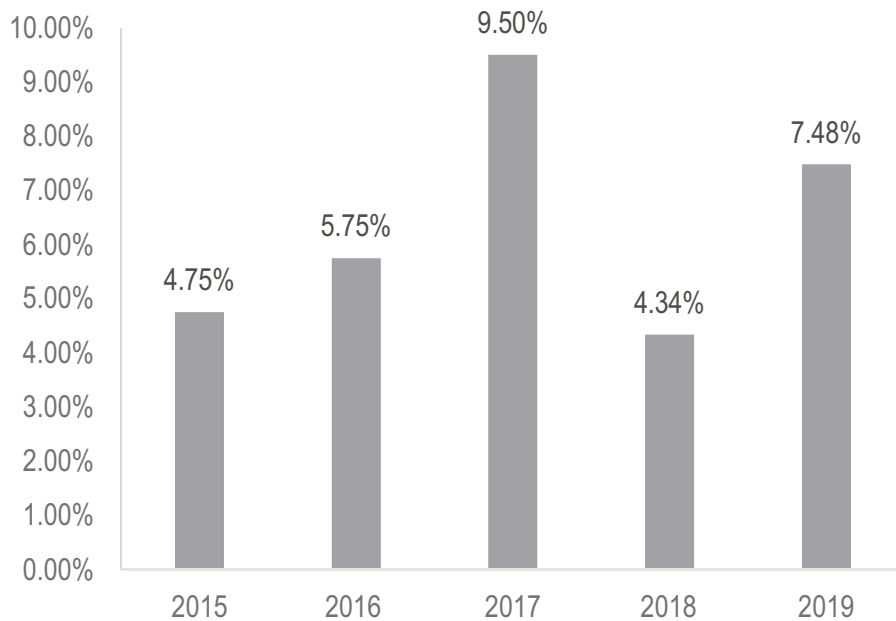
Distribution details	2019	2018	2017	2016	2015
First Inteim Distribution - Cash Dividend (Rs.)	4.00	-	-	5.75	2.25
First Inteim Distribution as a % of opening NAV	3.99	-	-	5.75	2.25
Distribution date	18-Jan-19	-	-	24-Jun-16	8-Jun-15
Second Inteim Distribution - Cash Dividend (Rs.)	3.50	-	-	-	-
Second Inteim Distribution as a % of opening NAV	3.49	-	-	-	-
Distribution date	27-Jun-19	-	-	-	-
Final Distribution - Cash Dividend (Rs.)	-	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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

# INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of **Atlas Sovereign Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2019, 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 judgement, 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 is the key audit matter:

S. No	Key audit matter	How our audit addressed the key audit matter
1	<b>Debt Investments</b>	
	<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the investments held by the Fund comprised of debt investments which represent significant portion of the total assets of the Fund as at the year end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the classification and measurement of debt 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 debt investments portfolio.</li><li>• We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on such investments.</li><li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of debt investments adopted by the Fund in accordance with the requirements of IFRS 9.</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 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 debt investments portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li></ul>

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## 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 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.

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- 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.

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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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

Karachi: 26 September 2019

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

<b>Assets</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		----- Rupees -----	
Bank balances	4	1,786,431,695	267,945,874
Investments	5	511,602,698	92,878,298
Profit receivable on bank deposits		21,782,840	232,155
Other receivables	6	469,410	453,482
Deferred formation cost	7	-	260,000
<b>Total assets</b>		<b>2,320,286,643</b>	<b>361,769,809</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	1,854,683	1,735,345
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	255,914	49,789
Payable to the Securities and Exchange Commission of Pakistan	10	430,422	224,555
Accrued expenses and other liabilities	11	16,508,933	1,563,353
<b>Total liabilities</b>		<b>19,049,952</b>	<b>3,573,042</b>
<b>NET ASSETS</b>		<b>2,301,236,691</b>	<b>358,196,767</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,301,236,691</b>	<b>358,196,767</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>22,936,104</b>	<b>3,411,400</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>100.33</b>	<b>105.00</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 2019

		2019	2018
	Note	----- Rupees -----	-----
<b>Income</b>			
Interest Income	13	55,788,183	18,549,092
Capital loss on sale of investments - net		(1,596,694)	(169,359)
Net unrealized on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(1,849,043)	(8,187)
		<b>(3,445,737)</b>	<b>(177,546)</b>
<b>Total income</b>		<b>52,342,446</b>	<b>18,371,546</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	2,121,413	1,347,312
Sindh Sales Tax on remuneration of the Management Company	8.2	275,784	175,151
Accounting and Operational charges	8.4	573,890	201,472
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	848,381	449,105
Sindh Sales Tax on Remuneration of Trustee	9.2	110,290	58,384
Annual fees to the Securities and Exchange Commission of Pakistan	10	430,422	224,555
Auditors' remuneration	15	146,100	286,450
Annual rating fee		362,233	273,460
Annual listing fee		27,500	27,500
Securities transaction cost		927	11,123
Printing charges		946	16,096
Legal and professional charges		228,119	102,920
Amortisation of formation cost	7	260,000	260,000
Bank charges		33,555	8,503
Provision for Sindh Workers' Welfare Fund	11.1	938,458	298,590
<b>Total expenses</b>		<b>6,358,018</b>	<b>3,740,621</b>
<b>Net income for the year before taxation</b>		<b>45,984,428</b>	<b>14,630,925</b>
<b>Taxation</b>	16	-	-
<b>Net income for the year after taxation</b>		<b>45,984,428</b>	<b>14,630,925</b>
<b>Earning per unit</b>	17		
<b>Allocation of net income for the year:</b>			
Net income for the year after taxation		45,984,428	78,044
Income already paid on units redeemed		(6,354,851)	14,552,881
		<b>39,629,577</b>	<b>14,630,925</b>
<b>Accounting income available for distribution:</b>			
-Relating to capital gains		-	-
-Excluding capital gains		39,629,577	14,552,881
		<b>39,629,577</b>	<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 2019

	2019	2018
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>45,984,428</b>	<b>14,630,925</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>45,984,428</u></b>	<b><u>14,630,925</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 2019

	30 June 2019	
	Capital Value	Undistributed income
-----Rupees-----		
Capital value	343,141,842	-
<b>Undistributed income brought forward</b>		
- Realised income	-	13,858,968
- Unrealised income	-	1,195,957
<b>Net assets at the beginning of the year (Units outstanding: 3,411,400)</b> <b>(Rs. 105.00 per unit)</b>	<b>343,141,842</b>	<b>15,054,925</b>
Issue of 23,792,387 units	2,438,344,597	-
Redemption of 4,267,683 units	(432,273,876)	(6,354,851)
Total comprehensive income for the year	-	45,984,428
Refund of Capital	(50,992,105)	-
Cash dividend declared for the year ended 30 June 2018 at the rate of Rs. 4.75 per unit 06 July 2018	-	(13,834,502)
First interim distribution at Rs. 4.0 per unit declared on 18 January 2019	-	(10,084,761)
Second interim distribution at Rs. 3.5 per unit declared on 27 June 2019	-	(27,749,006)
<b>Net assets at end of the year (Units outstanding: 22,936,104)</b> <b>(Rs. 100.33 per unit)</b>	<b>2,298,220,458</b>	<b>3,016,233</b>
<b>Undistributed income carried forward</b>		
- Realised income	-	4,865,277
- Unrealised loss	-	(1,849,044)
	<b>-</b>	<b>3,016,233</b>
-----Rupees-----		
	30 June 2018	
	Capital value	Undistributed income
-----Rupees-----		
Capital value	228,274,827	-
<b>Undistributed income brought forward</b>		
- Realised income	-	22,234,792
- Unrealised income	-	-
<b>Net assets at beginning of the year (unit outstanding: 2,287,658)</b> <b>(Rs. 109.50 per unit)</b>	<b>228,274,827</b>	<b>22,234,792</b>
Issue of 1,166,753 units	119,190,903	-
Redemption of 43,011 units	(4,323,888)	(78,044)
Total comprehensive income for the year	-	14,630,925
Cash dividend declared for the year ended 30 June 2017 at the rate of Rs. 9.50 per unit on 07 July 2017	-	(21,732,748)
<b>Net assets at end of the year (Units outstanding: 3,411,400)</b> <b>(Rs. 105.00 per unit)</b>	<b>343,141,842</b>	<b>15,054,925</b>
<b>Undistributed income carried forward</b>		
- Realised income	-	13,858,968
- Unrealised income	-	1,195,957
	<b>-</b>	<b>15,054,925</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

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	----- Rupees -----	----- Rupees -----
Net income for the year after taxation	45,984,428	14,630,925
<b>Adjustments for:</b>		
Interest income	(55,788,183)	(18,549,092)
Capital loss on sale of investments - net	1,596,694	169,359
Amortisation of formation cost	260,000	260,000
Net unrealized loss on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	1,849,043	8,187
Provision for Sindh Workers' Welfare Fund	938,458	298,590
	<b>(51,143,988)</b>	<b>(17,812,956)</b>
<b>(Increase) in assets</b>		
Prepayment and other receivables	(15,928)	-
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	119,338	(1,541,366)
Payable to the Central Depository Company of Pakistan Limited - Trustee	206,125	(198,353)
Payable to the Securities and Exchange Commission of Pakistan	205,867	(413,055)
Accrued expenses and other liabilities	14,007,122	(4,367,733)
	<b>14,538,452</b>	<b>(6,520,507)</b>
	<b>9,362,964</b>	<b>(9,702,538)</b>
Interest received	(3,210,877)	5,768,475
Investments made during the year	(4,421,310,596)	(2,674,908,245)
Investments sold / matured during the year	4,036,588,834	2,596,756,068
	<b>(387,932,639)</b>	<b>(72,383,702)</b>
<b>Net cash (used in) operating activities</b>	<b>(378,569,675)</b>	<b>(82,086,240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipt from issuance of units	2,438,344,597	119,190,903
Net payment against redemption of units	(438,628,727)	(12,702,340)
Cash payout against distribution	(102,660,374)	(21,732,748)
<b>Net cash generated from financing activities</b>	<b>1,897,055,496</b>	<b>84,755,815</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,518,485,821</b>	<b>2,669,575</b>
Cash and cash equivalents at the beginning of the year	267,945,874	265,276,299
<b>Cash and cash equivalents at the end of the year</b>	<b>4 1,786,431,695</b>	<b>267,945,874</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 2019

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Sovereign 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 and Second Supplemental Trust Deeds dated 23 May 2017 and 03 September 2018 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 and Seventh Supplements dated 24 March 2015, 03 August 2015, 23 June 2016, 13 October 2016, 02 June 2017, 18 April 2018 and 20 August 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 is categorised as an 'Income Scheme' effective from 02 January 2019 previously it was 'Money Market Scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009. 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. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.3 According to the amended Trust Deed, the objective of the Fund is to generate competitive returns by investing in Government Securities and Debt Instruments. 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 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 New / Revised 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:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

IFRS 15 – Revenue from Contracts with Customers

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements other than IFRS 9 Financial Instruments as disclosed below:

## 2.2.1 IFRS 9 Financial Instruments

### (a) Classification and measurement

Effective from 01 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVTPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification of debt instruments is based on two criteria, (a) the entity's business model for managing the assets; and (b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 01 July 2018. However, the Fund has chosen to take advantage of the option not to restate comparatives as allowed under IFRS 9. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 01 July 2018:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## Financial assets

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Bank balances	Loans and receivables	267,945,874	Amortised Cost	267,945,874
Investments	Held for trading*	100,782,300	Fair value through profit or loss*	92,878,298
Profit receivable on bank deposits	Loans and receivables	232.155	Amortised Cost	232.155

\*The financial assets held for trading continue to be measured at fair value through profit and loss under IFRS 9.

## Financial liabilities

All Financial liabilities which were previously classified as 'other financial liabilities' at amortised cost under IAS 39 continue to be classified as 'financial liabilities at amortised cost' under IFRS 9.

### (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model.

SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets (other than debt securities) and concluded that impact is not material to the financial statements.

## 2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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 or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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.

## 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 3.1 below.

### 3.1 Financial instruments - Policy effective from 01 July 2018

In the current period, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### b) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

##### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

##### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

### **Financial assets measured (equity and debt Instruments) at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### **Financial assets (debt Instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## Financial liabilities

### Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

### c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### d) Impairment of financial assets

The Fund only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses on bank balances using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses on bank balances (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

### e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, 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 2019

## 3.2 Financial instruments - Policy effective before 01 July 2018

### 3.2.1 Financial assets

#### 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 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.

### 3.2.3 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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. 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. Presently, the Fund does not have any derivative instrument.

### **3.2.8 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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.

## 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-imbursable to it by the Fund.

## 3.8 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.

## 3.9 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.

## 3.10 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 3.11 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 of EPU is not practicable.

## 3.12 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.

## 3.13 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 03 August 2017 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, specified methodology of determination of income paid on units redeemed 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.

4 BANK BALANCES	Note	2019 ----- Rupees -----	2018 -----
In local currency			
- Profit and loss sharing accounts	4.1	1,736,431,695	267,945,874
- Cheque in hand	4.2	50,000,000	-
		<u>1,786,431,695</u>	<u>267,945,874</u>

4.1 The rate of return on these balances range from 6.00% to 13.40% per annum (30 June 2018: 4.00% to 7.35% 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 02 July 2019.

## 5 INVESTMENTS

At fair value through profit or loss	Note	2019 ----- Rupees -----	2018 -----
<b>Government Securities</b>			
Market Treasury Bills	5.1	-	92,878,298
Pakistan Investment Bonds	5.2	511,602,698	-
		<u>511,602,698</u>	<u>92,878,298</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 5.1 Market Treasury Bills - At fair value through profit or loss

Market treasury bills	Face value (Rupees)				(Rupees)		Percentage	
	As at 01 July 2018	Acquired during the year	Sold / matured during the year	As at 30 June 2019	Amortised cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets
3 Months - T-bills	93,000,000	3,755,000,000	3,848,000,000	-	-	-	-	-
<b>30 June 2019</b>	<b>93,000,000</b>	<b>3,755,000,000</b>	<b>3,848,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2018</b>					<b>92,886,485</b>	<b>92,878,298</b>	<b>100.00</b>	<b>25.93</b>

5.1.1 The cost of investments as on 30 June 2019 is Rs. Nil (30 June 2018: Rs.91,682,341).

5.1.2 These Market Treasury Bills carry purchase yields ranging from Nil (30 June 2018: 6.21% to 6.72%) per annum and will mature between Nil (30 June 2018: 05 July 2018 and 30 August 2018).

## 5.2 Pakistan Investment Bonds - At fair value through profit or loss

Pakistan investment bonds	Face value (Rupees)				(Rupees)		Percentage	
	As at 01 July 2018	Acquired during the year	Sold / matured during the year	As at 30 June 2019	Amortised cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets
3 Years PIB	-	625,500,000	235,000,000	390,500,000	347,601,342	346,925,664	67.81	15.08
5 Years PIB	-	200,000,000	-	200,000,000	165,850,400	164,677,034	32.19	7.16
<b>30 June 2019</b>	<b>-</b>	<b>825,500,000</b>	<b>235,000,000</b>	<b>590,500,000</b>	<b>513,451,742</b>	<b>511,602,698</b>	<b>100.00</b>	<b>22.24</b>
<b>30 June 2018</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

5.2.1 The cost of investments as on 30 June 2019 is Rs. 513,451,742 (30 June 2018: Rs. Nil).

5.2.2 These Pakistan Investment Bonds carry purchase yields ranging from 11.80% to 13.80% per annum and will mature between 12 July 2021 and 12 July 2023.

## 6 OTHER RECEIVABLES

	Note	2019 Rupees	2018
Other receivables	6.1	<b>469,410</b>	<b>453,482</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 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 has been shown as other receivables as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
<b>7 DEFERRED FORMATION COST</b>			
Deferred formation cost		260,000	520,000
Amortisation of formation cost		(260,000)	(260,000)
		<b>-</b>	<b>260,000</b>
<b>8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>			
Remuneration of the Management Company	8.1	330,804	132,163
Sindh sales tax payable on remuneration of the Management Company	8.2	174,284	148,464
Federal excise duty payable on remuneration of the Management Company	8.3	905,341	905,341
Formation cost payable		260,000	520,000
Accounting and operational charges payable	8.4	184,254	29,377
		<b>1,854,683</b>	<b>1,735,345</b>

**8.1** In accordance with the offering document of the Fund, management fee is 10% of the Gross Earnings subject to a minimum fee of 0.45% of average daily Net Assets and maximum fee of 0.80% of average Annual Net Asset. The Management Company is entitled to charge a management fee 1.0% of average annual net assets of the Fund in case of Income schemes that is to be verified by the trustee and is paid in arrears on monthly basis. Provided that the Management Company may charge performance based or fixed fee or the combination of both which shall not exceed the limit prescribed in the regulation. Accordingly, the Management Company has charged its remuneration at the rate of 0.37% (2018: 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. 275,784 (2018: Rs. 175,151) 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. 249,964 (2018: Rs.296,691) 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 04 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2018: 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 2019 would have been higher by Rs. 0.04 per unit (30 June 2018: Re. 0.27 per unit).

### 8.4 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
<b>9 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY</b>			
Trustee fee	9.1	226,473	44,061
Sindh sales tax on trustee fee	9.2	29,441	5,728
		<b>255,914</b>	<b>49,789</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. 110,290 (2018: 58,384) 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.86,577 (2018: 81,203 ) was paid to the Trustee which acts as a collecting agent.

"

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

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
Annual fee payable	10.1	<b>430,422</b>	<b>224,555</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 2019

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 ----- Rupees -----	2018
Transaction charges payable		1,611	1,204
Auditors' remuneration payable		177,120	231,925
Printing charges payable		3,641	6,224
Fund Rating Fee Payable		410	273,460
Withholding tax payable		4,032,096	1,664
CGT Payable		30,816	193
Dividend payable		10,287,083	10,985
Provision for Sindh Workers' Welfare Fund	11.1	1,976,156	1,037,698
		<b>16,508,933</b>	<b>1,563,353</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 01 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 2019 would have been higher by Re 0.09 per unit (30 June 2018: Rs 0.30 per unit).

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2,018
	----- Rupees -----	
<b>13 INTEREST INCOME</b>		
Profit and loss sharing accounts	8,328,613	3,645,425
Government securities - Market Treasury Bills	37,448,375	14,903,667
Government securities - Pakistan Investment Bonds	10,011,195	-
	<b>55,788,183</b>	<b>18,549,092</b>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 1.10% (30 June 2018:1.25%) which includes 0.31% (30 June 2018: 0.26%) 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 Income scheme.

	2019	2,018
	----- Rupees -----	
<b>15 AUDITORS' REMUNERATION</b>		
Annual audit fee	111,000	111,000
Half yearly review of condensed interim financial information	62,500	62,500
Certification charges	50,000	50,000
Out of pocket expenses	8,000	41,870
Sindh sales tax on services	18,520	21,080
Prior year adjustment	(103,920)	-
	<b>146,100</b>	<b>286,450</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 paid the required minimum percentage of income earned by the Fund during the year ended 30 June 2019 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 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.

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** 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.
- 18.2** 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.
- 18.3** 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.
- 18.4** 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:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
Note	----- Rupees -----	-----
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	2,121,413	1,347,312
Remuneration paid	1,922,772	2,282,256
Sindh sales tax on remuneration of the Management Company	275,784	175,151
Issue of 712,652 (2018: 3206) units	71,569,094	320,588
Redemption of 344,720 (2018: nil) units	35,500,000	-
Cash dividend	1,843,647	427,451
Accounting and operational charges	573,890	201,472
Outstanding 416,133 (2018: 48,201) units at - net asset value	41,750,659	5,061,082
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	848,381	449,105
Sindh sales tax payable on remuneration of the Trustee	110,290	58,384
Remuneration paid	665,969	624,639
<b>Atlas Foundation (Group Company)</b>		
Issue of 852,367 (2018: Nil) units	86,117,645	-
Cash dividend	1,198,982	-
Bank balances - cheque in hand	4.2 50,000,000	-
Outstanding 852,367 (2018: Nil) units at - net asset value	85,518,023	-
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 625,078 (2018: Nil) units	62,788,347	-
Redemption of 510,248 (2018: Nil) units	51,780,000	-
Cash dividend	388,347	-
Outstanding 114,830 (2018: Nil) units at - net asset value	11,520,859	-
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 1,204,433 (2018: Nil) units	124,073,320	-
Cash dividend	4,073,320	-
Outstanding 1,204,433 (2018: Nil) units - at net asset value	120,840,784	-
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 7,031,519 (2018: 105) units	722,939,257	10,748
Cash dividend	23,810,858	-
Outstanding 7,031,624 (2018: 105) units at - net asset value	705,482,820	11,031
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 5,829,391 (2018: 110,791) units	598,084,965	11,079,147
Cash dividend	40,599,688	14,772,196
Outstanding 7,495,151 (2018: 1,665,759) units at - net asset value	751,988,488	174,904,743

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	----- Rupees -----	
<b>Atlas Group of Companies - Management Staff Gratuity Fund</b>		
<b>(Retirement benefit plan of a Group Company)</b>		
Issue of 656,886 (2018: Nil) units	67,221,547	-
Cash dividend	2,221,547	-
Outstanding 656,886 (2018: Nil) units - at net asset value	65,905,323	-
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 550,455 (2018: Nil) units	55,978,054	-
Redemption of 550,455 (2018: Nil) units	56,721,339	-
<b>Cherat Cement Company Limited - WPPF (Unit Holder with more than 10% holding)</b>		
Issue of 64,385 (2018: 45,350) units	-	4,534,967
Cash dividend	-	6,046,623
Outstanding 746,222 (2018: 681,836) units at - net asset value	-	7,159,280
<b>Directors and their close family members and key management</b>		
<b>Personnel and executive of the Management Company</b>		
Issue of 4,183,922 (2018: 14,775) units	430,573,260	1,504,319
Redemption of 15,421 (2018: 20,372) units	1,575,000	2,103,694
Cash dividend	14,257,797	171,466
Outstanding 4,180,952 (2018: 12,452) units at - net asset value	419,474,910	1,307,460

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

18.6 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.

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2019			Total
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	
	----- (Rupees) -----			
Financial assets				
Bank balances	1,786,431,695	-	-	1,786,431,695
Investments	-	511,602,698	-	511,602,698
Profit receivable on bank deposits	21,782,840	-	-	21,782,840
	<b>1,808,214,535</b>	<b>511,602,698</b>	<b>-</b>	<b>2,319,817,233</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2019		
	At fair value through profit or loss	At amortised Cost	Total
	----- (Rupees) -----		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	1,854,683	1,854,683
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	255,914	255,914
Accrued expenses and other liabilities	-	10,469,865	10,469,865
	-	<b>12,580,462</b>	<b>12,580,462</b>

	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	267,945,874	-	-	267,945,874
Investments	-	92,878,298	-	92,878,298
Profit receivable on bank deposits	232,155	-	-	232,155
	<b>268,178,029</b>	<b>92,878,298</b>	-	<b>361,056,327</b>

	As at 30 June 2018		
	At fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees) -----		
<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>

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

- 20.1** 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 20.2 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 2019, 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 2019, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 17,364,317 (2018: Rs. 2,679,459). 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. 17,364,317 (2018: Rs. 2,679,459 ).

### b) Sensitivity analysis for Fixed rate instruments

Presently, the Fund holds Pakistan investment bond 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 2019, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 5.905 million (2018: 0.93 million). In case of 100 basis points decrease in market interest rates as at 30 June 2019 with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 5.905 million (2018: 0.93 million).

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 2019 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 2019 can be determined as follows: The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2019 can be determined as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

----- As at 30 June 2019 -----

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)

## Financial assets

Bank balances	6.00% - 13.40%	1,786,431,695	-	-	-	1,786,431,695
Investments		511,602,698	-	-	-	511,602,698
Profit receivable on bank deposits		21,782,840	-	-	-	21,782,840
		<b>2,319,817,233</b>	-	-	-	<b>2,319,817,233</b>

## Financial liabilities

Payable to Atlas Asset Management Limited - Management Company		-	-	-	1,854,683	1,854,683
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	255,914	255,914
Accrued expenses and other liabilities		-	-	-	10,469,865	10,469,865
		-	-	-	<b>12,580,462</b>	<b>12,580,462</b>

## Total interest rate sensitivity gap

		<b>2,319,817,233</b>	-	-	<b>(12,580,462)</b>	<b>2,307,236,771</b>
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----- 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)

## Financial assets

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
		<b>361,056,327</b>	-	-	-	<b>361,056,327</b>

## Financial liabilities

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>

## Total interest rate sensitivity gap

		<b>361,056,327</b>	-	-	<b>(1,855,450)</b>	<b>359,200,877</b>
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## (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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## (iii) 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.

## 20.3 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 2019 -----				
	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	1,786,431,695	-	-	-	1,786,431,695
Investments	-	-	-	511,602,698	511,602,698
Profit receivable on bank deposits	21,782,840	-	-	-	21,782,840
	<b>1,808,214,535</b>	<b>-</b>	<b>-</b>	<b>511,602,698</b>	<b>2,319,817,233</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	1,334,683	260,000	-	260,000	1,854,683
Payable to the Central Depository Company of Pakistan Limited - Trustee	255,914	-	-	-	255,914
Accrued expenses and other liabilities	10,288,694	181,171	-	-	10,469,865
	<b>11,879,291</b>	<b>441,171</b>	<b>-</b>	<b>260,000</b>	<b>12,580,462</b>
<b>Net assets / (liabilities)</b>	<b>1,796,335,244</b>	<b>(441,171)</b>	<b>-</b>	<b>511,342,698</b>	<b>2,307,236,771</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	----- 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	267,945,874	-	-	-	267,945,874
Investments	-	92,878,298	-	-	92,878,298
Profit receivable on bank deposits	232,155	-	-	-	232,155
	<b>268,178,029</b>	<b>92,878,298</b>	-	-	<b>361,056,327</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
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>

## 20.4 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 2019, 22.23% (2018: 25.93%) 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 2019 amounts to Rs. 1,808,214,535 (2018: Rs. 268,178,029).

### 20.4.1 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 with banks. The credit rating profile of banks is as follows:

Ratings of amounts placed with banks	% of financial assets exposed to credit risk	
	2019	2018
AAA	35.74	97.80
AA+	44.07	1.89
AA	20.19	0.30
	<b>100</b>	<b>100</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

### 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 20.5 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.

## 20.6 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;

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

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 2019, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique. The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

## 21 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 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Amount (Rupees)	Percentage of total	Number of unit holders	Amount Rupees	Percentage of total
Individuals	47	326,116,893	14.17	29	2,900,901	0.81
Associated Companies / Directors	8	1,699,910,219	73.87	5	181,284,143	50.61
Retirement Funds	5	275,209,579	11.96	2	174,011,723	48.58
	<b>60</b>	<b>2,301,236,691</b>	<b>100.00</b>	<b>36</b>	<b>358,196,767</b>	<b>100.00</b>

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

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	43.96	Pearl Securities Limited	49.51
Invest Capital Markets Limited	56.04	Next Capital Limited	34.48
	<b>100.00</b>	BMA Capital Management Limited	12.71
		Invest Capital Markets Limited	3.30
			<b>100.00</b>

## 24 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 25 NAME AND QUALIFICATION OF FUND MANAGER

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 26 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					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	P	L	P	L	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	L	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P	P	P	P
Ms Zainab Kazim	P	P	P	P	P	P

P Present

L Leave of absence

## 27 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Moreover, PACRA maintained the stability rating of the Fund at "AA (f)" [2018: "AA (f)"] on 17 April 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 26 September 2019.

**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

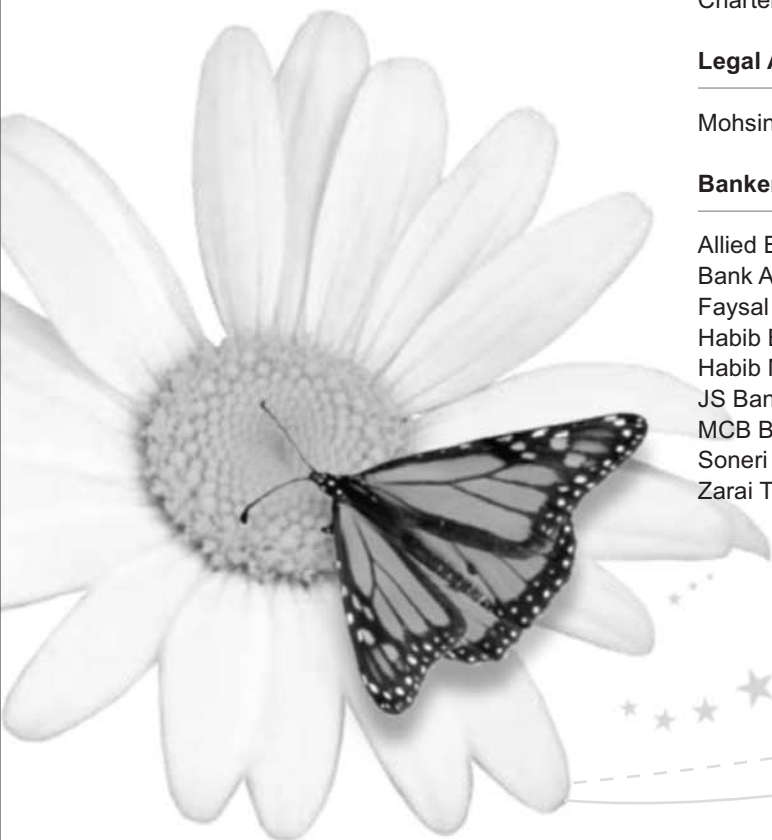
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Mohsin Tayebaly & Co.

### Bankers

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Allied Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Soneri Bank Limited  
Zarai Taraqjati Bank Limited



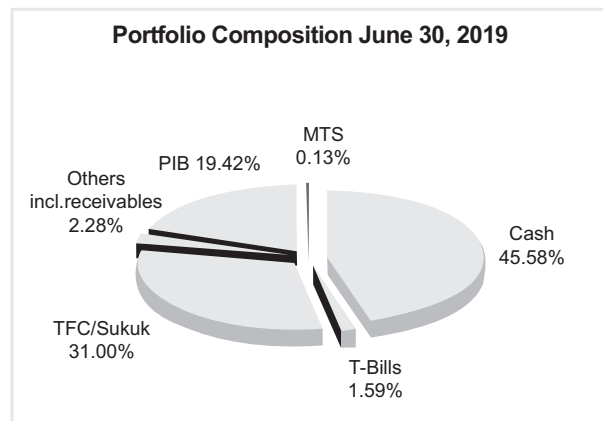
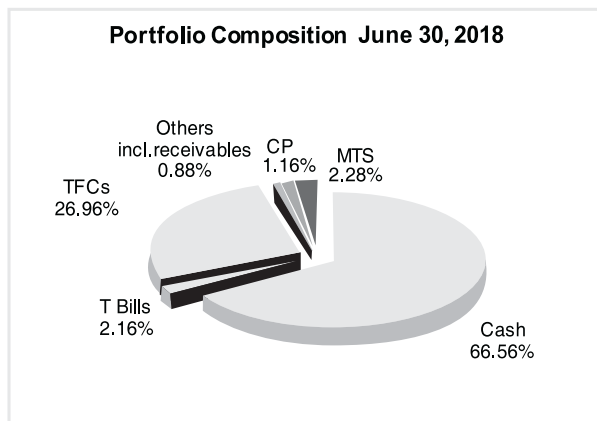
# Fund Manager's Report

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 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

During the year, SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since January 2018 by increasing 650 basis points as on June 30, 2019 to anchor expected rise in inflation in view of reversal of international oil and commodities prices. In recent monetary policy announced on July 16, 2019, SBP further increased the policy rate by another 100 bps to 13.25%. The decision was taken on account of upside inflationary pressures from exchange rate depreciation since the last MPC meeting on 20th May 2019 and the likely increase in near term inflation from the one-off impact of recent adjustments in utility prices and other measures in the FY20 budget. Going forward, the MPC will be ready to take action depending on economic developments and data outturns. Unanticipated increases in inflation that adversely affect the inflation outlook may lead to further modest tightening. On the other hand, a greater than expected softening in domestic demand and downward revision in projected inflation would also provide grounds for easing monetary conditions.



AIF's Net Asset Value per unit increased by 7.33% to Rs. 513.41 as on June 30, 2019. The benchmark average six months KIBOR rate stood at 10.22% during the period under review. AIF's current asset allocation is 1.59% in Treasury bills, 0.13% in MTS, 31.00% in TFC/Sukuks, 45.58% in cash/deposits and 19.42% in PIBs. The Net Assets of the Fund stood at Rs 2.99 billion with 5.82 million units outstanding as of June 30, 2019.

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 Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 36.50 per unit for the period ended June 30, 2019 (7.3% on the face value of Rs. 500 per unit).

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)	-	-	17,314.46
Agritech Limited-PPTFC	29,976	(29,976)	-	-	33,903.90
Agritech Limited-TFC-IV	7,494	(7,494)	-	-	8,613.10
Agritech Limited-TFC II	11,015	(11,015)	-	-	-
Azgard Nine Limited TFC	7,872	(7,872)	-	-	7,057.43
Azgard Nine Limited – V	5,375	(5,375)	-	-	-
Telecard Limited	4,669	(4,669)	-	-	778.44
<b>Total</b>	<b>81,626</b>	<b>81,626</b>			<b>67,667.32</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	2015-16	2016-17	2017-18	2018-19
Atlas Bachat Plan	85%	15%	7.57%	9.72%	3.38%	3.41%
Atlas Bachat Balanced Plan	50%	50%	6.54%	19.61%	0.04%	-5.75%
Atlas Bachat Growth Plan	15%	85%	5.50%	29.50%	-3.31%	-14.91%

#### Breakdown of Unit Holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	318	204,941,022	6.86%
Associated Companies / Directors	9	2,566,958,206	85.89%
Retirement Funds	12	166,233,794	5.56%
Public Limited Companies	6	14,858,238	0.50%
NBFCs	1	11,261	0.00%
Others	7	35,492,621	1.19%
<b>Total</b>	<b>353</b>	<b>2,988,495,142</b>	<b>100.00%</b>

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The Fund has made provision against SWWF, which up till June 30, 2019 amounted to 28,626,992 (Rs. 4.92 per unit). The Scheme has held provision for FED liability that amounted to Rs. 23,582,971 up till June 30, 2016 (Rs. 4.05 per unit as on June 30, 2019).

The Total Expense Ratio (TER) of the Fund is 1.48% including expenses representing Government levy, SWWF and SECP Fee of 0.34%.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Karachi: 26 September 2019

**Fawad Javaid**  
Head of Fixed Income

## Performance Since Inception

	2019	2018	2017	2016	2015	2014	2013	2012
Net assets (Rs. in '000)	2,988,495	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	5,820,926	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.)	513.41	536.95	512.24	511.25	510.24	503.86	503.72	502.00
Net income (Rs. in '000)	292,891	460,808	213,245	444,672	168,149	184,945	139,186	53,314
Earnings per unit (Rs.)	50.32	36.73	8.70	29.11	15.39	23.91	36.14	28.73
Annual return of the Fund (%)	7.33	4.82	5.48	8.02	10.19	8.45	9.58	6.06
Offer price **	513.41	536.95	512.24	511.25	510.24	503.80	508.56	507.02
Redemption price **	513.41	536.95	512.24	511.25	510.24	503.86	503.52	502.00
Highest offer price (Rs.)	531.63	536.86	538.50	550.09	565.53	518.68	523.74	535.51
Lowest offer price (Rs.)	513.06	513.00	510.39	510.77	504.10	502.10	507.30	483.57
Highest repurchase price per unit (Rs.)	531.63	536.86	538.50	550.09	565.53	518.11	518.55	530.21
Lowest repurchase price per unit (Rs.)	513.06	513.00	510.39	510.77	504.10	502.10	502.28	478.78
Weighted average portfolio (No. of days)	774.82	652.86	417.19	845.19	98.20	329.65	59.05	87.24

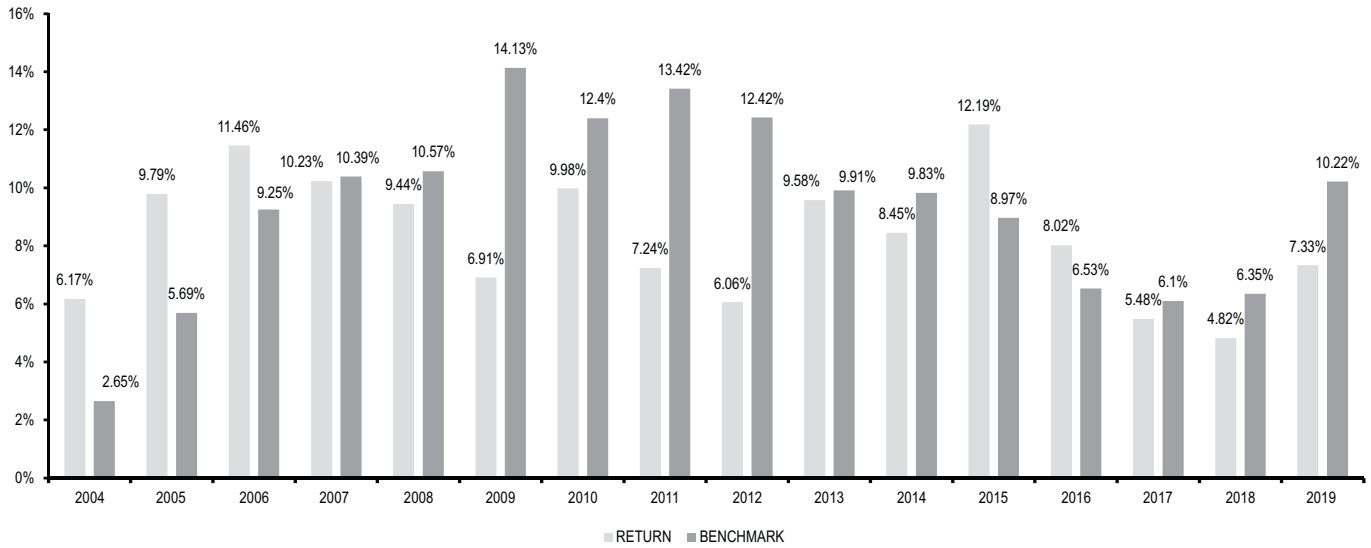
	2011	2010	2009	2008	2007	2006	2005	2004*
Net assets (Rs. in '000)	786,935	1,282,287	1,748,265	4,150,406	3,853,940	2,675,604	1,153,856	371,324
Number of units in issue	1,530,383	2,509,323	3,403,895	7,930,536	6,988,480	4,796,790	2,101,528	742,343
Net asset value per unit (Rs.)	514.21	511.01	513.61	523.34	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 **	519.35	516.04	518.75	533.81	557.60	566.65	554.55	505.21
Redemption price **	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.

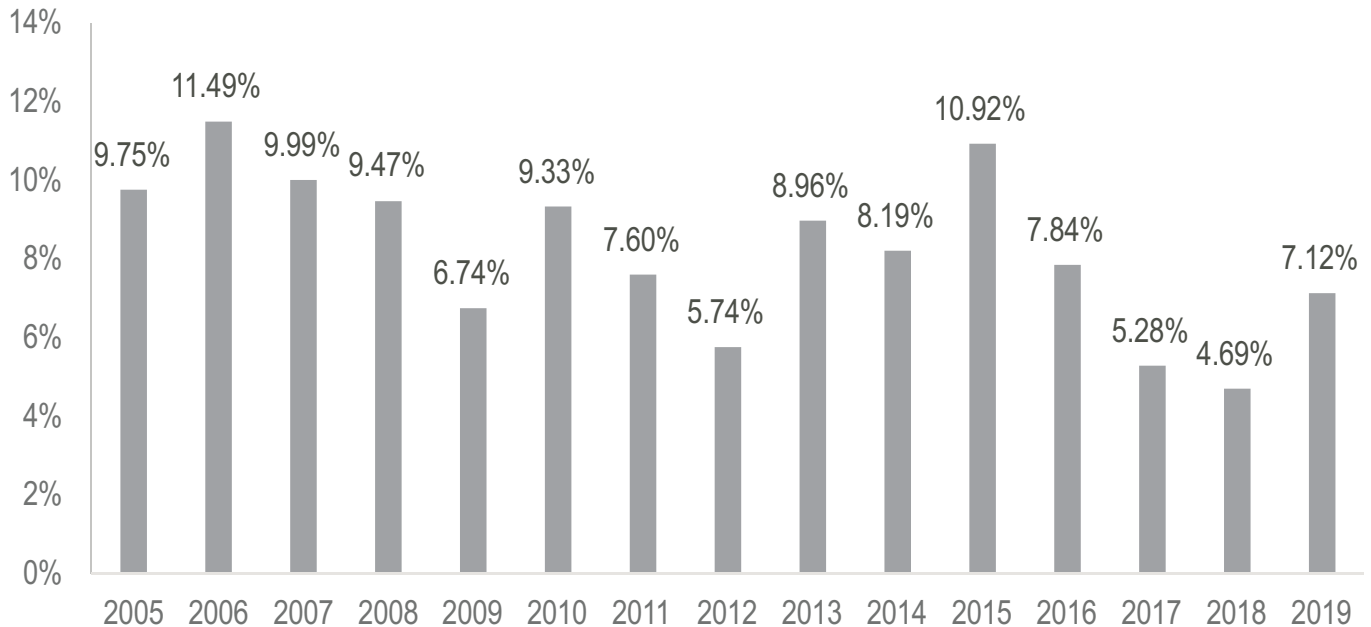
\* For the period from 15 September 2003 to 30 June 2004.

\*\* Relates to announced prices.

### Yearly Performance (Annualized)



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



## Distribution History

Distribution detail	2019	2018	2017	2016	2015
First Interim distribution cash dividend (Rs.)	18.00	-	27.00	40.00	55.00
First Interim distribution as a % of Ex-NAV of units	3.51	-	5.28	7.84	10.92
Date of distribution - Interim	18-Jan-19	-	20-Jun-17	24-Jun-16	29-Jun-15
Second Interim distribution cash dividend (Rs.)	18.50	-	-	-	-
Second Interim distribution as a % of Ex-NAV of units	3.61	-	-	-	-
Date of distribution - Interim	27-Jun-19	-	-	-	-
Final distribution cash dividend (Rs.)	-	24	-	-	-
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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

# 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 assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2019, 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 judgement, 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 is the key audit matter:

S. No	Key Audit Matter	How our audit addressed the key audit matter
1	<b>Debt Investments</b>	
	<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the investments held by the Fund comprised of debt investments which represent significant portion of the total assets of the Fund as at the year end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the classification and measurement of debt 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 debt investments portfolio.</li><li>• We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on such investments.</li><li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of debt investments adopted by the Fund in accordance with the requirements of IFRS 9.</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 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 debt investments portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li></ul>

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## **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 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.

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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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

Karachi: 26 September 2019

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

Assets	Note	2019 -----Rupees-----	2018
Cash and bank balances	4	1,426,198,107	4,566,844,339
Investments	5	1,627,495,030	2,077,435,737
Receivable against Margin Trading System		4,041,602	156,652,992
Interest / profit accrued	6	59,934,706	49,472,429
Deposits, prepayment and other receivables	7	11,372,859	11,140,036
<b>Total assets</b>		<b>3,129,042,304</b>	<b>6,861,545,533</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	29,719,418	33,860,303
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	334,646	686,415
Payable to the Securities and Exchange Commission of Pakistan	10	3,216,111	7,365,523
Payable against redemption of units	11	590,973	41,457,746
Unclaimed dividend		61,568,254	40,464
Accrued expenses and other liabilities	12	45,117,760	41,827,392
<b>Total liabilities</b>		<b>140,547,162</b>	<b>125,237,843</b>
<b>NET ASSETS</b>		<b>2,988,495,142</b>	<b>6,736,307,690</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,988,495,142</b>	<b>6,736,307,690</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>5,820,926</b>	<b>12,545,428</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>513.41</b>	<b>536.95</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 2019

Income	Note	2019 -----Rupees-----	2018
Interest income	14	394,699,909	625,196,826
Gain on spread transactions		-	367,432
Capital loss on sale of investments - net		(22,738,556)	(5,511,552)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(15,972,908)	(28,148,138)
		(38,711,464)	(33,659,690)
<b>Total income</b>		<b>355,988,445</b>	<b>591,904,568</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	34,305,177	78,565,580
Sindh Sales Tax on remuneration of the Management Company	8.2	4,459,673	10,213,525
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	4,459,628	8,474,488
Sindh Sales Tax on remuneration of the Trustee	9.2	579,752	1,101,683
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	3,216,110	7,365,523
Securities transaction cost	15	3,746,906	4,643,173
Auditors' remuneration	16	505,440	661,055
Accounting and operational charges	17	4,288,147	9,573,734
Annual rating fee		469,973	355,705
Annual listing fee		27,500	27,500
Printing charges		(144,260)	443,709
Legal and professional charges		1,156,855	194,930
Bank charges		49,122	71,805
Provision for Sindh Workers' Welfare Fund	12.1	5,977,368	9,404,243
<b>Total expenses</b>		<b>63,097,391</b>	<b>131,096,653</b>
<b>Net income for the year before taxation</b>		<b>292,891,054</b>	<b>460,807,915</b>
<b>Taxation</b>	19	-	-
<b>Net income for the year after taxation</b>		<b>292,891,054</b>	<b>460,807,915</b>
<b>Earnings per unit</b>	20		
<b>Allocation of net income for the year:</b>			
Net income for the year after taxation		292,891,054	460,807,915
Income already paid on units redeemed		(58,495,865)	(159,644,023)
		<b>234,395,189</b>	<b>301,163,892</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	-
- Excluding capital gains		234,395,189	301,163,892
		<b>234,395,189</b>	<b>301,163,892</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 2019

	2019	2018
	-----Rupees-----	
<b>Net income for the year after taxation</b>	<b>292,891,054</b>	<b>460,807,915</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>292,891,054</u></b>	<b><u>460,807,915</u></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 2019

	30 June 2019		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	6,307,067,372	-	6,307,067,372
<b>Undistributed income brought forward</b>			
- Realised income	-	457,388,456	457,388,456
- Unrealised loss	-	(28,148,138)	(28,148,138)
<b>Net assets at the beginning of the year (Units 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>
Issue of 1,442,451 units	745,121,821	-	745,121,821
Redemption of 8,166,953 units	(4,192,740,241)	(58,495,865)	(4,251,236,106)
Total comprehensive income for the year	-	292,891,054	292,891,054
Refund of capital	(10,641,124)	-	(10,641,124)
Cash distribution for year the ended 30 June 2018 at Rs. 24.00 per unit declared on 06 July 2018	-	(292,161,630)	(292,161,630)
First interim distribution of Rs.18 per unit declared on 18 January 2019	-	(125,736,525)	(125,736,525)
Second interim distribution of Rs. 18.5 per unit declared on 27 June 2019	-	(106,050,038)	(106,050,038)
<b>Net assets at end of the year (Units outstanding: 5,820,926) (Rs. 513.41 per unit)</b>	<b>2,848,807,829</b>	<b>139,687,314</b>	<b>2,988,495,142</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	154,356,101	-
- Unrealised loss	-	(14,668,787)	-
	-	<b>139,687,314</b>	-
	30 June 2018		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	124,222,462,948	-	124,222,462,948
<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 the beginning of the year (Units outstanding: 24,501,811) (Rs. 512.24 per unit)</b>	<b>124,222,462,948</b>	<b>128,463,715</b>	<b>124,350,926,663</b>
Issue 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 loss in the value of investment classified as 'available for sale' - net	-	(387,289)	(387,289)
<b>Net assets at end of the year (Units outstanding: 12,545,428) (Rs. 536.95 per unit)</b>	<b>118,107,067,372</b>	<b>429,240,318</b>	<b>118,536,307,690</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	457,388,456	-
- Unrealised loss	-	(28,148,138)	-
	-	<b>429,240,318</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 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	-----Rupees-----	
Net income for the year after taxation	292,891,054	460,807,915
<b>Adjustments for:</b>		
Interest / profit income	(394,699,909)	(625,196,826)
Gain on spread transactions	-	(367,432)
Capital loss on sale of investments - net	22,738,556	5,511,552
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	15,972,908	28,148,138
Provision for Sindh Workers' Welfare Fund	5,977,368	9,404,243
	<b>(350,011,077)</b>	<b>(582,500,325)</b>
<b>Decrease in assets</b>		
Receivable against Margin Trading System	152,611,390	103,785,217
Deposits, prepayment and other receivables	(232,823)	71,461,689
	<b>152,378,567</b>	<b>175,246,906</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(4,140,885)	(281,036)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(351,769)	(201,996)
Payable to the Securities and Exchange Commission of Pakistan	(4,149,412)	454,239
Unclaimed dividend	61,527,790	-
Accrued expenses and other liabilities	(2,687,000)	(78,211,159)
	<b>50,198,724</b>	<b>(78,239,952)</b>
	<b>145,457,268</b>	<b>(24,685,456)</b>
Interest received	212,241,382	402,055,946
Investments made during the year	(26,510,866,627)	41,015,910,632
Investments sold / redeemed / matured during the year	27,143,802,426	(40,161,339,730)
<b>Net cash generated from operating activities</b>	<b>990,634,449</b>	<b>1,231,941,392</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	745,121,821	961,659,805
Net payments against redemption of units	(4,292,102,879)	(7,158,289,490)
Refund of capital	(10,641,124)	-
Cash distribution for year the ended 30 June 2018 at Rs. 24.00 per unit declared on 06 July 2018	(292,161,630)	-
First interim distribution of Rs. 20 per unit declared on 18 January 2019	(125,736,525)	-
Second interim distribution of Rs. 18.5 per unit declared on 27 June 2019	(106,050,038)	-
<b>Net cash (used in) financing activities</b>	<b>(4,081,570,374)</b>	<b>(6,196,629,686)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,090,935,925)</b>	<b>(4,964,688,294)</b>
Cash and cash equivalents at the beginning of the year	4,566,844,339	9,679,898,539
<b>Cash and cash equivalents at the end of the year</b>	<b>1,475,908,414</b>	<b>4,715,210,245</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 2019

## 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 02 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. 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 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 (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 Regulation) 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 New / Revised 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 2019

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

IFRS 15 – Revenue from Contracts with Customers

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements other than IFRS 9 Financial Instruments as disclosed below:

## 2.2.1 IFRS 9 Financial Instruments

### (a) Classification and measurement

Effective from 01 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss (FVPL)

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 01 July 2018. However, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 01 July 2018:

### Financial assets

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Cash and bank balances	Loans and receivables	4,566,844,339	Amortised Cost	4,566,844,339
Investments	Held for trading*	2,077,435,737	Fair value through profit and loss*	2,077,435,737
Receivable against Margin Trading System	Loans and receivables	156,652,992	Amortised Cost	156,652,992
Interest / profit accrued	Loans and receivables	49,472,429	Amortised Cost	49,472,429
Deposits, prepayment and other receivables	Loans and receivables	11,140,036	Amortised Cost	11,140,036

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

\*The financial assets held for trading continue to be measured at fair value through profit and loss under IFRS 9.

## Financial liabilities

All Financial liabilities which were previously classified as 'other financial liabilities' at amortised cost under IAS 39 continue to be classified as 'financial liabilities at amortised cost' under IFRS 9.

### (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model.

SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets (other than debt securities) and concluded that impact is not material to the financial statements.

## 2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – 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 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## **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 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.

## **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.

## **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 3.1 below.

### **3.1 IFRS 9 - Financial instruments - Policy effective from 01 July 2018**

In the current period, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### **a) Initial recognition and measurement**

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e.,

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

## **b) Classification**

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

### **Financial assets**

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

### **Business model assessment**

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

## **i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

## **ii) Financial assets (debt Instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category receivable against margin trading system, accrued income and other receivables.

### **Financial liabilities**

#### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

## **c) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## d) Impairment of financial assets

The Fund only considers expected credit losses for bank balances, trade and other receivables. The Fund measures expected credit losses on bank balances using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

## e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 3.2 Financial instruments - Policy effective before 01 July 2018

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.

All regular way purchases of financial assets are recognised on a transaction date i.e. the date the Company receives the financial asset. All regular way sales of financial assets are recognized on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales of financial assets that require delivery of assets within the time generally established by regulation or convention the market place.

#### 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## **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.

## **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.

## **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.

### **3.3 Cash and cash equivalents**

These comprise balances with banks with original maturities of three months or less.

### **3.4 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.

### **3.5 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 03 August 2017 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, specified methodology of determination of income paid on units redeemed 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 3.6 Revenue recognition

- 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.
- Interest income on bank balances, term deposits and MTS transactions is recognised on an accrual basis.
- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised appreciation / (loss) 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.

## 3.7 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% exposure is automatically released at expiry of every 15th day from the day of contract.

## 3.8 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.

## 3.9 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 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.

## 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 year end.

## 3.13 Earnings per unit

Earnings 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

4 CASH AND BANK BALANCES	Note	2019	2018
		-----Rupees-----	
In local currency			
- Profit and loss sharing accounts	4.1	1,426,193,107	4,566,839,339
- Current account		5,000	5,000
		<b>1,426,198,107</b>	<b>4,566,844,339</b>

4.1 The rate of return on these accounts ranges between 6.00% to 13.40% (2018: 4.00% to 7.35%) per annum.

5 INVESTMENTS	Note	2019	2018
		-----Rupees-----	
<b>At fair value through profit or loss</b>			
Term finance certificates - listed	5.1 & 5.7	527,021,722	1,091,496,304
Term finance certificates - unlisted	5.2 & 5.7	196,451,556	200,852,450
Sukuk certificates	5.3 & 5.7	246,598,872	557,409,200
Government securities - Market Treasury Bills	5.4	49,710,307	148,365,900
Government securities - Pakistan Investment Bonds	5.5	607,712,573	-
Commercial paper	5.6	-	79,311,883
		<b>1,627,495,030</b>	<b>2,077,435,737</b>

## 5.1 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 2018	Purchase d during the year	Disposed / matured during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investment	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		59,903	-	21,440	38,463	192,932,874	191,853,444	11.79	6.42	3.85
Habib Bank Limited Tier - II (face value of Rs 100,000 per certificate)		7,500	-	4,555	2,945	290,469,750	289,506,494	17.79	9.69	2.95
Soneri Bank Limited		10,000	-	572	9,428	47,937,407	45,661,784	2.81	1.53	1.57
<b>TELECOMMUNICATION</b>										
Telecard Limited	5.7.1	4,000	-	-	4,000	-	-	-	-	-
<b>PERSONAL GOODS</b>										
Azgard Nine Limited	5.7.1	5,000	-	-	5,000	-	-	-	-	-
<b>Total - 30 June 2019</b>						<b>531,340,031</b>	<b>527,021,722</b>	<b>32.38</b>	<b>17.64</b>	<b>8.36</b>
<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>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5.1.1 The terms and conditions of listed term finance certificates outstanding as at 30 June 2019 are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments / principal	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%

## 5.2 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 2018	Purchased during the year	Disposed / matured during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investment	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	100,138,934	97,570,356	6.00	3.26	2.50
Bank AL Habib Limited		20,000	-	-	20,000	100,633,112	98,881,200	6.08	3.31	2.50
<b>CHEMICALS</b>										
Agritech Limited - I	5.7.1	2,000	-	-	2,000	-	-	-	-	-
Agritech Limited - II	5.7.1	8,000	-	-	8,000	-	-	-	-	-
Agritech Limited - IV	5.7.1	2,203	-	-	2,203	-	-	-	-	-
<b>PERSONAL GOODS</b>										
Azgard Nine Limited - V	5.7.1	1,075	-	-	1,075	-	-	-	-	-
<b>Total - 30 June 2019</b>						<b>200,772,046</b>	<b>196,451,556</b>	<b>12.07</b>	<b>6.57</b>	<b>5.00</b>
<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>

5.2.1 The terms and conditions of unlisted term finance certificates outstanding as at 30 June 2019 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>					
Agritech Limited - I	NPA	7 years	Semi-annually	Nov 2014	6month KIBOR + 1.75%
Agritech Limited - II	NPA	7 years	Semi-annually	Jan 2015	6month KIBOR + 1.75%
Agritech 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 5.3 Sukuk certificates

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

Name of Investee Company	As at 01 July 2018	Purchased during the year	Disposed during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	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-----		-----%age-----		
<b>CHEMICALS</b>									
Agritech Limited (note 5.7.1)	4,060	-	-	4,060	-	-	-	-	-
<b>BANKS</b>									
Meezan Bank Limited Tier - II - Unlisted (face value of Rs. 1,000,000 per certificate)	352	-	305	47	47,705,000	46,998,872	2.89	1.57	0.67
<b>FERTILIZERS</b>									
Dawood Hercules Corporation Limited Sukuk 2 - Listed (Face Value Rs. 100,000)	2,000	-	-	2,000	200,129,200	199,600,000	12.26	6.68	3.33
<b>Total - 30 June 2019</b>					<b>247,834,200</b>	<b>246,598,872</b>	<b>15.15</b>	<b>8.25</b>	<b>4.00</b>
<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>

### 5.3.1 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 I	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%

## 5.4 Government securities - Market Treasury Bills

Tenor	As at 01 July 2018	Purchased during the year	Disposed / Matured during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total	Market value as a percentage of net assets
	-----Face value (Rupees)-----				-----Rupees-----		-----%age-----	
3 months	150,000,000	26,059,000,000	26,159,000,000	50,000,000	49,714,671	49,710,307	3.05	1.66
<b>Total - 30 June 2019</b>	<b>150,000,000</b>	<b>26,059,000,000</b>	<b>26,159,000,000</b>	<b>50,000,000</b>	<b>49,714,671</b>	<b>49,710,307</b>	<b>3.05</b>	<b>1.66</b>
<b>Total - 30 June 2018</b>					<b>148,361,785</b>	<b>148,365,900</b>	<b>7.14</b>	<b>2.20</b>

5.4.1 Market treasury bills carry purchase yield of 12.44% (2018: 6.75%) per annum and will mature on 18 July 2019 (2018: 30 August 2018). The cost of these investments as on 30 June 2019 is Rs. 49,244,750 (2018: Rs. 147,706,500).

5.4.2 These treasury bills amounting to Rs. 49,714,671 (face value: Rs. 50,000,000) [2018: Rs. 148,361,785 (face value: Rs. 150,000,000)] 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 18 July 2019 (2018: 30 August 2018).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 5.5 Government securities - Pakistan Investment Bonds

Tenor	As at 01 July 2018	Purchased during the year	Disposed / matured during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets
	-----Face value (Rupees)-----				-----Rupees-----		-----%age-----	
3 Years	-	684,000,000	240,000,000	444,000,000	397,720,598	394,455,814	24.24	13.20
5 Years	-	259,000,000	-	259,000,000	216,086,392	213,256,759	13.10	7.14
<b>Total as at 30 June 2019</b>	<b>-</b>	<b>943,000,000</b>	<b>240,000,000</b>	<b>703,000,000</b>	<b>613,806,990</b>	<b>607,712,573</b>	<b>37.34</b>	<b>20.34</b>
<b>Total - 30 June 2018</b>								

5.5.1 Pakistan Investment Bonds carry purchase yield of 11.80% to 13.80% per annum and will mature between 12 July 2021 and 12 July 2023. The cost of these investments is Rs. 613,806,990.

## 5.6 Commercial Papers

(Certificates having a face value of Rs. 100,000 each unless stated otherwise)

Name of investee company	As at 01 July 2018	Purchased during the year	Disposed / matured during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets
	-----Number of Certificates-----				-----Rupees-----		-----%age-----	
Crescent Steel & Allied Products Limited	800	-	800	-	-	-	-	-
<b>Total as at 30 June 2019</b>	<b>800</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - 30 June 2018</b>					<b>80,000,000</b>	<b>79,311,883</b>	<b>3.82</b>	<b>1.18</b>

## 5.7 Particulars of non-compliant investments

5.7.1 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>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>
<b>Unlisted</b>						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
<b>Total - 30 June 2019</b>		<b>81,625,501</b>	<b>81,625,501</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total - 30 June 2018</b>		<b>81,625,501</b>	<b>81,625,501</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5.7.2 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 2018: Rs 81.63 million), has been made in accordance with the provisioning requirements specified by the SECP.

5.7.3 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.

6 INTEREST / PROFIT ACCRUED	Note	2019 -----Rupees-----	2018
Interest / profit accrued on:			
Savings and term deposits		1,336,341	5,796,216
Margin Trading System		74,628	1,228,195
Term finance certificates		29,597,202	32,879,055
Sukuk certificates		4,079,297	9,568,963
Pakistan investment bonds		24,847,238	-
		<b>59,934,706</b>	<b>49,472,429</b>
<b>7 DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES</b>			
Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
National Clearing Company of Pakistan Limited (NCCPL)		2,750,000	2,750,000
Prepaid annual fee to the NCCPL		126,582	124,209
Other receivables	7.1	8,396,277	8,165,827
		<b>11,372,859</b>	<b>11,140,036</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 2019 amounts to Rs. 2.82 million and Rs. 5.58 million (2018: 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 2019 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 2019

8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2019 -----Rupees-----	2018
Remuneration of the Management Company	8.1	2,082,668	5,382,172
Sindh sales tax payable on remuneration of the Management Company	8.2	3,793,445	4,222,380
Federal excise duty payable on remuneration of the Management Company	8.3	23,582,971	23,582,971
Accounting and operational charges payable		260,334	672,780
		<b><u>29,719,418</u></b>	<b><u>33,860,303</u></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% (2018: 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. 4,459,673 (2018: Rs 10,213,525) 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. 4,888,608 (2018: Rs. 10,236,876) 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 04 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 01 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 2018: 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. 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 2019 would have been higher by Rs. 4.05 per unit (30 June 2018: Rs 1.88 per unit).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	2019 -----Rupees-----	2018
Trustee fee payable	9.1	291,147	602,447
Sindh sales tax payable on trustee fee	9.2	37,849	78,318
Settlement charges payable		5,000	5,000
Sindh sales tax payable on settlement charges		650	650
		<b>334,646</b>	<b>686,415</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 0.17% per annum of net assets.
- 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. 579,752 (2018: Rs. 1,101,684) 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. 620,221 (2018: Rs. 1,103,473) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2019 -----Rupees-----	2018
Annual fee payable	10.1	<b>3,216,111</b>	<b>7,365,523</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 REDEMPTION OF UNITS

This represents payable against units redeemed to the unit holders based on their request for cash payout, managed by the Management Company.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 -----Rupees-----	2018
Auditors' remuneration payable		417,960	480,360
NCCPL charges payable		21,290	430,000
Printing charges payable		22,871	221,363
Brokerage payable		22,223	-
Annual rating fee payable		-	355,704
Zakat payable		1,648	-
Withholding tax payable		14,773,495	40,288
Capital gain tax payable		896,938	17,315,711
Provision for Sindh Workers' Welfare Fund	12.1	28,626,992	22,649,623
Other payable		334,343	334,343
		<b>45,117,760</b>	<b>41,827,392</b>

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 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 01 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 of the Fund, the net asset value of the Fund as at 30 June 2019 would have been higher by Rs 4.92 per unit (30 June 2018: Rs 1.81 per unit).

### 13 CONTINGENCIES AND COMMITMENTS

- 13.1.1** On October 26, 2018, a show cause notice under section 161 (1A) of the Income Tax Ordinance, 2001 was issued to the taxpayer in respect of monitoring of withholding taxes paid/deducted under various sections of the Income Tax Ordinance, 2001 for tax year 2017 along with reconciliation under rule 44(4) of the Income Tax Rules, 2002.

The Fund had filed an appeal before the Commissioner (Appeals) against the order contending that the Fund had duly deducted and deposited the tax from payments liable to withholding tax and accordingly there was no cause available to the department to pass recovery order for alleged default in withholding tax. It was further explained that the reply furnished including reconciliation of tax deduction on payment of expenses was not duly considered and instead an artificial default was made out by applying incorrect withholding rate on expenses recorded in profit and loss account which included accrual of expenses yet to be paid after year end.

The Commissioner (Appeals) has passed appellate order and upheld the action of Deputy Commissioner Inland Revenue (DCIR) in computing default of withholding tax on amounts inclusive of accruals yet to be paid instead of actual payment as required under section 158 of the Ordinance. He, however, has accepted the Fund's contention that the DCIR had worked out the default by applying incorrect withholding rates. Therefore, he has directed the DCIR to rework the alleged default. The Commissioner (Appeals) has further acknowledged the tax advisor's argument that default was erroneously computed without excluding dividends which were exempted from withholding tax. The DCIR has been directed to rework the default, if any, in respect of payment of dividend.

Furthermore, the Commissioner (Appeals) has not given specific findings on non-consideration of reconciliation of expenses furnished under rule 44(4) and non-application of withholding provisions on reimbursement of certain expenses to the Management Company. However, he remanded back the matter of non-deduction of tax on payments

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

of securities transaction cost which were subject to separate withholding of tax under section 233A by Pakistan Stock Exchange Limited. He has also set aside the default surcharge and penalty for re-adjudication by the tax officer. The effect to the appellate order of the Commissioner (Appeals) is pending.

An appeal has been filed before the Appellate Tribunal against the appellate order of the Commissioner (Appeals) which is pending for hearing. Based on consultation with the tax advisor, the Management Company of the fund is confident that the matter will be decided favorably and hence, no provision is considered necessary in the financial statements.

13.1.2 There were no contingencies outstanding as at 30 June 2018.

### 13.2 Commitments

	2019	2018
Note	-----Rupees-----	
Margin Trading System (MTS) transactions entered into by the Fund that have not been settled as at 30 June 2019		
Purchase of securities	-	41,442,656
<b>Total commitments</b>	<b>-</b>	<b>41,442,656</b>

### 14 INTEREST / PROFIT INCOME

Interest / profit on:		
Savings and term deposits	61,395,618	248,078,022
Income from Margin Trading System	24,180,962	20,107,340
Term Finance Certificates	84,702,987	86,883,593
Sukuk certificates	31,908,664	39,959,588
Commercial Papers	688,117	4,893,278
Government Securities - Market Treasury Bills	171,308,133	225,157,356
Government Securities - Pakistan Investment Bonds	20,515,428	117,649
	<b>394,699,909</b>	<b>625,196,826</b>

14.1 This includes mark-up received on non-performing term finance certificates amounting to Rs 0.138 million (30 June 2018: 0.194 million). Furthermore, in accordance with the requirements specified by the SECP, mark-up on non-performing securities amounting to Rs.58.60 million (2018: 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.

### 16 AUDITORS' REMUNERATION

	2019	2018
	-----Rupees-----	
Audit fee	322,000	322,000
Half yearly review of condensed interim financial information	161,000	161,000
Certification charges	50,000	50,000
Out of pocket expenses	30,000	83,415
Sindh sales tax on services	45,040	44,640
Prior year adjustment	(102,600)	-
	<b>505,440</b>	<b>661,055</b>

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 17 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

## 18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 1.48% (30 June 2018: 1.34%) which includes 0.34% (30 June 2018: 0.29%) 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 paid the required minimum percentage of income earned by the Fund during the year ended 30 June 2019 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.

**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:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	34,305,177	78,565,580
Remuneration paid	37,604,681	78,745,203
Sindh Sales Tax on remuneration of the Management Company	4,459,673	10,213,525
Accounting and operational charges	4,288,147	9,573,734
Issue of 10,889 (2018: Nil) units	5,588,963	-
Redemption of 37,709 (2018: Nil) units	19,500,000	-
Dividend declared	6,546,776	-
Outstanding 89,032 (2018: 115,852 ) units - at net asset value	45,709,688	62,206,464
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee Fee	4,459,628	8,474,488
Sindh Sales Tax on remuneration of Trustee Fee	579,752	1,101,683
Trustee Fee paid	4,770,928	8,488,245
Settlement charges	431,441	341,119
Sindh Sales Tax on settlement charges	56,087	44,345
<b>Atlas Battery Limited (Group Company)</b>		
Redemption of Nil (2018: 1,797,819) units	-	935,697,170
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Issue of 58,549 (2018: Nil) units	30,047,483	-
Redemption of 183,882 (2018: 406,082) units	97,000,000	214,000,000
Dividend declared	35,251,732	-
Outstanding 502,548 (2018: 627,881) units - at net asset value	258,013,397	337,140,831
<b>Atlas Services Limited (Group Company)</b>		
Issue of 9,446 (2018: Nil) units	4,848,298	-
Redemption of 143,770 (2018: Nil) units	76,312,803	-
Dividend declared	5,703,879	-
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 51,315 (2018: 137) units	26,325,467	71,618
Redemption of 971,836 (2018: 8,577,960) units	500,000,000	4,500,000,000
Dividend declared	30,949,465	-
Outstanding 150,360 (2018: 1,070,881) units - at net asset value	77,196,122	575,009,585
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 163,100 (2018: 38,692) units	85,096,101	20,000,000
Redemption of 163,100 (2018: 38,692) units	85,776,520	20,764,171
Dividend declared	713,234	-
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 6,889 (2018: Nil) units	3,535,133	-
Redemption of 45,590 (2018: 28,666) units	23,758,425	15,044,758
Dividend declared	4,158,747	-
Redemption Payable	499,313	-
Outstanding 48,871 (2018: 87,573) units - at net asset value	25,090,969	47,022,094

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Cherat Cement Company Limited Employees Provident Fund</b>		
<b>(Trust established by a Company formerly having common Director)</b>		
Issue of Nil (2018: 3,288) units	-	1,721,259
Redemption of Nil (2018: 3,288) units	-	1,739,343
<b>Honda Atlas Cars (Pakistan) Limited</b>		
Issue of 140,888 (2018: Nil) units	72,268,392	-
Redemption of 3,683,456 (2018: Nil) units	1,912,135,049	-
Dividend declared	85,021,638	-
Outstanding Nil (2018: 3,542,568) units - at net asset value	-	1,902,182,029
<b>Shirazi Investments (Private) Limited (Group company)</b>		
Issue of 354,807 (2018: 866,093) units	182,146,373	450,000,000
Redemption of 1,814,339 (2018: Nil) units	950,000,000	-
Dividend declared	283,322,255	-
Outstanding 3,919,710 (2018: 5,379,242) units - at net asset value	2,012,418,511	2,888,384,219
<b>Shirazi Investments (Private) Limited - Employees Provident Fund</b>		
Issue of 2,223 (2018: 31,375) units	1,141,207	16,170,000
Redemption of 28,861 (2018: 7,776) units	14,990,671	4,070,000
Dividend declared	1,141,207	-
Outstanding Nil (2018: 26,637) units - at net asset value	-	14,302,986
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 2,071 (2018: Nil) units	1,062,796	-
Redemption of 26,878 (2018: Nil) units	13,969,960	-
Dividend declared	1,062,796	-
Outstanding Nil (2018: 24,807) units - at net asset value	-	13,320,246
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 13,349 (2018: Nil) units	6,851,016	-
Redemption of 189,443 (2018: 66,049) units	99,320,109	35,000,000
Dividend declared	6,851,016	-
Outstanding Nil (2018: 176,094) units - at net asset value	-	94,553,568
<b>Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)</b>		
Issue of 14,469 (2018: Nil) units	7,425,079	-
Dividend declared	7,425,079	-
Outstanding 132,540 (2018: 118,071) units - at net asset value	68,047,566	63,398,358
<b>Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of 1,449 (2018: 31,998) units	743,026	16,748,280
Redemption of 32,408 (2018: 10,256) units	16,713,562	5,400,000
Dividend declared	743,026	-
Outstanding Nil (2018: 30,959) units - at net asset value	-	16,623,650

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement benefit plan of group company)</b>		
Redemption of Nil (2018: 13,471) units	-	6,954,338
<b>Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of 3,113 (2018: Nil) units	1,597,705	-
Redemption of Nil (2018: 3,757) units	-	2,000,000
Dividend declared	1,597,705	-
Outstanding 28,520 (2018: 25,406) units - at net asset value	14,642,258	13,641,857
<b>Atlas Die Casting (Private) Limited (Group Company)</b>		
Redemption of Nil (2018: 78,275) units	-	40,246,787
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of 3,516 (2018: Nil) units	1,804,048	-
Dividend declared	1,804,048	-
Outstanding 32,203 (2018: 28,687) units - at net asset value	16,533,302	15,403,699
<b>Honda Atlas Power Product (Private) Limited</b>		
Issue of 19,366 (2018: Nil) units	10,000,000	-
Redemption of 19,366 (2018: Nil ) units	10,026,531	-
<b>Atlas Powers Limited - Staff Provident Fund (Retirement benefit plan of group company)</b>		
Redemption of Nil (2018: 290) units	-	149,160
<b>Directors and their close family members and key management personnel and executive of the Management Company</b>		
Issue of 44,796 (2018: 30,880) units	23,088,506	16,502,104
Redemption of 4,003 (2018: 190,258) units	2,077,255	99,348,749
Dividend Declared	17,052,405	-
Outstanding 306,999 (2018: 266,205) units - at net asset value	157,616,220	142,939,040

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

		2019	2018
		-----Rupees-----	
<b>22 CASH AND CASH EQUIVALENTS</b>	<b>Note</b>		
Cash and bank balances	4	1,426,198,107	4,566,844,339
Treasury bills (with original maturity of three months)	5.4	49,710,307	148,365,906
		<b>1,475,908,414</b>	<b>4,715,210,245</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

	----- As at 30 June 2019 -----			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	----- Rupees -----			
<b>Financial assets</b>				
Cash and bank balances	1,426,198,107	-	-	1,426,198,107
Investments	-	1,627,495,030	-	1,627,495,030
Receivable against Margin Trading System	4,041,602	-	-	4,041,602
Interest / profit accrued	59,934,706	-	-	59,934,706
Deposits, prepayment and other receivables	2,850,000	-	-	2,850,000
	<u>1,493,024,415</u>	<u>1,627,495,030</u>	<u>-</u>	<u>3,120,519,445</u>

	----- As at 30 June 2019 -----			
	At fair value through profit or loss	Other financial liabilities		Total
	----- Rupees -----			
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	-	29,719,418		29,719,418
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	334,646		334,646
Payable against redemption of units	-	590,973		590,973
Unclaimed dividend	-	61,568,254		61,568,254
Accrued expenses and other liabilities	-	818,687		818,687
	<u>-</u>	<u>93,031,978</u>		<u>93,031,978</u>

	----- 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, prepayment and other receivables	2,850,000	-	-	2,850,000
	<u>4,775,819,760</u>	<u>2,077,435,737</u>	<u>-</u>	<u>6,853,255,497</u>

	----- As at 30 June 2018 -----			
	At fair value through profit or loss	At amortised cost		Total
	----- As at 30 June 2018 -----			
<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
	<u>-</u>	<u>77,866,698</u>		<u>77,866,698</u>

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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 2019, 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 sukuk 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. 24.019 million (2018: Rs. 66.592 million).

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

As at 30 June 2019, 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 and with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs. 7.530 million (2018: Rs. 1.5 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. 7.530 million (2018: Rs. 1.5 million).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 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 2019 can be determined as follows:

----- As at 30 June 2019 -----					
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	6.00% - 13.40%	1,426,193,107	-	5,000	1,426,198,107
Investments	11.80% - 13.80%	49,710,307	-	-	1,627,495,030
Receivable against Margin Trading System		-	-	4,041,602	4,041,602
Interest / profit accrued		-	-	59,934,706	59,934,706
Deposits, prepayment and other receivables		-	-	2,850,000	2,850,000
		<b>1,475,903,414</b>	<b>-</b>	<b>1,577,784,723</b>	<b>66,831,308</b>
					<b>3,120,519,445</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	29,719,418	29,719,418
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	334,646	334,646
Payable against redemptions of units		-	-	590,973	590,973
Unclaimed dividend		-	-	61,568,254	61,568,254
Accrued expenses and other liabilities		-	-	818,687	818,687
		<b>-</b>	<b>-</b>	<b>93,031,978</b>	<b>93,031,978</b>
<b>On-balance sheet gap (a)</b>		<b>1,475,903,414</b>	<b>-</b>	<b>1,577,784,723</b>	<b>(26,200,670)</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>1,475,903,414</b>	<b>-</b>	<b>1,577,784,723</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>1,475,903,414</b>	<b>1,475,903,414</b>	<b>3,053,688,137</b>	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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	-	-	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, prepayment and other receivables		-	-	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>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>Off-balance sheet gap (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</b>		<b>4,715,205,239</b>	<b>4,715,205,239</b>	<b>6,644,275,076</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.

## 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 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 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:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

As at 30 June 2019							
	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	1,426,198,107	-	-	-	-	-	1,426,198,107
Investments	49,710,307	-	-	1,044,827,801	532,956,922	-	1,627,495,030
Receivable against Margin Trading System	4,041,602	-	-	-	-	-	4,041,602
Interest / profit accrued	1,410,969	58,523,737	-	-	-	-	59,934,706
Deposits, prepayment and other receivables	-	-	-	-	-	2,850,000	2,850,000
	<b>1,481,360,985</b>	<b>58,523,737</b>	<b>-</b>	<b>1,044,827,801</b>	<b>532,956,922</b>	<b>2,850,000</b>	<b>3,120,519,445</b>
<b>Financial liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	29,719,418	-	-	-	-	-	29,719,418
Payable to Central Depository Company of Pakistan Limited - Trustee	334,646	-	-	-	-	-	334,646
Payable against redemption of units	590,973	-	-	-	-	-	590,973
Unclaimed dividend	61,568,254	-	-	-	-	-	61,568,254
Accrued expenses and other liabilities	43,513	775,174	-	-	-	-	818,687
	<b>92,256,804</b>	<b>775,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,031,978</b>
<b>Net assets / (liabilities)</b>	<b>1,389,104,181</b>	<b>57,748,563</b>	<b>-</b>	<b>1,044,827,801</b>	<b>532,956,922</b>	<b>2,850,000</b>	<b>3,027,487,467</b>
----- 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, prepayment and other receivables	-	-	-	-	-	2,850,000	2,850,000
	<b>4,878,887,642</b>	<b>42,448,018</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,866,698</b>
<b>Net assets / (liabilities)</b>	<b>4,802,057,010</b>	<b>41,411,952</b>	<b>-</b>	<b>379,909,554</b>	<b>1,549,160,282</b>	<b>2,850,000</b>	<b>6,775,388,799</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:

	2019	2018
----- Rupees -----		
Bank balances and term deposits	1,426,198,107	4,566,844,339
Investments in debt instruments	970,072,150	1,929,069,837
Receivable against Margin Trading System	4,041,602	156,652,992
Interest / profit accrued	59,934,706	49,472,429
Deposits, prepayment and other receivables	2,850,000	2,850,000
	<b>2,463,096,565</b>	<b>6,704,889,597</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 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.

### 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	
	2019	2018
AAA	41.48	48.25
AA+	19.67	37.06
AA	24.87	1.62
AA-	12.09	12.25
A+	1.91	0.82
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

### 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	
	2019	2018
Banks	79.42	89.18
Fertilizers	20.58	10.82
	<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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

As at 30 June 2019 and 30 June 2018, the Fund held the following financial instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
<b>2019</b>			
At fair value through profit or loss	-	1,627,495,030	-
At fair value through other comprehensive income	-	-	-
	<u>-</u>	<u>1,627,495,030</u>	<u>-</u>
<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>

## 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 27 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Investment amount (Rupees)	Percentage of total	Number of unit holders	Investment amount (Rupees)	Percentage of total
Individuals	318	204,941,022	6.86	267	264,496,460	3.93
Associated Companies / Directors	9	2,566,958,206	85.89	10	6,017,551,375	89.33
Retirement Funds	12	166,233,794	5.56	23	405,512,648	6.02
Public Limited Companies	6	14,858,238	0.50	2	1,923,666	0.03
NBFCs	1	11,261	0.00	0	-	0.00
Others	7	35,492,621	1.19	12	46,823,541	0.70
	<b>353</b>	<b>2,988,495,142</b>	<b>100.00</b>	<b>314</b>	<b>6,736,307,690</b>	<b>100.00</b>

## 28 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Next Capital Limited	<b>48.64</b>	Next Capital Limited	58.18
Arif Habib Limited	<b>6.90</b>	Alfalah Securities (Private) Limited	16.20
Pearl Securities Limited	<b>1.70</b>	Arif Habib Limited	10.88
BMA Capital Management Ltd	<b>40.04</b>	Invest Capital Markets Limited	8.15
ABA Ali Habib Securities (Pvt) Limited	<b>0.55</b>	Pearl Securities Limited	3.17
JS Global Capital Limited	<b>2.17</b>	BMA Capital Management Ltd	2.56
		ABA Ali Habib Securities (Pvt) Limited	0.86

## 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 30 NAME AND QUALIFICATION OF THE FUND MANAGER

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	P	L	P	L	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	L	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P	P	P	P
Ms Zainab Kazim	P	P	P	P	P	P

P Present  
L Leave of absence

## 32 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Furthermore, PACRA maintained the stability rating of "AA- (f)" (Double A minus) to the Fund [2018: "AA- (f)" (Double A minus)] on 17 April 2019.

## 33 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

## 34 GENERAL

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

34.2 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

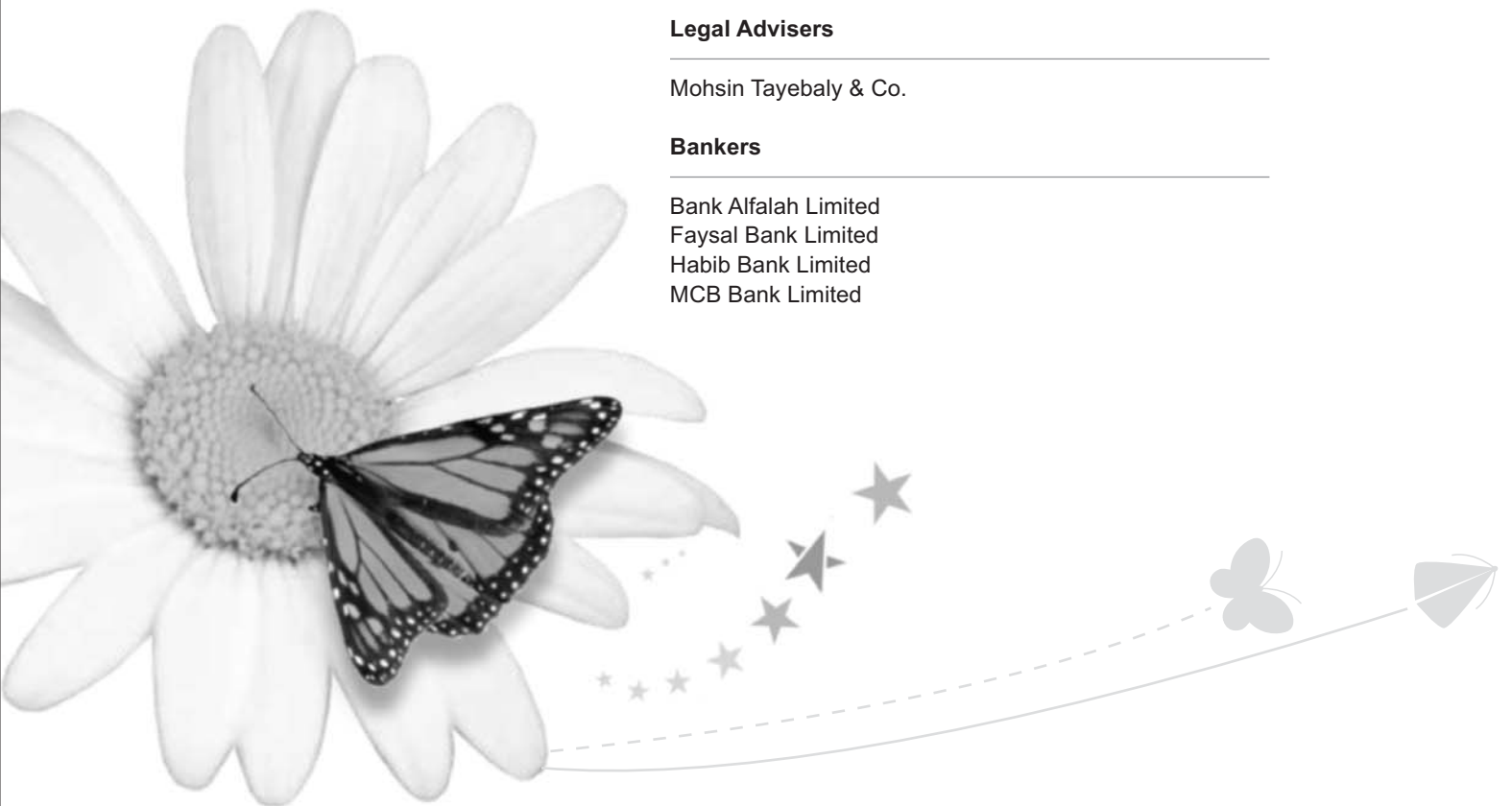
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Mohsin Tayebaly & Co.

### Bankers

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Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited



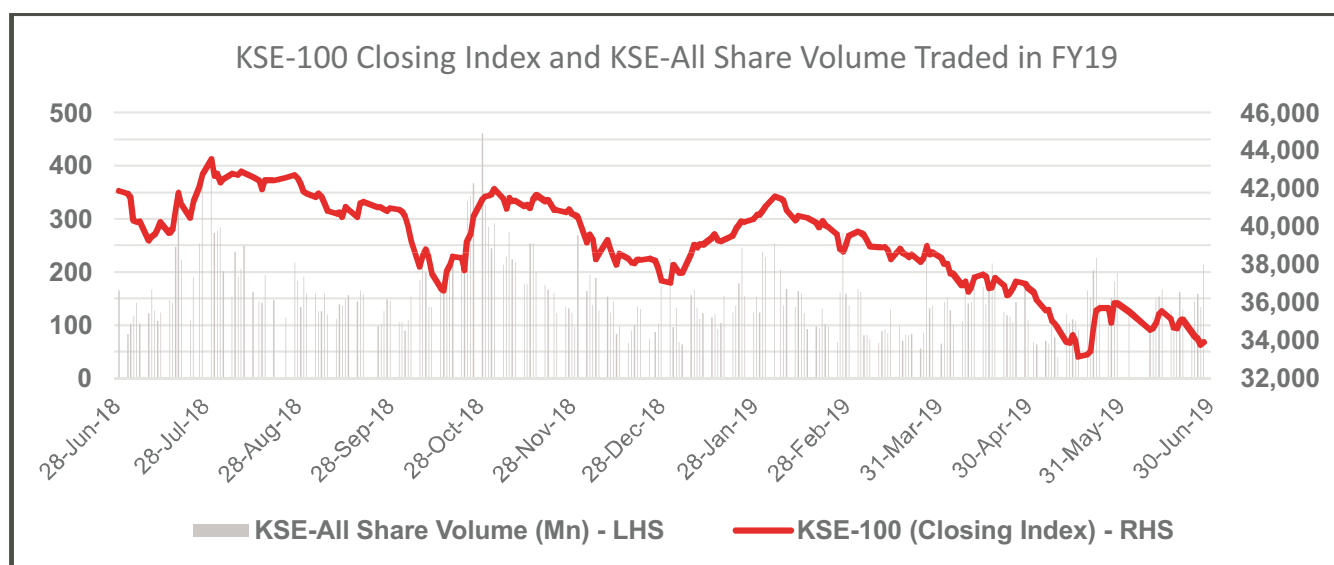
## Fund Manager's Report

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.

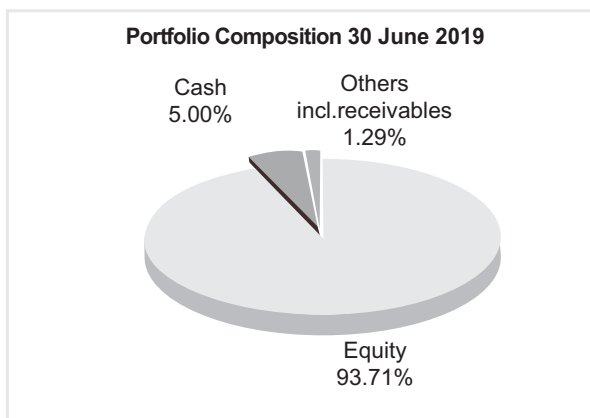
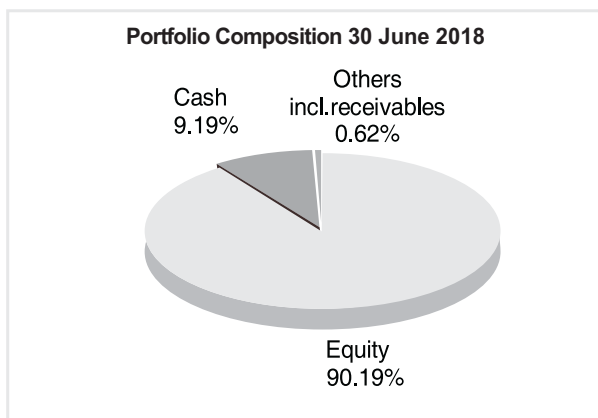
The KSE-100 index decreased from 41,910.90 points as on June 29, 2018 to 33,901.58 points as on June 28, 2019, decreasing by 19.11%. The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$356 million compared to outflow of US\$289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$166 million, US\$150 million and US\$111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$146 million and US\$15 million, respectively.

During the period, the sectors that outperformed the market were Textile Composite, Fertilizer and Commercial Banks that posted 4.24%, -12.34% and -12.99% returns, respectively.



The Net Asset Value per unit of ASMF decreased by 18.83% to Rs.503.96 as on June 30, 2019. The benchmark KSE-100 index decreased by 19.11% during the same period. The KSE-100 index decreased from 41,910.90 points as on June 30, 2018 to 33,901.58 points as on June 30, 2019. 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 earnings growth prospects. The Net Assets of the Fund stood at Rs 5.04 billion, with 10.00 million units outstanding as of June 30, 2019.



#### 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	2015-16	2016-17	2017-18	2018-19
Atlas Bachat Plan	85%	15%	7.57%	9.72%	3.38%	3.41%
Atlas Bachat Balanced Plan	50%	50%	6.54%	19.61%	0.04%	-5.75%
Atlas Bachat Growth Plan	15%	85%	5.50%	29.50%	-3.31%	-14.91%

#### Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	537	359,330,044	7.12
Associated Companies / Directors	10	3,132,809,216	62.10
Insurance Companies	9	158,250,529	3.14
Banks / DFIs / NBFC	1	19,054	0.00
Retirement Funds	25	1,157,723,914	22.95
Others	6	125,508,187	2.49
Public Limited Companies	3	110,796,936	2.20
<b>Total</b>	<b>591</b>	<b>5,044,437,882</b>	<b>100.00</b>

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 38,835,533 (Rs. 3.88 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,301,988 up till June 30, 2016. (Rs.2.03 per unit as on June 30, 2019).

The Total Expense Ratio (TER) of the Fund is 2.76% including expenses representing Government levy, SWWF and SECP Fee of 0.40%.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Karachi: 26 September 2019

**Faran-UI-Haq**  
Head of Equities

## 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

ASMF	Resolution	For	Against	Abstain
Number	264	264	-	N/A
%	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

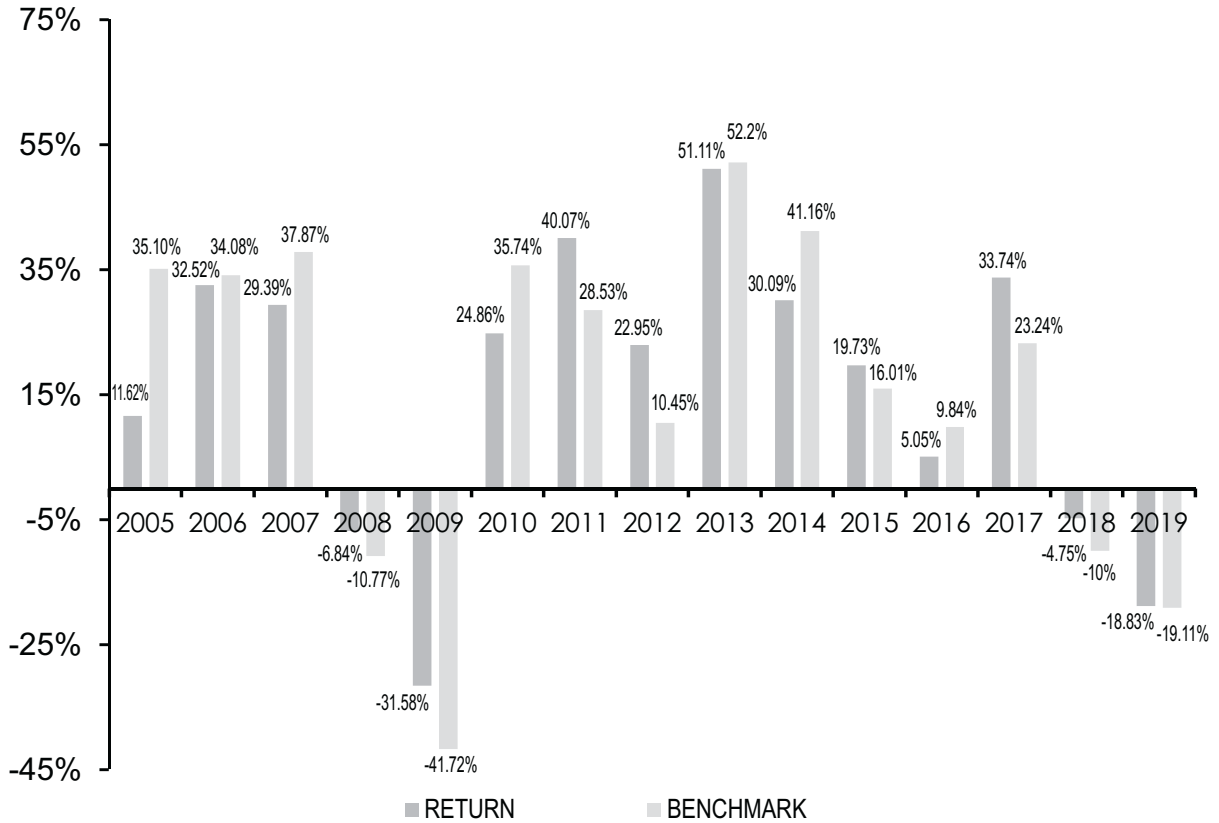
	2019	2018	2017	2016	2015	2014	2013	2012
Net assets (Rs. in '000)	5,044,438	5,375,332	5,527,676	4,017,187	3,304,662	1,049,717	1,035,727	710,617
Number of units in issue	10,009,549	8,657,936	8,289,668	7,979,640	6,257,738	2,379,851	1,981,235	1,729,144
Net asset value per unit (Rs.)	503.96	620.86	666.82	503.43	528.09	441.08	522.77	410.96
Net income / (loss) (Rs. in '000)	(1,171,613)	(255,744)	1,395,859	202,191	544,472	254,583	350,292	132,635
Earnings / (loss) per unit (Rs.)	(117.05)	(29.54)	168.39	25.34	87.01	106.97	176.80	76.71
Annual return of the Fund (%)	(18.83)	(4.75)	33.74	5.05	19.73	30.09	51.11	22.95
Offer price ** (Rs.)	515.35	620.86	666.82	503.43	528.09	441.08	533.32	419.21
Redemption price ** (Rs.)	503.96	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.)	651.76	670.30	741.32	519.23	536.44	523.17	561.36	437.30
Lowest offer price (Rs.)	506.30	545.53	519.17	420.92	420.61	423.67	368.11	308.05
Highest repurchase price per unit (Rs.)	645.99	670.30	741.32	519.23	536.44	523.17	550.35	428.73
Lowest repurchase price per unit (Rs.)	495.11	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

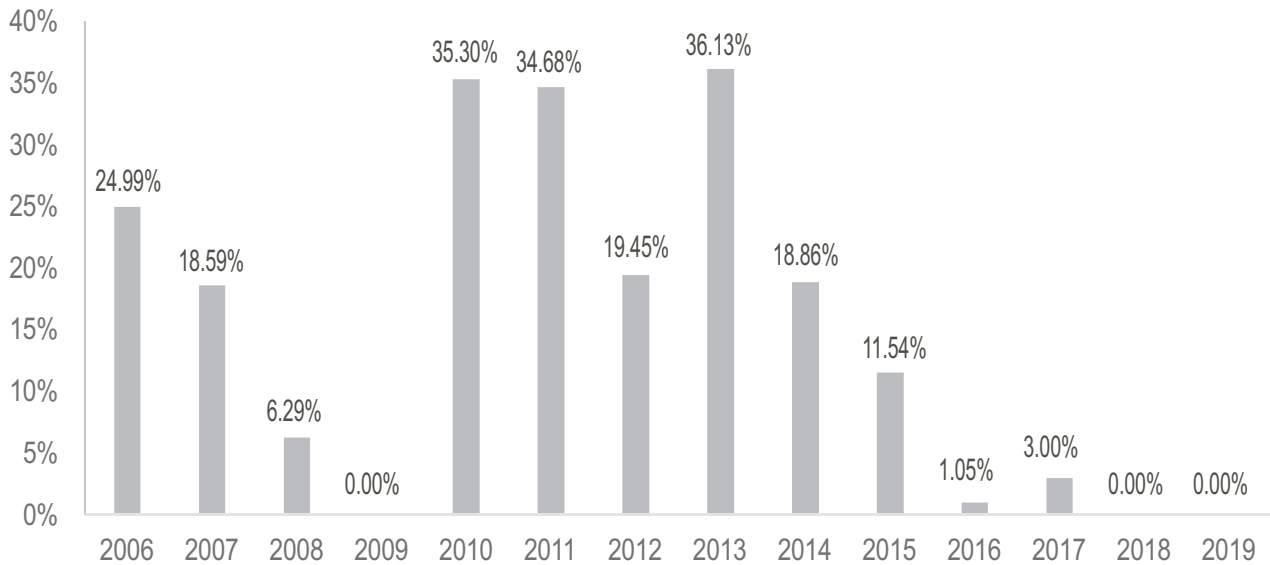
\* For the period from 24 August 2004 to 30 June 2005 (Date of Launch: 23 November 2004)

\*\* 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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

# 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 assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2019, 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 judgement, 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 is the key audit matter:

S. No	Key Audit Matter	How our audit addressed the key audit matter
1	<b>Equity investments</b>	
	<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the year end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence, classification and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"><li>• We tested controls over acquisition, disposals and periodic valuation of investment 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 2019.</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 evaluated the appropriateness of the new accounting policies for classification and measurement of equity investments adopted by the Fund in accordance with the requirements of IFRS 9.</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 and applicable financial reporting standards.</li></ul>

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## **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 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

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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.

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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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

Karachi: 26 September 2019

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

ASSETS	Note	2019 ----- Rupees -----	2018 -----
Cash and bank balances	4	266,018,200	503,609,049
Investments	5	4,987,285,163	4,940,091,479
Dividend receivable		2,103,138	7,994,137
Profit receivable on bank balances		287,651	2,293,384
Receivable against sale of investments		53,064,695	1,483,060
Advances, deposits and other receivables	6	13,529,987	22,135,195
<b>Total assets</b>		<b>5,322,288,834</b>	<b>5,477,606,304</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	33,820,284	33,918,297
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	601,378	606,080
Payable to the Securities and Exchange Commission of Pakistan	9	5,435,624	5,104,876
Payable against purchase of investments		-	18,082,010
Payable against redemption of units	10	196,835,046	3,578,132
Unclaimed dividend		401,733	401,733
Accrued expenses and other liabilities	11	40,756,887	40,583,180
<b>Total liabilities</b>		<b>277,850,952</b>	<b>102,274,308</b>
<b>NET ASSETS</b>		<b>5,044,437,882</b>	<b>5,375,331,996</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>5,044,437,882</b>	<b>5,375,331,996</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>10,009,549</b>	<b>8,657,936</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>503.96</b>	<b>620.86</b>

The annexed notes from 1 to 31 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 2019

INCOME	Note	2019 ----- Rupees -----	2018 -----
Profit on bank balances		28,112,418	32,398,966
Dividend income		280,966,328	265,688,624
Capital loss on sale of investments - net		(297,432,593)	(262,811,173)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(1,025,126,704)	(141,675,589)
		<b>(1,322,559,297)</b>	<b>(404,486,762)</b>
<b>Total income</b>		<b>(1,013,480,551)</b>	<b>(106,399,172)</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	114,434,715	107,471,068
Sindh sales tax on remuneration of the Management Company	7.2	14,876,513	13,971,239
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	6,721,736	6,373,554
Sindh sales tax on remuneration of the Trustee	8.2	873,826	828,562
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	5,435,649	5,104,876
Accounting and operational charges	13	5,721,736	5,235,474
Auditors' remuneration	15	433,890	557,358
Annual listing fee		27,500	27,499
Legal and professional charges		177,978	176,262
Reversal of commitment fee on credit line		-	(351,697)
Securities transaction cost	16	9,425,955	9,561,299
Printing charges		(48,272)	235,606
Advertisement and marketing expense		-	92,261
Bank charges		51,094	61,522
<b>Total expenses</b>		<b>158,132,320</b>	<b>149,344,883</b>
<b>Net loss for the year before taxation</b>		<b>(1,171,612,871)</b>	<b>(255,744,055)</b>
<b>Taxation</b>	17	-	-
<b>Net loss for the year after taxation</b>		<b>(1,171,612,871)</b>	<b>(255,744,055)</b>
<b>Loss per unit</b>	18		

The annexed notes from 1 to 31 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 2019

	2019	2018
	----- Rupees -----	
Net loss for the year after taxation	(1,171,612,871)	(255,744,055)
Other comprehensive (loss) / income	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(1,171,612,871)</u></b>	<b><u>(255,744,055)</u></b>

The annexed notes from 1 to 31 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 2019

	30 June 2019		
	Capital Value	Undistributed income	Net Assets
	-----Rupees-----		
Capital value	4,000,831,035	-	4,000,831,035
<b>Undistributed income brought forward</b>			
- Realised income	-	1,345,586,577	1,345,586,577
- Unrealised income	-	28,914,384	28,914,384
<b>Net assets at the beginning of the year (Units outstanding: 8,657,937) (Rs. 620.86 per unit)</b>	<b>4,000,831,035</b>	<b>1,374,500,961</b>	<b>5,375,331,996</b>
Issue of 3,527,450 units	2,110,910,623	-	2,110,910,623
Redemption of 2,175,838 units	(1,270,191,866)	-	(1,270,191,866)
Total comprehensive loss for the year	-	(1,171,612,871)	(1,171,612,871)
<b>Net assets at end of the year (Units outstanding: 10,009,549) (Rs. 503.96 per unit)</b>	<b>4,841,549,792</b>	<b>202,888,090</b>	<b>5,044,437,882</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	1,073,009,596	-
- Unrealised loss	-	(870,121,506)	-
	-	<b>202,888,090</b>	-
	30 June 2018		
	Capital Value	Undistributed income	Net Assets
	-----Rupees-----		
Capital value	3,773,086,121	-	3,773,086,121
<b>Undistributed income brought forward</b>			
- Realised income	-	1,368,557,650	1,368,557,650
- Unrealised income	-	386,032,383	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>	<b>5,527,676,154</b>
Issuance of 3,118,966 units	1,900,897,060	-	1,900,897,060
Redemption of 2,750,698 units	(1,673,152,146)	-	(1,673,152,146)
Total comprehensive loss for the year	-	(255,744,055)	(255,744,055)
Cash dividend declared for the year ended 30 June 2017 @ Rs. 15 per unit declared on 07 July 2017	-	(124,345,017)	(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>5,375,331,996</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	1,345,586,577	-
- Unrealised income	-	28,914,384	-
	-	<b>1,374,500,961</b>	-

The annexed notes from 1 to 31 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 2019

	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year after taxation		(1,171,612,871)	(255,744,055)
<b>Adjustments for:</b>			
Profit on bank balances		(28,112,418)	(32,398,966)
Dividend income		(280,966,328)	(265,688,624)
Capital loss on sale of investments - net		297,432,593	262,811,173
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		1,025,126,704	141,675,589
		<b>1,013,480,551</b>	<b>106,399,172</b>
<b>(Increase) / decrease in assets</b>			
Receivable against sale of investments		(51,581,635)	34,414,589
Advances, deposits, prepayments and other receivables		8,605,208	(7,443,268)
		<b>(42,976,427)</b>	<b>26,971,321</b>
<b>Decrease in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		(98,013)	(597,399)
Payable to the Central Depository Company of Pakistan Limited - Trustee		(4,702)	(77,628)
Payable to the Securities and Exchange Commission of Pakistan		330,748	21,946
Payable against purchase of investments		(18,082,010)	(104,950,708)
Accrued expenses and other liabilities		173,707	(1,977,359)
		<b>(17,680,270)</b>	<b>(107,581,148)</b>
Profit received on bank balances		30,118,151	32,867,117
Dividend received		286,857,327	267,696,888
Investments made during the year		(5,065,180,176)	(4,585,046,106)
Investments sold during the year		3,695,427,195	4,382,464,963
		<b>(1,052,777,503)</b>	<b>97,982,862</b>
<b>Net cash (used in) operating activities</b>		<b>(1,271,566,520)</b>	<b>(131,971,848)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		2,110,910,623	1,901,343,258
Net payments against redemption of units		(1,076,934,952)	(1,799,313,029)
Cash payout against distribution		-	(124,345,017)
<b>Net cash generated from / (used in) financing activities</b>		<b>1,033,975,671</b>	<b>(22,314,788)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(237,590,849)</b>	<b>(154,286,636)</b>
Cash and cash equivalents at the beginning of the year		503,609,049	657,895,685
<b>Cash and cash equivalents at the end of the year</b>	4	<b>266,018,200</b>	<b>503,609,049</b>

The annexed notes from 1 to 31 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 2019

## 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, 06 March 2008, 04 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, 06 March 2008, 04 December 2009, 14 October 2013, 24 March 2015, 03 August 2015, 29 September 2016, 02 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 (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 New / Revised 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:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 Financial Instruments

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IFRS 15 – Revenue from Contracts with Customers

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements other than IFRS 9 Financial Instruments as disclosed below:

## 2.2.1 IFRS 9 Financial Instruments

### (a) Classification and measurement

Effective from 01 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Equity instruments that are not held for trading are required to be held at fair value through profit and loss unless an irrevocable election is made on initial recognition to present subsequent changes in fair value in other comprehensive income. However, the Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss.

Under IFRS 9, the classification of debt instruments is based on two criteria, (a) the entity's business model for managing the assets; and (b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 01 July 2018. However, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 01 July 2018:

### Financial assets

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Cash and bank balances	Loans and receivables	503,609,049	Amortised Cost	503,609,049
Investments	Held for trading*	4,940,091,479	Fair value through profit and loss*	4,940,091,479
Dividend receivable	Loans and receivables	7,994,137	Amortised Cost	7,994,137
Profit receivable on bank balances	Loans and receivables	2,293,384	Amortised Cost	2,293,384
Receivable against sale of investments	Loans and receivables	1,483,060	Amortised Cost	1,483,060
Advances, deposits and other receivables	Loans and receivables	2,600,000	Amortised Cost	2,600,000

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

\*The financial assets held for trading continue to be measured at fair value through profit and loss under IFRS 9.

## Financial liabilities

All Financial liabilities which were previously classified as 'other financial liabilities' at amortised cost under IAS 39 continue to be classified as 'financial liabilities at amortised cost' under IFRS 9.

### (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model.

SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets (other than debt securities) and concluded that impact is not material to the financial statements.

## 2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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 or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – 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 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 2.4 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.

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.

## 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.

## 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 3.1 below.

### 3.1 Financial instruments - Policy effective from 01 July 2018

In the current period, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

### **b) Classification**

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

#### **Financial assets**

"The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset."

#### **Business model assessment**

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

## **Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

## **Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

## **Financial liabilities**

### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

### **c) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

## **d) Impairment of financial assets**

Policy effective from 01 July 2018 (IFRS 9)

"The Fund only considers expected credit losses for bank balances, trade and other receivables. The Fund and measures expected credit losses on bank balance using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters."

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

## **e) Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **3.2 Financial instruments - Policy effective before 01 July 2018**

### **3.2.1 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.

#### **Regular way contracts**

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

## 3.2.2 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.

## 3.2.3 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.

## 3.2.4 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.

## 3.2.5 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.

### 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.

### 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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Presently, the Fund does not have any derivative instrument.

### 3.3 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.

### 3.4 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.

### 3.5 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.

### 3.6 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.

### 3.7 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 03 August 2017 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, specified methodology of determination of income paid on units redeemed 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."

### 3.8 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- Interest income on bank balances, placements and deposits is recognised on an accrual basis.
- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.
- Unrealised appreciation / (loss) 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.

### 3.9 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.

### 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 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.

### 3.11 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.

### 3.12 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 of EPU is not practicable.

	Note	2019 ----- Rupees -----	2018 -----
<b>4 CASH AND BANK BALANCES</b>			
In local currency			
- Profit and loss sharing accounts	4.1	266,003,200	503,449,049
- Current account		5,000	10,000
- Cheque in hand		10,000	150,000
		<b><u>266,018,200</u></b>	<b><u>503,609,049</u></b>

4.1 The rate of return on these accounts ranges between 6.00% and 13.15% (30 June 2018: 4.00% and 7.35%) per annum.

4.2 These cheques were received against issue of units which were cleared subsequent to the year end by 03 July 2019 (03 July 2018).

	Note	2019 ----- Rupees -----	2018 -----
<b>5 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
Investments in listed equity securities	5.1	<b><u>4,987,285,163</u></b>	<b><u>4,940,091,479</u></b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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 otherwise.

Name of Investee Company	As at 01 July 2018	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2019	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		
<b>INV. BANK/INV.COMPANIES/SECURITIES CO.</b>													
Arif Habib Limited	446,500	-	89,300	2,000	533,800	27,134,833	16,884,094	0.34	0.33	0.81			
	<b>446,500</b>	<b>-</b>	<b>89,300</b>	<b>2,000</b>	<b>533,800</b>	<b>27,134,833</b>	<b>16,884,094</b>	<b>0.34</b>	<b>0.33</b>	<b>0.81</b>			
<b>COMMERCIAL BANKS</b>													
Allied Bank Limited	500,000	90,000	-	590,000	-	-	-	-	-	-			
Askari Bank Limited	2,464,500	1,733,000	-	4,197,500	-	-	-	-	-	-			
Bank Al Habib Limited	1,769,500	4,080,200	-	1,658,000	4,191,700	325,614,876	328,545,446	6.59	6.51	0.38			
Bank Alfalah Limited	4,897,000	1,792,500	640,000	1,993,500	5,336,000	258,081,319	232,596,240	4.66	4.61	0.30			
Faysal Bank Limited (see note 5.4)	8,625	7,628,500	-	-	7,637,125	177,261,551	164,350,930	3.30	3.26	0.50			
Habib Bank Limited	1,872,500	750,000	-	613,000	2,009,500	313,511,657	227,595,970	4.56	4.51	0.14			
Habib Metropolitan Bank Limited	2,381,500	-	-	2,381,500	-	-	-	-	-	-			
MCB Bank Limited	777,000	60,000	-	836,700	300	59,450	52,335	0.00	0.00	0.00			
Meezan Bank Limited	1,330,000	2,385,500	228,635	2,499,500	1,444,635	123,125,895	125,914,387	2.52	2.50	0.11			
National Bank Of Pakistan	750,000	1,512,000	-	2,262,000	-	-	-	-	-	-			
The Bank of Punjab	10,000,000	1,435,000	-	3,297,500	8,137,500	97,567,070	74,458,125	1.49	1.48	0.31			
United Bank Limited (see note 5.3)	1,075,000	2,895,000	-	1,676,000	2,294,000	341,724,418	338,089,720	6.78	6.70	0.19			
	<b>27,825,625</b>	<b>24,361,700</b>	<b>868,635</b>	<b>22,005,200</b>	<b>31,050,760</b>	<b>1,636,946,236</b>	<b>1,491,603,153</b>	<b>29.91</b>	<b>29.57</b>	<b>1.94</b>			
<b>INSURANCE</b>													
Adamjee Insurance Company Limited	742,500	-	-	742,500	-	-	-	-	-	-			
EFU Life Assurance Limited	23,500	-	-	23,500	-	-	-	-	-	-			
	<b>766,000</b>	<b>-</b>	<b>-</b>	<b>766,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>TEXTILE SPINNING</b>													
Gadoon Textile Mills Limited	50,000	70,000	-	111,300	8,700	2,216,154	1,203,558	0.02	0.02	0.03			
	<b>50,000</b>	<b>70,000</b>	<b>-</b>	<b>111,300</b>	<b>8,700</b>	<b>2,216,154</b>	<b>1,203,558</b>	<b>0.02</b>	<b>0.02</b>	<b>0.03</b>			
<b>TEXTILE COMPOSITE</b>													
Gul Ahmed Textile Mills Limited	-	1,437,500	-	529,500	908,000	51,317,505	42,784,960	0.86	0.85	0.25			
Interloop Limited	-	1,125,000	-	50,000	1,075,000	49,557,500	47,590,250	0.95	0.94	0.12			
Kohinoor Textile Mills Limited	450,300	1,870,200	-	163,000	2,157,500	99,657,645	54,045,375	1.08	1.07	0.72			
Nishat (Chunian) Limited	1,551,000	182,000	-	603,000	1,130,000	53,295,084	39,572,600	0.79	0.78	0.47			
Nishat Mills Limited	710,900	308,000	-	1,018,900	-	-	-	-	-	-			
	<b>2,712,200</b>	<b>4,922,700</b>	<b>-</b>	<b>2,364,400</b>	<b>5,270,500</b>	<b>253,827,734</b>	<b>183,993,185</b>	<b>3.69</b>	<b>3.65</b>	<b>1.56</b>			
<b>CEMENT</b>													
Attock Cement Pakistan Limited	-	316,600	28,000	21,000	323,600	39,405,730	23,108,276	0.46	0.46	0.24			
Cherat Cement Company Limited	-	1,050,000	-	191,000	859,000	55,517,204	26,594,640	0.53	0.53	0.49			
D. G. Khan Cement Company Limited	779,600	1,130,000	-	1,104,600	805,000	73,062,910	45,514,700	0.91	0.90	0.18			
Kohat Cement Company Limited	-	64,300	19,290	83,500	90	8,690	4,728	0.00	0.00	0.00			
Lucky Cement Limited	360,000	357,600	-	246,250	471,350	231,909,831	179,334,535	3.60	3.56	0.15			
Maple Leaf Cement Factory Limited	350,000	1,150,000	-	1,500,000	-	-	-	-	-	-			
Pioneer Cement Limited	415,000	250,000	-	665,000	-	-	-	-	-	-			
	<b>1,904,600</b>	<b>4,318,500</b>	<b>47,290</b>	<b>3,811,350</b>	<b>2,459,040</b>	<b>399,904,365</b>	<b>274,556,879</b>	<b>5.51</b>	<b>5.44</b>	<b>1.06</b>			
<b>REFINERY</b>													
Attock Refinery Limited	-	100,000	-	100,000	-	-	-	-	-	-			
Byco Petroleum Pakistan Limited	1,500,000	-	-	1,500,000	-	-	-	-	-	-			
National Refinery Limited	30,000	125,000	-	112,600	42,400	7,065,149	4,811,128	0.10	0.10	0.05			
	<b>1,530,000</b>	<b>225,000</b>	<b>-</b>	<b>1,712,600</b>	<b>42,400</b>	<b>7,065,149</b>	<b>4,811,128</b>	<b>0.10</b>	<b>0.10</b>	<b>0.05</b>			
<b>POWER GENERATION &amp; DISTRIBUTION</b>													
K-Electric Limited (face value of Rs.3.5 per share)	4,750,000	2,250,000	-	250,000	6,750,000	38,475,245	29,632,500	0.59	0.59	0.07			
Lalpir Power Limited	300,000	-	-	-	300,000	5,763,000	3,900,000	0.08	0.08	0.08			
Nishat Chunian Power Limited	590,000	29,000	-	-	619,000	17,342,100	10,776,790	0.22	0.21	0.17			
Pakgen Power Limited	3,400,000	-	-	-	3,400,000	65,552,000	48,212,000	0.97	0.96	0.91			
The Hub Power Company Limited	2,075,000	2,115,000	453,820	364,000	4,279,820	361,561,278	337,035,779	6.76	6.68	0.37			
	<b>11,115,000</b>	<b>4,394,000</b>	<b>453,820</b>	<b>614,000</b>	<b>15,348,820</b>	<b>488,693,623</b>	<b>429,557,069</b>	<b>8.61</b>	<b>8.52</b>	<b>1.60</b>			
<b>OIL &amp; GAS MARKETING COMPANIES</b>													
Attock Petroleum Limited	-	108,000	-	108,000	-	-	-	-	-	-			
Hascol Petroleum Limited	-	150,000	2,960	150,000	2,960	335,950	203,115	0.00	0.00	0.00			
Pakistan State Oil Company Limited (see note 5.4)	604,000	1,153,200	93,160	579,900	1,270,460	271,791,981	215,508,130	4.32	4.27	0.32			
Sui Northern Gas Pipelines Limited	900,200	300,000	-	575,000	625,200	62,699,179	43,445,148	0.87	0.86	0.10			
	<b>1,504,200</b>	<b>1,711,200</b>	<b>96,120</b>	<b>1,412,900</b>	<b>1,898,620</b>	<b>334,827,110</b>	<b>259,156,393</b>	<b>5.20</b>	<b>5.14</b>	<b>0.42</b>			
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>													
Mari Petroleum Company Limited (see note 5.4)	155,000	72,180	20,014	8,700	238,494	320,327,643	240,719,149	4.83	4.77	0.20			
Oil & Gas Development Company Limited	2,050,000	2,231,500	-	696,600	3,584,900	525,486,068	471,378,501	9.45	9.34	0.08			
Pakistan Oilfields Limited	350,000	278,600	74,320	109,300	593,620	303,408,048	240,944,422	4.83	4.78	0.21			
Pakistan Petroleum Limited (see note 5.3)	1,305,200	843,700	279,585	345,400	2,083,085	380,565,084	300,859,967	6.03	5.96	0.09			
	<b>3,860,200</b>	<b>3,425,980</b>	<b>373,919</b>	<b>1,160,000</b>	<b>6,500,099</b>	<b>1,529,787,203</b>	<b>1,253,902,039</b>	<b>25.14</b>	<b>24.86</b>	<b>0.58</b>			
<b>INDUSTRIAL ENGINEERING</b>													
Amreli Steels Limited	-	1,061,500	-	1,061,500	-	-	-	-	-	-			
International Industries Limited	331,500	939,100	-	337,700	932,900	145,467,194	71,898,603	1.44	1.43	0.78			
International Steels Limited	-	867,500	-	357,500	510,000	30,468,785	20,252,100	0.41	0.40	0.12			
Mughal Iron And Steel Industries Limited (see note 5.4)	215,225	125,000	-	335,500	4,725	259,726	118,881	0.00	0.00	0.00			
	<b>546,725</b>	<b>2,993,100</b>	<b>-</b>	<b>2,092,200</b>	<b>1,447,625</b>	<b>176,195,705</b>	<b>92,269,584</b>	<b>1.85</b>	<b>1.83</b>	<b>0.90</b>			

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Name of Investee Company	As at 01 July 2018	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2019	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	19,000	-	-	19,000	-	-	-	-	-	-
	<b>19,000</b>	<b>-</b>	<b>-</b>	<b>19,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>										
Agriauto Industries Limited (face value of Rs.5 per share)	70,000	82,900	-	152,900	-	-	-	-	-	-
Thal Limited (face value of Rs.5 per share)	104,900	16,000	-	120,900	-	-	-	-	-	-
	<b>174,900</b>	<b>98,900</b>	<b>-</b>	<b>273,800</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	-	-	-	-	-	-
Pakistan International Bulk Terminal Limited - LoR	403,899	-	-	403,899	-	-	-	-	-	-
	<b>2,403,899</b>	<b>-</b>	<b>-</b>	<b>2,403,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>										
Hum Network Limited (face value of Re.1 per share)	13,055,000	-	-	13,055,000	-	-	-	-	-	-
Netsol Technologies Limited	-	343,400	-	343,400	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	244,500	-	244,500	-	-	-	-	-	-
Systems Limited	-	1,021,500	70,450	50,000	1,041,950	109,829,098	99,995,942	2.01	1.98	0.84
	<b>13,055,000</b>	<b>1,609,400</b>	<b>70,450</b>	<b>13,692,900</b>	<b>1,041,950</b>	<b>109,829,098</b>	<b>99,995,942</b>	<b>2.01</b>	<b>1.98</b>	<b>0.84</b>
<b>FERTILIZER</b>										
Engro Fertilizers Limited (see note 5.3)	3,374,000	1,686,000	-	841,000	4,219,000	312,994,052	269,889,430	5.41	5.35	0.32
Engro Corporation Limited	1,000,000	379,900	107,200	247,900	1,239,200	351,357,818	329,131,520	6.60	6.52	0.22
Fauji Fertilizer Bin Qasim Limited	700,000	100,000	-	800,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	1,150,000	1,961,500	-	1,550,000	1,561,500	163,544,767	136,162,800	2.73	2.70	0.12
	<b>6,224,000</b>	<b>4,127,400</b>	<b>107,200</b>	<b>3,438,900</b>	<b>7,019,700</b>	<b>827,896,637</b>	<b>735,183,750</b>	<b>14.74</b>	<b>14.57</b>	<b>0.66</b>
<b>PHARMACEUTICALS</b>										
Abbott Laboratories (Pakistan) Limited	-	45,000	-	2,000	43,000	28,174,517	20,409,520	0.41	0.40	0.04
AGP Limited	-	200,000	-	10,500	189,500	17,621,131	12,986,435	0.26	0.26	0.07
Ferozsons Laboratories Limited	-	210,000	-	8,900	201,100	37,916,300	22,487,002	0.45	0.45	0.67
Glaxosmithkline Pakistan Limited	-	220,000	-	11,000	209,000	27,081,384	19,923,970	0.40	0.39	0.18
The Searle Company Limited (see note 5.4)	70,360	540,000	54	255,000	355,414	75,919,768	52,089,476	1.04	1.03	0.17
	<b>70,360</b>	<b>1,215,000</b>	<b>54</b>	<b>287,400</b>	<b>998,014</b>	<b>186,713,100</b>	<b>127,896,403</b>	<b>2.56</b>	<b>2.54</b>	<b>1.13</b>
<b>CHEMICALS</b>										
Descon Oxychem Limited	-	800,000	-	800,000	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	2,950,000	-	2,950,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	2,250,000	1,500,000	-	3,750,000	-	-	-	-	-	-
Sitara Peroxide Limited	-	476,500	-	476,500	-	-	-	-	-	-
	<b>2,250,000</b>	<b>5,726,500</b>	<b>-</b>	<b>7,976,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PAPER &amp; BOARD</b>										
Cherat Packaging Limited	-	202,600	-	4,100	198,500	30,856,646	16,007,040	0.32	0.32	0.51
Packages Limited	89,450	-	-	89,450	-	-	-	-	-	-
	<b>89,450</b>	<b>202,600</b>	<b>-</b>	<b>93,550</b>	<b>198,500</b>	<b>30,856,646</b>	<b>16,007,040</b>	<b>0.32</b>	<b>0.32</b>	<b>0.51</b>
<b>LEATHER &amp; TANNERIES</b>										
Service Industries Limited	500	-	125	500	125	78,498	61,665	0.00	0.00	0.00
	<b>500</b>	<b>-</b>	<b>125</b>	<b>500</b>	<b>125</b>	<b>78,498</b>	<b>61,665</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>FOODS &amp; PERSONAL CARE PRODUCTS</b>										
Al Shaheer Corporation Limited	916,937	309,500	-	1,210,829	15,608	433,007	196,661	0.00	0.00	0.01
Engro Foods Limited	-	25,000	-	25,000	-	-	-	-	-	-
Matco Foods Limited	329	1,603,500	22,916	1,626,500	245	6,769	6,620	0.00	0.00	0.00
National Foods Limited	-	100,000	-	100,000	-	-	-	-	-	-
At-Tahur Limited	-	1,124,990	-	1,124,990	-	-	-	-	-	-
	<b>917,266</b>	<b>3,162,990</b>	<b>22,916</b>	<b>4,087,319</b>	<b>15,853</b>	<b>439,776</b>	<b>203,281</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>
<b>GLASS &amp; CERAMICS</b>										
Tariq Glass Industries Limited	-	341,500	-	341,500	-	-	-	-	-	-
	<b>-</b>	<b>341,500</b>	<b>-</b>	<b>341,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VANASPATI &amp; ALLIED INDUSTRIES</b>										
Unity Foods Limited	-	3,483,000	-	3,483,000	-	-	-	-	-	-
	<b>-</b>	<b>3,483,000</b>	<b>-</b>	<b>3,483,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total as at 30 June 2019</b>						<b>6,012,411,867</b>	<b>4,987,285,163</b>	<b>100.00</b>	<b>98.87</b>	
<b>Total as at 30 June 2018</b>						<b>5,081,767,068</b>	<b>4,940,091,479</b>			

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5.2 The cost of listed equity securities as at 30 June 2019 is Rs. 5,857,406,669 (30 June 2018: Rs 4,911,177,095).

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 23 October 2007 issued by the SECP:

Name of Investee Company	Number of shares		Market value	
	2019	2018	2019	2018
			----- Rupees -----	
Pakistan Petroleum Limited	297,000	297,000	42,895,710	63,825,300
Engro Fertilizers Limited	425,000	425,000	27,187,250	31,836,750
United Bank Limited	100,000	100,000	14,738,000	16,898,000
	<b>822,000</b>	<b>822,000</b>	<b>84,820,960</b>	<b>112,560,050</b>

5.4 The investment in equity securities include the bonus shares having market value of Rs. 0.77 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 27 June 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. Thereafter, the Fund alongwith other aggrieved Funds filed Constitutional Petition in the High Court of Sindh vide C.P No. D-4653 of 2019 through Mutual Funds Association of Pakistan on this issue and obtained stay order restraining the withholding agents to deposit the withheld tax.

6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	2019	2018
		----- 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
Advances & other receivables	6.1	10,929,987	19,535,195
		<b>13,529,987</b>	<b>22,135,195</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 (30 June 2018: Rs. 10.269 million) and Rs. 0.661 million (30 June 2018: 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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 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	2019 ----- Rupees -----	2018
Remuneration of the Management Company	7.1	8,940,042	9,023,232
Sindh sales tax payable on remuneration of the Management Company	7.2	4,131,252	4,142,066
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,301,988	20,301,988
Accounting and operational charges	13	447,002	451,011
		<b><u>33,820,284</u></b>	<b><u>33,918,297</u></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% (2018: 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. 14,876,513 (2018: Rs. 13,971,239) 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. 14,887,327 (2018: Rs. 14,032,852) 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 04 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 01 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 2018: Rs

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 would have been higher by Rs. 2.03 (30 June 2018: Rs 2.34) per unit.

<b>8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY</b>	<b>Note</b>	<b>2019</b> ----- Rupees -----	<b>2018</b> ----- Rupees -----
Trustee fee payable	8.1	529,193	533,354
Sindh sales tax on trustee fee		68,795	69,336
Settlement charges payable		3,000	3,000
Sindh sales tax on settlement charges		390	390
		<b>601,378</b>	<b>606,080</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:

<b>On net assets:</b>	<b>Tariff per annum</b>
- 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. 873,826 (2018: Rs. 828,562) 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. 874,367 (2018: Rs. 831,643) was paid to the Trustee which acts as a collecting agent.

<b>9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>2019</b> ----- Rupees -----	<b>2018</b> ----- Rupees -----
Annual fee payable	9.1	<b>5,435,624</b>	<b>5,104,876</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 represents payable against units redeemed to the unit holders based on their request for cash payout, managed by the Management Company.

<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2019</b> ----- Rupees -----	<b>2018</b> ----- Rupees -----
Auditors' remuneration payable		374,220	410,274
Printing charges payable		30,909	128,793
NCCPL charges payable		30,000	30,000
Transaction charges payable	16	1,105,035	1,068,207
Withholding and capital gain tax payable		370,634	108,442
Zakat payable		9,426	1,931
Sale Load Payable		1,130	-
Provision for Sindh Workers' Welfare Fund	11.1	38,835,533	38,835,533
		<b>40,756,887</b>	<b>40,583,180</b>

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 01 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 2019 would have been higher by Rs. 3.88 per unit (30 June 2018: Rs. 4.49 per unit).

### 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

### 13 ACCOUNTING AND OPERATIONAL CHARGES

Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

### 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 2.76% (30 June 2018: 2.78%) which includes 0.40% (30 June 2018: 0.41%) 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

15 AUDITORS' REMUNERATION	2019	2018
	----- Rupees -----	
Annual audit fee	280,500	255,000
Half yearly review of condensed interim financial information	140,250	127,500
Certification charges	55,000	50,000
Out of pocket expenses	26,000	86,258
Sindh sales tax on services	40,140	38,600
Prior year adjustment	(108,000)	-
	<b>433,890</b>	<b>557,358</b>

## 16 SECURITIES TRANSACTION COST

This represents brokerage, federal excise duty, capital value tax and settlement charges.

## 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 Fund has incurred net loss for the year hence, no distribution has been made by the Fund.

**17.2** 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.

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.

## 18 LOSS PER UNIT

Loss 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 loss per unit is not practicable.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 19.1** 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.
- 19.2** 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.
- 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:

	2019	2018
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	114,434,715	107,471,068
Remuneration paid	114,517,905	107,945,018
Sindh Sales Tax on remuneration of the Management Company	14,876,513	13,971,239
Accounting and Operational Charges	5,721,736	5,235,474
Issue of Nil (2018: 30,388) units	-	16,885,350
Redemption of Nil (2018: 25,139) units	-	15,000,000
Cash dividend declared	-	2,154,686
Outstanding 148,895 (2018: 148,895) units - at net asset value	75,037,644	92,442,526
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	6,721,736	6,373,554
Sindh Sales Tax on remuneration of the Trustee	873,826	828,562
Remuneration paid	6,725,897	6,397,251
Settlement charges	348,776	342,082
Sindh Sales Tax on settlement charges	45,341	44,471
Settlement charges paid	348,776	387,082
<b>Atlas Battery Limited (Group Company)</b>		
Issue of 5 (2018: 447) units	2,646	243,745
Redemption of 447 (2018: Nil) units	270,210	-
Outstanding 5 (2018: 447) units - at net asset value	2,557	277,401
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 255 (2018: 85,924) units	133,200	53,362,659
Redemption of 315,794 (2018: Nil) units	200,000,000	-
Cash dividend declared	-	3,843,039
Outstanding 26,587 (2018: 342,126) units - at net asset value	13,399,315	212,411,317

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 ----- Rupees -----	2018 ----- Rupees -----
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 158,175 (2018: 1,095,454) units	94,000,000	648,347,589
Redemption of 462,160 (2018: 1,293,640) units	242,936,351	775,449,665
Cash dividend declared	-	7,532,580
Payable against redemption of units	196,561,235	-
Outstanding Nil (2018: 303,985) units - at net asset value	-	188,731,143
<b>Atlas Foundation (Group Company)</b>		
Issue of Nil (2018:37,094 ) units	-	22,625,993
Redemption of Nil (2018: 53,809 ) units	-	35,000,000
Cash dividend declared	-	13,286,849
Outstanding 869,075 (2018: 869,075 ) units - at net asset value	437,981,619	539,570,874
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of Nil (2018: 11,520) units	-	6,772,885
Redemption of Nil (2018: 27,826 ) units	-	17,600,000
Cash dividend declared	-	572,885
Outstanding 21,886 (2018:21,886) units - at net asset value	11,029,907	13,588,279
<b>Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 9,580 (2018: 4,457) units	5,000,000	2,905,010
Redemption of Nil (2018:90,843) units	-	50,366,164
Cash dividend declared	-	2,905,010
Outstanding 116,860 (2018: 107,280) units - at net asset value	58,893,643	66,606,023
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of Nil (2018: 490) units	-	319,514
Cash dividend declared	-	319,514
Outstanding 21,791 (2018: 21,791) units - at net asset value	10,981,917	13,529,158
<b>Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of Nil (2018: 2,385 ) units	-	1,554,551
Redemption of 8,225 (2018: Nil) units	5,000,000	-
Cash dividend declared	-	1,554,551
Outstanding 97,797 (2018: 106,022) units - at net asset value	49,286,059	65,824,207

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	----- Rupees -----	
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of Nil (2018: 372) units	-	242,547
Redemption of 16,542 (2018: Nil) units	9,632,342	-
Cash dividend declared	-	242,547
Outstanding Nil (2018: 16,542) units - at net asset value	-	10,270,132
<b>Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)</b>		
Issue of Nil (2018: 602) units	-	392,579
Redemption of 11,703 (2018: 15,071) units	7,006,159	10,000,000
Cash dividend declared	-	392,579
Outstanding Nil (2018: 11,703) units - at net asset value	-	7,265,800
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of Nil (2018: 706) units	-	460,318
Cash dividend declared	-	460,318
Outstanding 31,394 (2018: 31,394) units - at net asset value	15,821,451	19,491,216
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 730,632 (2018: 683,422) units	448,096,319	411,015,091
Cash dividend declared	-	46,874,390
Outstanding 4,539,013 (2018: 3,808,381) units - at net asset value	2,287,492,549	2,364,456,324
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of Nil (2018: 21,663) units	-	12,473,183
Cash dividend declared	-	2,826,495
Outstanding 210,096 (2018: 210,096) units - at net asset value	105,880,474	130,439,309
<b>Directors and their close family members and key management personnel and executive of the Management Company</b>		
Issue of 41,763 (2018: 99,667) units	23,136,485	62,362,131
Redemption of 94,362 (2018: 96,457) units	59,378,237	62,237,904
Cash dividend declared	-	12,899,301
Outstanding 632,891 (2018: 685,490) units - at net asset value	318,953,167	425,593,242

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 -----			
At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
----- (Rupees) -----			
Financial assets			
Cash and bank balances	266,018,200	-	266,018,200
Investments	-	4,987,285,163	4,987,285,163
Dividend receivable	2,103,138	-	2,103,138
Profit receivable on bank balances	287,651	-	287,651
Receivable against sale of investments	53,064,695	-	53,064,695
Advances, deposits and other receivables	2,600,000	-	2,600,000
	<u>324,073,684</u>	<u>4,987,285,163</u>	<u>5,311,358,847</u>

----- As at 30 June 2019 -----		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----		
Financial liabilities		
Payable to Atlas Asset Management Limited - Management Company	33,820,284	33,820,284
Payable to the Central Depository Company of Pakistan Limited - Trustee	601,378	601,378
Payable against redemption of units	196,835,046	196,835,046
Unclaimed dividend	401,733	401,733
Accrued expenses and other liabilities	1,541,294	1,541,294
	<u>233,199,735</u>	<u>233,199,735</u>

----- As at 30 June 2018 -----			
Loans and receivables	At fair value through profit or loss	Available for sale	Total
----- (Rupees) -----			
Financial assets			
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 investment	1,483,060	-	1,483,060
Advances, deposits and other receivables	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 -----		
At fair value through profit or loss	Other financial liabilities	Total
----- (Rupees) -----		
Financial liabilities		
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	1,637,274	1,637,274
	<u>58,223,526</u>	<u>58,223,526</u>

## 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

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

## 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 fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As of 30 June 2019, 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.

#### 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 in market interest rates as at 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 2,660,032 (2018: Rs 5,034,490). In case of 100 basis points decrease in market interest rates as at 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 2,660,032 (2018: Rs 5,034,490).

#### 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. 5,311,358,847 (2018: Rs. 5,458,071,109), assets aggregating to Rs. 266,003,200 (2018: Rs. 503,449,049) are subject to yield / interest rate risk. These represent bank balances having effective yield of 6.00% to 13.50% (2018: 4.00% to 7.35%).

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 2019 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

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 249,364,258 (2018: Rs. 247,004,574) 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 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 Index.

### 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 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 Limited.

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 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 2019

-----As at 30 June 2019-----

	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	266,018,200	-	-	-	-	266,018,200
Investments	-	-	-	-	4,987,285,163	4,987,285,163
Dividend receivable	2,103,138	-	-	-	-	2,103,138
Profit receivable on bank balances	287,651	-	-	-	-	287,651
Receivable against sale of investments	53,064,695	-	-	-	-	53,064,695
Advances, deposits and other receivables	-	-	-	-	2,600,000	2,600,000
	<b>321,473,684</b>	-	-	-	<b>4,989,885,163</b>	<b>5,311,358,847</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	33,820,284	-	-	-	-	33,820,284
Payable to the Central Depository Company of Pakistan Limited - Trustee	601,378	-	-	-	-	601,378
Payable against purchase of investments	-	-	-	-	-	-
Payable against redemption of units	196,835,046	-	-	-	-	196,835,046
Unclaimed dividend	401,733	-	-	-	-	401,733
Accrued expenses and other liabilities	1,135,035	406,259	-	-	-	1,541,294
	<b>232,793,476</b>	<b>406,259</b>	-	-	-	<b>233,199,735</b>
<b>Net assets / (liabilities)</b>	<b>88,680,208</b>	<b>(406,259)</b>	-	-	<b>4,989,885,163</b>	<b>5,078,159,112</b>

-----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
Advances, deposits and other receivables	-	-	-	-	2,600,000	2,600,000
	<b>515,379,630</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>58,223,526</b>
<b>Net assets / (liabilities)</b>	<b>457,695,171</b>	<b>(539,067)</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 2019

## 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, 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 2019 amounts to Rs. 324,073,684 (2018: Rs. 517,979,630).

### 21.3.1 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 amounts placed with banks	% of financial assets exposed to credit risk	
	2019	2018
AA	0.00	0.20
AA+	99.47	99.38
AAA	0.53	0.42
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

### 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.

## 22 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 22.1 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.

## 23 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 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	2019			2018		
	Number of unit holders	Amount (Rupees)	% of total	Number of unit holders	Amount (Rupees)	% of total
Individuals	537	359,330,044	7.12	456	485,429,564	9.03
Associated Companies / Directors	10	3,132,809,216	62.10	11	3,770,132,976	70.14
Insurance Companies	9	158,250,529	3.14	11	222,381,222	4.14
Banks / DFIs / NBFC	1	19,054.17	0.00	0	-	0.00
Retirement Funds	25	1,157,723,914	22.95	32	737,620,867	13.72
Others	6	125,508,187	2.49	9	159,767,367	2.97
Public Limited Companies	3	110,796,936	2.20	0	-	0.00
	<b>591</b>	<b>5,044,437,882</b>	<b>100.00</b>	<b>519</b>	<b>5,375,331,996</b>	<b>100.00</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	8.64	Optimus Capital Management (Private) Limited	7.91
AlFalah Securities (Private) Limited	8.32	AlFalah Securities (Private) Limited	7.63
Topline Securities Limited	7.99	Taurus Securities Limited	7.54
AKD Securities Limited	5.80	Topline Securities (Private) Limited	7.17
Taurus Securities Limited	5.54	Shajar Capital Pakistan (Private) Limited	5.81
Pearl Securities Limited	4.99	JS Global Capital Limited	5.56
Shajar Capital Pakistan (Private) Limited	4.90	Axis Global Limited	5.09
Intermarket Securities Limited	4.47	AKD Securities Limited	4.57
IGI Finex Securities Limited	4.14	Foundation Securities (Private) Limited	4.50
Summit Capital (Private) Limited	3.38	Next Capital Limited	4.37

## 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Islamic Stock Fund Atlas Islamic Fund of Funds Atlas Islamic Dedicated Stock Fund

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 28 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					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	P	L	P	L	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	L	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P	P	P	P
Ms Zainab Kazim	P	P	P	P	P	P

P Present

L Leave of absence

## 29 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

## 30 GENERAL

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

30.2 Units have been rounded off to the nearest decimal place.

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

**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

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۴	جناب ایم عمر خان (ایگزیکٹو مینجمنٹ)	ہیڈ آف پورٹ فولیو مینجمنٹ۔ رکن آئی سی	۴۰
۵	جناب نواز جاوید (ایگزیکٹو مینجمنٹ)	ہیڈ آف فکسڈ انکم۔ رکن آئی سی	۴۷
۶	جناب فاران الحق (ایگزیکٹو مینجمنٹ)	ہیڈ آف ایکویٹیز۔ سیکریٹری آئی سی	۴۳

تازہ ترین درجہ بندی:

اثاثہ جات ٹیچر کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پیکرا) نے مینجمنٹ کمپنی کی ایسٹ ٹیچر درجہ بندی اے ایم ۲+ (اے ایم ٹوپلس) ترتیب دی ہے۔

[اے ایم ٹوپلس) + اے ایم ۲: ۲۰۱۸ء [تاریخ 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 ایم ایف

پیکرا نے مورخہ ۱۷ اپریل ۲۰۱۹ء کو استحکام فنڈ کیلئے (ڈبل اے مائنس فنڈ ریٹنگ "اے ایم ایف") درجہ بندی تشکیل دی ہے۔ فنڈ 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 تاریخ ۱۷ اپریل ۲۰۱۹ء کو درجہ بندی برائے استحکام فنڈ تشکیل دی ہے (اے ایم ایف)۔ (ڈبل اے مائنس فنڈ ریٹنگ) فنڈ 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 ۱۷ اپریل ۲۰۱۹ء کو استحکام فنڈ کیلئے (ڈبل اے مائنس فنڈ ریٹنگ "اے ایم ایف") درجہ بندی تشکیل دی ہے۔ فنڈ 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 ۲۳ ستمبر ۲۰۱۹ء میں میسرز اے ایم ایف فرگوس اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، کراچی کو انٹرنیشنل مارکیٹ فنڈ اور انٹرنیشنل مارکیٹ فنڈ آڈیٹرز برائے اختتام سال ۲۰۲۰ء دوبارہ تقرری تجویز کیا۔ اور میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس، کراچی کو بالترتیب انٹرنیشنل سویرن لیکویٹی فنڈ، انٹرنیشنل انکم فنڈ اور انٹرنیشنل مارکیٹ فنڈ کیلئے دوبارہ بطور اہل آڈیٹرز مالیاتی سال ۲۰۲۰ء کے لیے 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 اسٹیٹسٹس ان کی لگن اور محنت کیلئے، اور مینجمنٹ کمپنی پریونٹ ہولڈرز کے اعتماد کا بھی بورڈ شکر یہ ادا کرتا ہے۔

از طرف اور منجانب بورڈ

فراہیم علی خان

ڈائریکٹر

کراچی، ۲۶ ستمبر، ۲۰۱۹ء

محمد عبدالصمد

چیف ایگزیکٹو آفیسر

☆ 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 ایم ایف)، (اے ایس ایف)، (اے آئی ایف)، اور (اے ایس ایم ایف) کی سالانہ رپورٹس کے صفحات ۲۳، ۵۸، ۹۹ اور ۱۳۵ 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 ایم ایف)، (اے ایس ایف)، (اے آئی ایف) اور (اے ایس ایم ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۲، ۲۳، ۲۴ اور ۲۴ میں دیا گیا ہے۔

مینجمنٹ کمپنی اور کمیٹی کے بورڈ آف ڈائریکٹران

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز ایک ایگزیکٹو اور چھ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہیں۔ اے ایم ایل کے ڈائریکٹران میں شامل ہیں جناب یوسف ایچ شیرازی، چیئر مین، 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۔

۱۸-۲۰۱۹ء 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 ایم ایف، اے ایس ایف، اے آئی ایف اور اے ایس ایم ایف کی مالیاتی تفصیلات کے نوٹس ۲۶، ۲۶، ۳۱ اور ۲۸ میں بالترتیب منسلک ہیں۔

بورڈ کی کمیٹیوں میں شامل ہیں آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میٹیشن کمیٹی، اور انویسٹمنٹ کمیٹی (جس میں ایگزیکٹو مینجمنٹ کے افراد شامل ہیں جیسا کہ این بی ایف سی قواعد ۲۰۰۸ء میں درکار ہے)۔ 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 فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۳	جناب ایم حبیب الرحمن	نان ایگزیکٹو ڈائریکٹر	۴

● ہیومن ریسورس اینڈ ری میٹیشن کمیٹی (ایچ آراینڈ آری)۔ دو میٹنگز 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	۲
۲	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۲
۳	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۲

● انویسٹمنٹ کمیٹی۔ انچاس میٹنگز منعقد ہوئیں دوران سال اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۱۰
۲	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۴۵
۳	جناب خالد محمود (ایگزیکٹو مینجمنٹ)	چیف انویسٹمنٹ آفیسر رکن آئی سی	۴۶

تقسیم آمدنی۔ اے آئی ایف

منظم کمپنی کی سرمایہ کاری کمیٹی برائے اے آئی ایف نے اپنے اجلاس منعقدہ ۴ جولائی ۲۰۱۹ء کو برائے اختتام مالیاتی سال ۲۰۱۹ء کیلئے ۳۶.۵۰ روپے فی یونٹ (۲۰۱۸ء: ۲۳.۰۰ روپے فی یونٹ پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۵۰ روپے فی یونٹ کی اصل قیمت پر ۳۰ فیصد۔ (۲۰۱۸ء: ۲۳.۰۰ روپے فی یونٹ عبوری منافع، ۵۰ روپے فی یونٹ کی اصل قیمت پر ۸۰ فیصد)

تقسیم آمدنی۔ اے ایس ایم ایف

منظم کمپنی کی سرمایہ کاری کمیٹی برائے اے ایس ایم ایف نے اپنے اجلاس منعقدہ ۴ جولائی ۲۰۱۹ء کو برائے اختتام مالیاتی سال ۲۰۱۹ء کیلئے تقسیم صفر فی یونٹ (پورے سال کیلئے) فنڈ کو نقصان پہنچنے کی وجہ سے کسی منافع کا اعلان نہیں کیا۔ (۲۰۱۸ء: صفر روپے فی یونٹ)

چیئر مین کا جائزہ:

اے ایس ایم ایف، اے ایس 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 ۲۰۱۳ء 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۔

مفاہیم کو اس سال کردہ ایس ای سی پی لیٹر نمبر ایس سی ڈی / آر ایس / مفاہیم / ۳۳۶ / ۲۰۱۸ء مورخہ ۱۸ اپریل ۲۰۱۸ء کے مطابق جس کے تحت غیر محدود مجموعی سرمایہ کاری منصوبہ نیز غیر مندرج مینجمنٹ 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 ایم ایف)، (اے ایس ایف)، (اے آئی ایف) اور (اے ایس ایم 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 مد نظر 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۔

## ڈائریکٹرز رپورٹ:

اٹلس ایسٹ مینجمنٹ لمیٹڈ (اے اے ایم ایل) کے بورڈ آف ڈائریکٹرز، منتظم برائے اٹلس منی مارکیٹ فنڈ (اے اے ایم ایف)، اٹلس سویرن فنڈ (اے اے ایس ایف)، اٹلس اکم فنڈ (اے آئی ایف) اور اٹلس اسٹاک مارکیٹ فنڈ (اے اے ایس ایف) کے بورڈ آف ڈائریکٹرز کی سالانہ رپورٹ، آڈٹ شدہ مالیاتی نتائج برائے اختتام سال ۲۰۱۹ء کے ہمراہ پیش کرتے ہوئے دلی مسرت محسوس کرتے ہیں۔

آمدنی پونٹ، مجموعی اثاثہ جات اور خلاصہ فروخت / تلافی

آمدنی پونٹ، مجموعی اثاثہ جات، اور اے اے ایم ایف، اے اے ایس ایف، اے آئی ایف، اور اے اے ایس ایف کا خلاصہ فروخت / تلافی برائے اختتام سال ۲۰۱۹ء اور ۲۰۱۸ء درج ذیل ہے۔

اے اے ایس ایف		اے آئی ایف		اے اے ایس ایف		اے اے ایم ایف		تفصیلات
۲۰۱۸ء	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۹ء	
(۲۹.۵۴)	(۱۱۷.۰۵)	۳۶.۷۳	۵۰.۳۲	۴.۲۹	۲.۰۰	۲۲.۱۱	۶۰.۲۳	آمدنی (تقصان) نی پونٹ۔ روپے
۴.۷۵ فیصد	۱۸.۸۳ فیصد	۴.۸۲ فیصد	۷.۳۳ فیصد	۵.۰۰ فیصد	۷.۷۱ فیصد	۵.۴۹ فیصد	۸.۸۷ فیصد	ریٹرن (وائی ٹی ڈی)
۵,۳۷۵,۳۳	۵,۰۴۳,۴۴	۶,۷۳۶,۳۱	۲,۹۸۸,۵۰	۳۵۸,۲۰	۲,۳۰۱,۲۳	۱۳,۱۶۰,۸۸	۱۰,۲۳۹,۵۰	مجموعی اثاثہ جات۔ ملین روپے
۱,۹۰۰,۹۰	۲,۱۱۰,۹۱	۹۱۸,۳۱	۷۴۵,۱۲	۱۱۹,۱۹	۲,۳۳۸,۳۳	۱۷,۵۳۰,۸۷	۲۳,۰۹۳,۳۳	فروخت۔ ملین روپے
۳,۱۱۸,۹۶۶	۳,۵۲۷,۴۵۰	۱,۷۲۲,۱۱۶	۱,۲۴۳,۴۵۱	۱,۱۶۶,۷۵۳	۲۳,۷۹۲,۳۸۷	۳۳,۹۲۷,۶۳۲	۴۷,۳۲۳,۶۰۳	فروخت۔ پونٹس میں
۱,۶۷۳,۵۱	۱,۷۷۰,۱۹	۷,۱۹۳,۳۵	۴,۲۵۱,۲۳	۴.۲۰	۴۳۸.۶۳	۹,۵۳۹,۱۰	۲۶,۴۹۳,۳۵	ریڈیشن۔ ملین روپے
۲,۷۵۰,۶۹۸	۲,۱۷۵,۸۳۸	۱۳,۷۱۸,۴۹۹	۸,۱۶۶,۹۵۳	۴۳,۰۱۱	۴,۲۶۷,۶۸۳	۱۸,۲۹۳,۲۰۳	۵۱,۸۳۱,۱۲۰	ریڈیشن۔ پونٹس میں
۸,۶۵۷,۹۳۶	۱۰,۰۰۹,۵۴۹	۱۲,۵۳۵,۲۲۸	۵,۸۲۰,۹۲۶	۳,۴۱۱,۴۰۰	۲۲,۹۳۶,۱۰۴	۲۳,۸۵۹,۱۳۲	۲۰,۳۵۱,۹۹۵	پونٹس بقایا جات اختتام سال پر

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۔ سرمایہ داروں کو ۲۱۰.۲۹ ملین کی رقم حتمی ادائیگی کی جا چکی ہے۔ تاہم، ۳۳.۳۳ ملین روپے ٹیکس کے ریفرنڈ کلیم ہیں اور فیڈرل ایکسٹریڈیوٹی اور سندھ ورکرز ویلفیئر فنڈ کی مد میں ۲.۱۹ ملین روپے ہیں جسکی بہت زیادہ محتاط پیش بندی کی گئی ہے۔ ایک باریہ مسائل حل ہو جائیں تو پونٹ ہولڈرز کو مزید ادائیگی کی جائے گی۔

تقسیم آمدنی۔ اے اے ایم ایف

منتظم کمپنی کی سرمایہ کاری کمیٹی برائے اے اے ایم ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس کو برائے اختتام مالیاتی سال ۲۰۱۹ء کیلئے ۳۲.۵۵ روپے نی پونٹ (۲۰۱۸): ۲۷ روپے نی پونٹ پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۵۰ روپے نی پونٹ کی اصل قیمت پر ۸.۵۱ فیصد (۲۰۱۸ء: عبوری منافع، ۵۰ روپے نی پونٹ کی اصل قیمت پر ۵.۴۰ فیصد)

تقسیم آمدنی۔ اے اے ایس ایف








منتظم کمپنی کی سرمایہ کاری کمیٹی برائے اے اے ایس ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ ۴ جولائی ۲۰۱۹ء کو برائے اختتام مالیاتی سال ۲۰۱۹ء کیلئے ۷.۵۰ روپے نی پونٹ (۲۰۱۸ء: ۴.۷۵ روپے نی پونٹ پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۱۰۰ روپے نی پونٹ کی اصل قیمت پر ۷.۵۰ فیصد (۲۰۱۸ء: ۴.۷۵ روپے نی پونٹ کی اصل قیمت پر ۴.۷۵ فیصد)










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**Atlas Islamic Income Fund**

**Atlas Islamic Stock Fund**

**Atlas Islamic Fund of Funds**

**Atlas Islamic Dedicated Stock Fund**

**ANNUAL REPORT**

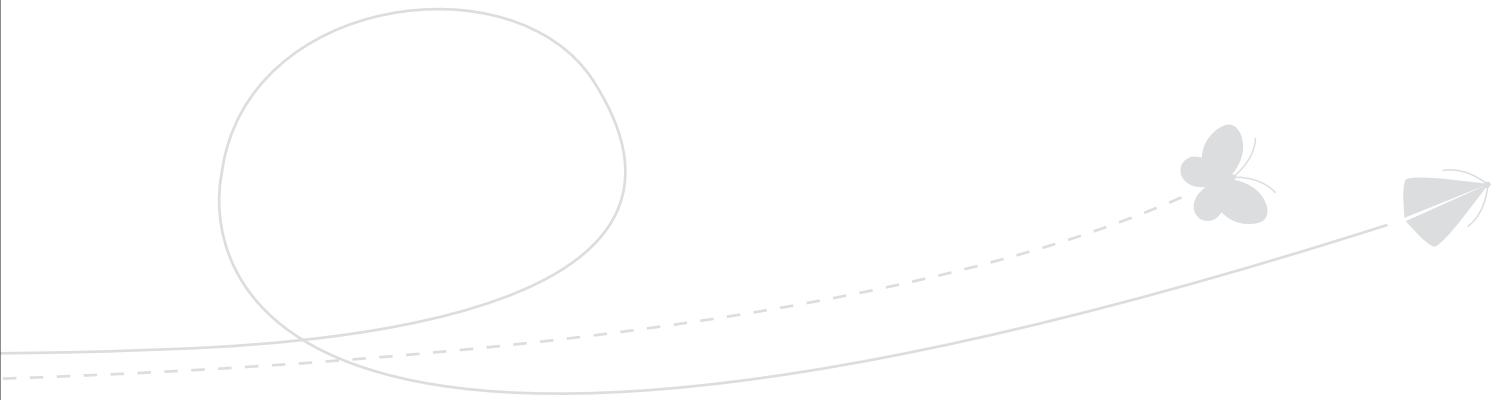
**30 June 2019**



Managed By

**Atlas Asset Management**

Rated AM2+ by PACRA  
(as of June 28, 2019)



# 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 20th August, 2002 as an unlisted public limited company. AAML as a Non-Banking Finance Company (NBFC) is licensed & regulated by Securities & Exchange Commission of Pakistan to perform Asset Management and Investment Advisory Services as per the NBFC (Establishment and Regulations) Rules, 2003 & NBFC and Notified Entities Regulations, 2008 and as a Pension Fund Manager to manage voluntary pension funds (under Voluntary Pension System Rules, 2005). AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited. AAML manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs and individuals.

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

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## 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

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**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

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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 20 September 2019.

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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

---

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

---

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

---

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.



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

Growth | Returns | Tax Savings

# Chairman's Review

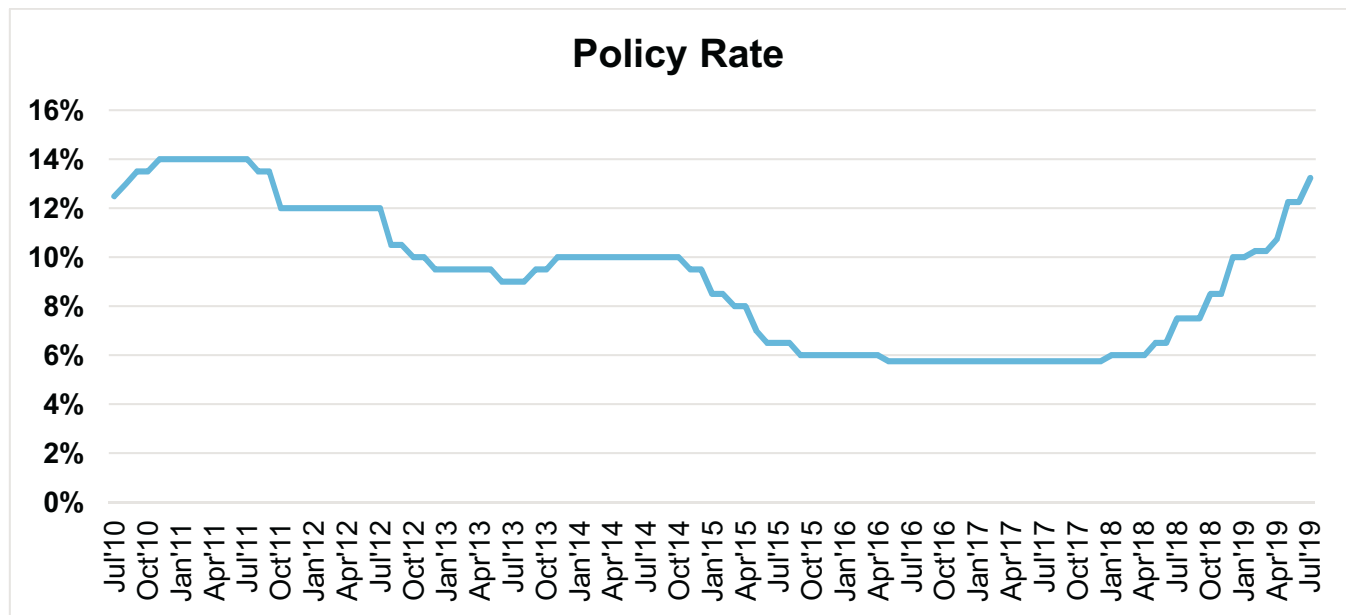
It is my pleasure to present to you the Annual Reports of Atlas Islamic Income Fund (AIIF), Atlas Islamic Stock Fund (AISF), Atlas Islamic Dedicated Stock Fund (AIDSF) and Atlas Islamic Fund of Funds (AIFO) for the financial year ended June 30, 2019.

## THE ECONOMY

Pakistan's GDP witnessed growth of 3.29% in FY19 as compared to 5.80% in preceding year, reflecting a broad-based softening in domestic demand as monetary and fiscal policies have been tightened to contain macroeconomic imbalances. Average Consumer Price Index (CPI) inflation was within the target of 6.50% to 7.50% standing at 7.34% for the year. During FY19, the current account deficit was recorded at US\$ 13.51 billion as compared to US\$ 19.90 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 14.48 billion as of June, 2019 with SBP's share of US\$ 7.28 billion in the total liquid foreign exchange reserves. Foreign remittances for FY19 stood at US\$ 21.84 billion, which was an increase of 9.68% YoY compared to the corresponding period last year. The SBP in its latest monetary policy statement as on July 16, 2019 decided to increase policy rate by 100bps to 13.25% which is a cumulative increase of 750 bps since January, 2018.

## THE MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

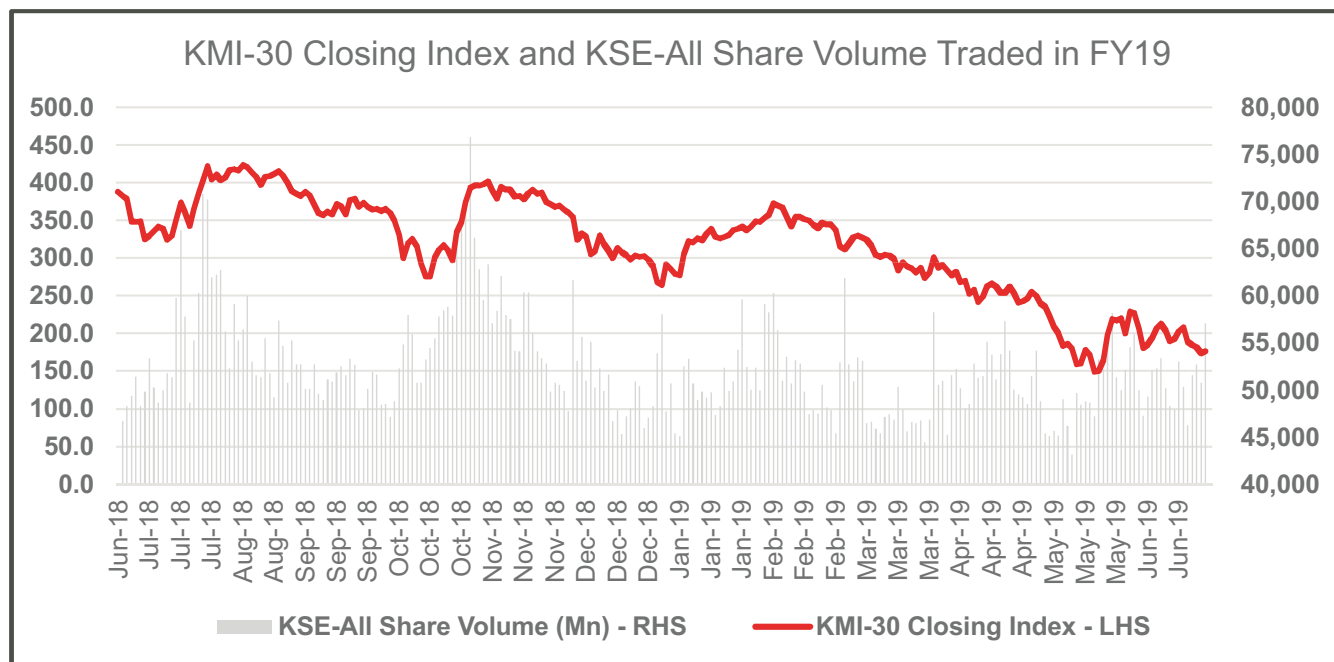


The growth in money supply (M2) witnessed an increase of 11.26% during 2018-19, which is Rs. 1,801.33 billion against the expansion of 9.71% (Rs. 1,416.28 billion) in preceding period last year. Net Foreign Assets (NFA) declined by Rs. 1,298.67 billion during 2018-19 as against the net contraction of Rs. 810.47 billion in the comparable period of fiscal year 2017-18. Net Domestic Asset (NDA) of banking system grew by 19.13% or Rs. 3,099.10 billion during 2018-19 as against an increase of 15.93% or Rs. 2,226.75 billion during the corresponding period last year. Overall NDA of the banking sector increased 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 increased by Rs. 693.54 billion in FY19 due to high working capital requirement of corporates.

## THE STOCK MARKET

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%,

-8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively. The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.



During the period, the sectors that outperformed the market were Textile Composite, Fertilizer and Commercial Banks that posted 4.24%, -12.34% and -12.99% returns, respectively. Fertilizer sector outperformed on the back of improved profitability due to uptick in retail prices by 28% to Rs.1,880/bag, partly to offset the impact of withdrawn cash subsidy (Rs.156/bag) and increase in gas prices (Rs.100/bag). Commercial Banks performed on account of 5.75% hike in policy rate during FY19 by the monetary policy committee of the State Bank of Pakistan. Sectors that remained subdued were Power Generation & Distribution Companies, Cement, Automobile Assemblers, Oil and Gas Marketing Companies, Refinery and Engineering posting -21.89%, -33.55%, -34.41%, -42.36%, -56.42%, and -60.52% returns, respectively. Oil & Gas Marketing Companies underperformed KSE-100 index due to economic slowdown and 58% decline in sales volume of furnace oil as the country shifted away from furnace oil based power generation to LNG and local coal based power generation in FY19. Cement sector underperformed due to subdued local demand and lower local retention prices of cement. Refineries underperformed due to reduced demand for furnace oil on account of reduced dependence upon furnace oil based power generation. Engineering sector underperformed due to increase in cost of imported raw material post PKR devaluation against US\$ coupled with negative demand outlook in long/flat steel.

During FY19, scripts that outperformed the KSE-100 index were LOTCHEM, MEBL, GATM, SYS, BAHL, ENGRO, EFERT, BAFL, HUBC, OGDC, BWCL and MTL posting 38.64%, 35.40%, 15.63%, 6.30%, 2.43%, 0.26%, -1.55%, -3.50%, -8.33%, -8.75%, -13.79% and -18.39% returns, respectively. Scripts that underperformed KSE-100 index were NRL, HASCOL, CHCC, INIL, KTML, UNITY, DGKC, PAEL, FCCL, LUCK and POL posting -73.57%, -69.55%, -66.35%, -65.15%, -52.31%, -49.90%, -47.92%, 43.54%, -25.59%, -23.90% and -21.28% returns, respectively.

During FY19, new listings on the stock exchange were At-Tahir Limited and Interloop Limited. The amounts raised through IPO were Rs. 770 million and Rs. 5,025 million, respectively. As on June 30, 2019, the market capitalization of At-Tahir Limited and Interloop Limited were Rs. 2,891 million and 38,488, respectively. During FY18, new listings/IPOs 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.

The government of Pakistan in its budget FY 2019-2020 fixed corporate tax rate at 29% against the previous government's diminishing corporate tax rate structure proposed in FY 2018-2019 budget where corporate tax rate would have been reduced by 1% every year reaching 25% in tax year 2023 from 30% in tax year 2018. The government increased minimum turnover tax

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rates across the board, increasing the rate applicable on Oil & Gas Marketing Companies from 0.50% to 0.75% of revenue, while the rate applicable on other companies was increased from 1.25% to 1.50% of revenue.

## **MUTUAL FUND INDUSTRY**

The assets under management (AUMs) for the mutual funds industry decreased by 11.24% to Rs.541.46 billion in June 30, 2019 from Rs.610.07 billion in June 30, 2018. Equity funds (both Conventional and Shariah Compliant) dominated the AUMs of the mutual fund industry with largest share of 31% of total industry and stood at Rs. 170 billion. Money Market funds (both Conventional and Shariah Compliant) stood at Rs 161.19 billion representing industry share of 30%, followed by Income Funds (both Conventional and Shariah Compliant) that stood at Rs. 102.31 billion with industry share of 19%.

The outflows were seen in the equity fund category over the year with majority of it being shifted towards short-term fixed income securities as the stock market remained volatile on the expectation of increase in policy rate during the fiscal year.

## **MUTUAL FUND TAXATION**

### **FINANCE ACT 2019**

Following amendments related to mutual fund industry were introduced in the Income Tax Ordinance, 2001 through Finance Act 2019, whereby:

- Tax on Dividend for Individual investor increased to 15% from 10%.
- The investors whose names do not appear on Active Taxpayers List (ATL), their tax rates will be enhanced by 100% (double). On filing of returns, the taxpayers are entitled to claim refund of withholding tax in excess of their tax liability.

## **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.

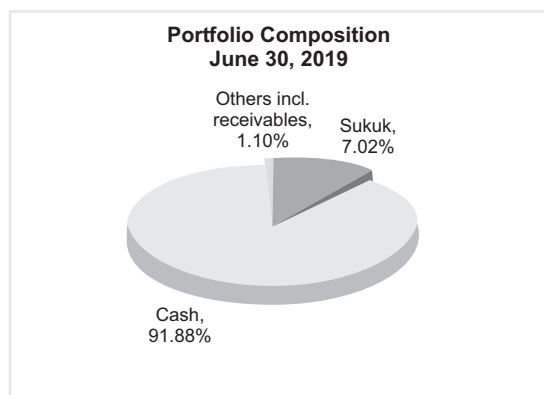
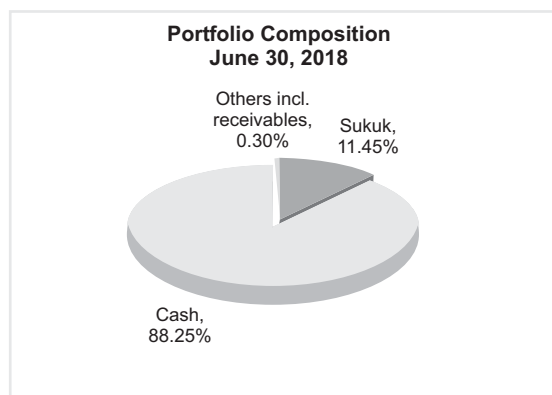
## **WITHHOLDING TAX**

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.

## FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 8.48% to Rs 503.92 as on June 30, 2019. The benchmark average six months profit rate of three- A rated scheduled Islamic Banks as selected by MUFAP stood at 3.69% for the period under review. The AIIF's total Exposure in Sukuk 7.02% and deposit with high yielding Shariah compliant bank was 91.88%. The Net Assets of the Fund stood at Rs 1.39 billion, with 2.76 million units outstanding as of June 30, 2019.

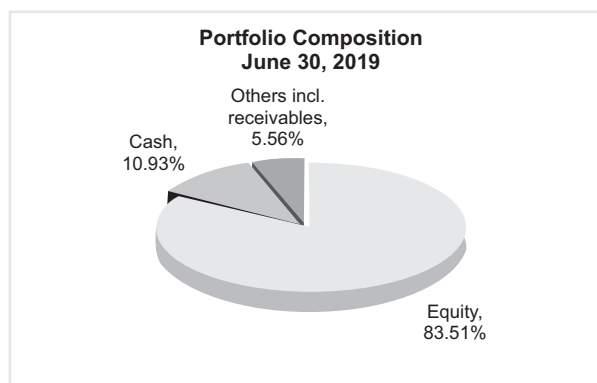
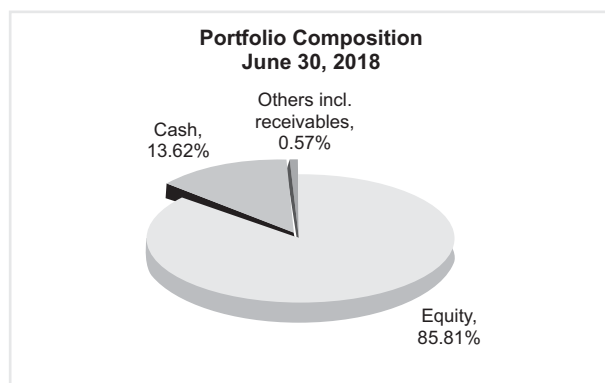


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 41.00 per unit for the period ended June 30, 2019 (8.2% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 4,044,820 (Rs. 1.46 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 1,733,901 up till June 30, 2016. (Rs. 0.63 per unit as on June 30, 2019).

## FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 18.95% to Rs. 429.88 as on June 30, 2019. The benchmark KMI-30 index decreased by 23.84% during the same period. The KMI-30 index decreased from 71,060.34 points as on June 30, 2018 to 54,118.51 points as on June 30, 2019. The AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer and Islamic Commercial Bank sectors. The Net Assets of the Fund stood at Rs 1.21 billion, with 2.80 million units outstanding as of June 30, 2019.



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The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 15,491,187 (Rs. 5.53 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2016. (Rs. 3.73 per unit as on June 30, 2019)

#### **FUND OPERATIONS - AIDSF**

AIDSF was launched on January 10, 2019. The Net Asset Value per unit of AIDSF has decreased by 17.27% to Rs 413.63 as on June 30, 2019. The benchmark KMI-30 index has decreased by 18.19% during the same period. The KMI- 30 index has decreased from 66,152.07 points as on January 10, 2019 to 54,118.51 points as on June 30, 2019. AIDSF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AIDSF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer, and Islamic Commercial Banks sectors. The Net Assets of the Fund stood at Rs. 256.53 million, with 620,181 units outstanding as of June 30, 2019.

#### **FUND OPERATIONS - AIFO**

AIFO was launched on January 07, 2019. The Net Asset Value of Atlas Aggressive Allocation Islamic Plan (AAAIP) has decreased by 11.22% from Rs. 500 as on January 07, 2019 to Rs. 443.89 as on June 30, 2019. AAAIP was 31.78% and 68.22% invested in AIIF and AIDSF respectively.

The Net Asset Values of Atlas Moderate Allocation Islamic Plan (AMAIP) has decreased by 6.91% from Rs. 500 as on January 07, 2019 to Rs. 465.44 as on June 30, 2019. AMAIP was 52.43% and 47.57% invested in AIIF and AIDSF respectively. The Net Asset Values of Atlas Conservative Allocation Islamic Plan (ACAIP) has depreciated by 0.94% from Rs. 500 as on January 07, 2019 to 495.32 as on June 30, 2019. ACAIP was 77.42% and 22.58% invested in AIIF and AIDSF respectively. The Net Asset Value of Atlas Islamic Capital Preservation Plan (AICPP) has depreciated by 2.40% from Rs. 500 as on January 07, 2019 to Rs. 487.99 as on June 30, 2019. AICPP was 72.00% and 28.00% invested in AIIF and AIDSF respectively. The Net Assets of AIFO stood at Rs. 748 million as on June 30, 2019.

#### **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.

#### **FUTURE OUTLOOK**

The recent corrective actions which mainly includes monetary policy tightening, exchange rate adjustments and measures to boost exports would help in overcoming economic challenges. The significant decrease in the current account deficit supported by lower international oil prices and expected rise in exports on the back of export-friendly policies will ease pressure on external account. Furthermore, aid package given by UAE and Saudi Arabia has given much needed respite to the dwindling foreign exchange reserves. Moreover, recent induction into the IMF program will also help shore up foreign currency reserves as IMF will help mobilize further financing from multilateral and bilateral creditors and will unlock the potential inflows from international bond market as foreign investors tend to be more confident in IMF programs. Going forward, government's focus towards export oriented policies will be instrumental in reducing current account deficit. However, continuous external flow would be required to maintain the stable balance of payments position over medium to long term.

ع خدا رحمت کندهای عاشقان پاک طینت را

God, please have mercy on these lovers of clean intention

These 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, Mr. Muhammad Abdul Samad and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 26 September 2019

**Yusuf H. Shirazi**  
Chairman

## Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund (AIIF), Atlas Islamic Stock Fund (AISF), Atlas Islamic Fund of Funds (AIFO) and Atlas Islamic Dedicated Stock Fund (AIDSF), take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of AIIF, AISF, AIFO and AIDSF for the year ended/ period 30 June 2019.

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

Earnings per unit, return, net assets, and summary of sales / redemption of units of the AIIF, AISF, AIFO and AIDSF, for the year/period ended 30 June 2019 and 30 June 2018 are as follows:

	AIIF		AISF		AIDSF
	2019	2018	2019	2018	Jan to Jun 2019
Earnings/ (loss) per unit – Rupees	28.70	34.21	(101.60)	(43.18)	(84.10)
Return	8.48%	4.92%	-18.95%	-7.88%	-17.27%
Net assets – Rupees million	1,392.23	872.22	1,204.99	2, 262.19	256.53
Sales – Rupees million	1,509.07	1,507.75	1,204.48	1,764.59	317.89
Sales – in units	2,935,331	2,926,830	2,437,385	3,283,010	638,087
Redemptions – Rupees million	936.53	2,306.35	1,975.53	1,653.46	9.10
Redemptions – in units	1,825,835	4,483,984	3,899,413	3,076,551	17,906
Units outstanding at year end	2,762,766	1,653,270	2,803,109	8,657,936	620,181

	AIFO Jan 2019 to Jun 2019			
	Atlas Aggressive Allocation Islamic Plan	Atlas Moderate Allocation Islamic Plan	Atlas Conservative Allocation Islamic Plan	Atlas Islamic Capital Preservation Plan
Earnings/ (loss) per unit – Rupees	(55.49)	(34.34)	(5.01)	(16.47)
Return	-11.22%	-6.91%	-0.94%	-2.40%
Net assets – Rupees million	92.92	103.28	120.87	430.86
Sales – Rupees million	112.26	115.95	126.59	445.40
Sales – in units	224,529	231,886	252,942	882,930
Redemptions – Rupees million	7.72	(5.05)	(4.50)	-
Redemptions – in units	15,187	9,989	8,921	3
Units outstanding at year end	209,341	221,897	244,021	882,926

### INCOME DISTRIBUTION - AIIF

The Investment Committee of the Management Company of AIIF, under the authority delegated to them by the Board of Directors, approved an aggregate interim distribution of Rs. 41.00 per unit (2018: Rs. 24.50 per unit for full year) for the FY 2018-19. The total payout for the year works out to 8.20% (2018: 4.90%) 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 04, 2019 announced Rs. NIL

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distribution per unit (for full year) for the financial year ended June 30, 2019 (2018: Rs. NIL)) 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, AISF, AIFO and AIDS, 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 AIIF, AISF, AIFO and AIDS 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, AISF, AIFO and AIDS are annexed on pages 22, 62, 106 and 142 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 24, 22, 22 and 22 respectively to the financial statements of AIIF, AISF, AIFO and AIDS.

## 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. Frahim 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/Director.

Six Board Meetings were held and attended during FY 2018-19. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 28, 26, 25 and 26 respectively to the financial statements of AILF, AISF, AIFOF and AIDSF.

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). 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. Frahim Ali Khan	Non-Executive Director	4
3	Mr. M. Habib -ur-Rahman	Non-Executive Director	4

- **Human Resource & Remuneration Committee (HR& RC)** - two 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	2
2	Mr. Ali H. Shirazi	Non-Executive Director	2
3	Mr. M. Abdul Samad	Chief Executive Officer	2

- **Investment Committee** - forty nine 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	10
2	Mr. M. Abdul Samad	Chief Executive Officer	45
3	Mr. Khalid Mahmood (executive management)	Chief Investment Officer - Member IC	46
4	Mr. M. Umar Khan (executive management)	Fund Manager - Member IC	40
5	Mr. Fawad Javaid (executive management)	Fund Manager - Member IC	47
6	Mr. Faran-ul-Haq (executive management)	Fund Manager -Secretary IC	43

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## **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.

## **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) [2018: AM2+ (AM Two Plus)] on 30 June 2019. 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 17 April 2019. 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 24 September 2019, recommended the re-appointment of Ms. EY Ford Rhodes, Chartered Accountants, Karachi, being eligible as auditors of Atlas Islamic Income Fund, Atlas Islamic Stock Fund, Atlas Islamic Fund of Funds and Atlas Islamic Dedicated Stock Fund, for the financial year ending 30 June 2020.

## **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: 26 September 2019

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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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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

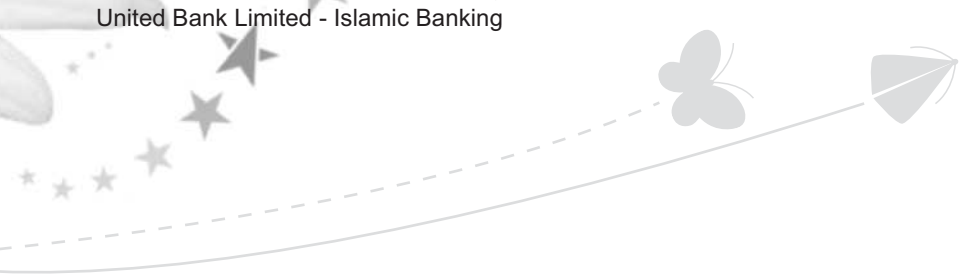
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Mohsin Tayebaly & Co.

### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Allied Bank Limited - Islamic Banking  
Askari Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited - Islamic Banking  
Habib Bank Limited - Islamic Banking  
MCB Bank Limited - Islamic Banking  
Meezan Bank Limited  
Soneri Bank Limited - Islamic Banking  
United Bank Limited - Islamic Banking

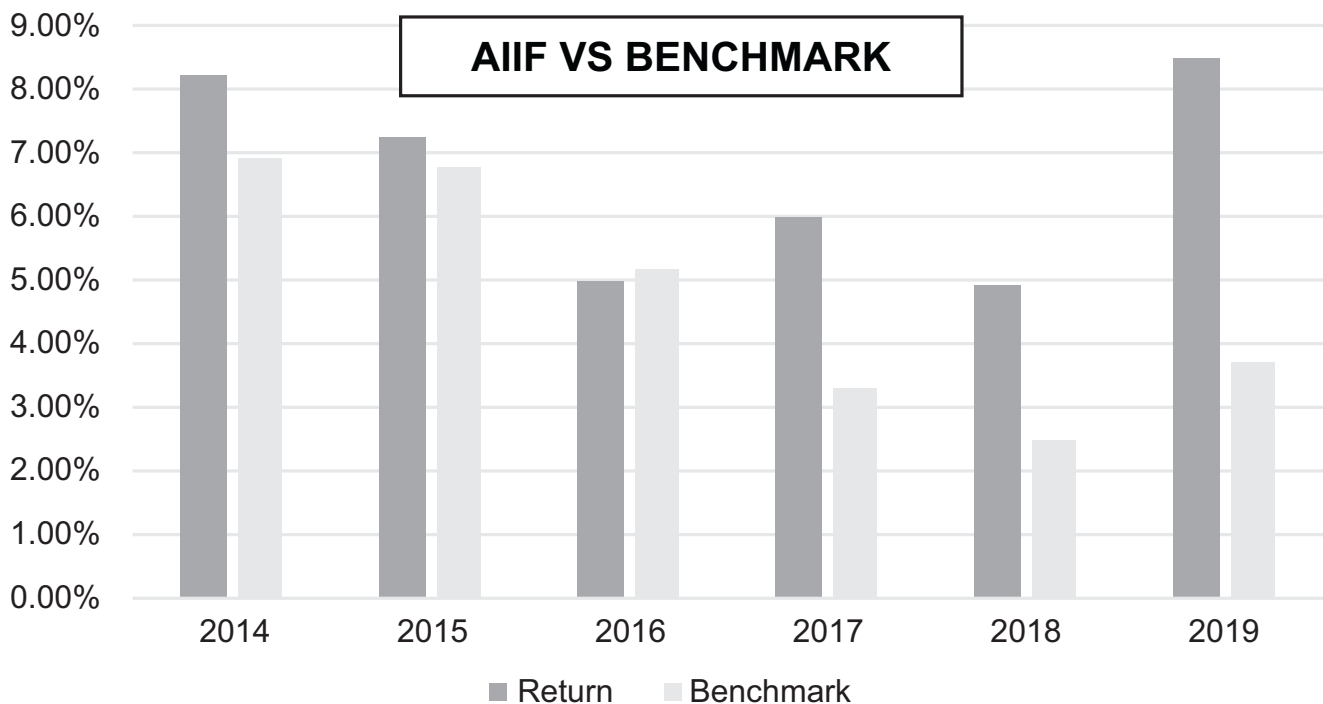


## Fund Manager's Report

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.

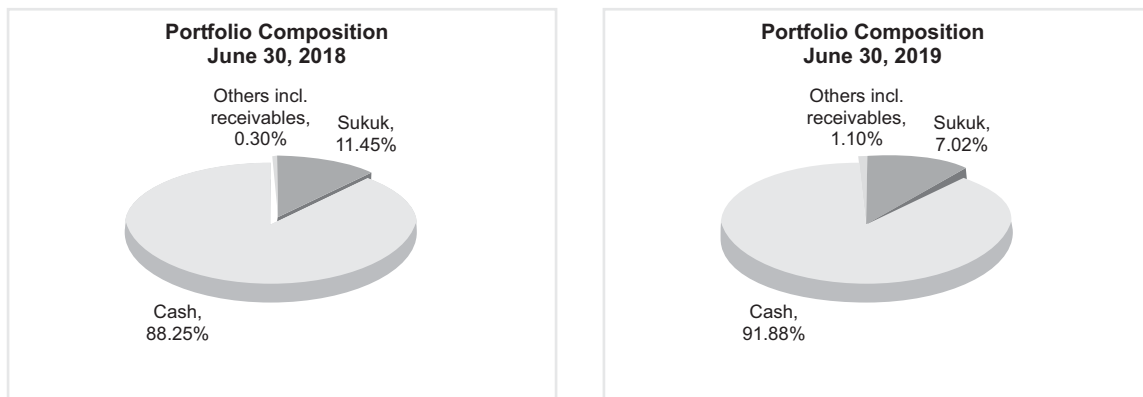


The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

During the year, SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since January 2018 by increasing 650 basis points as on June 30, 2019 to anchor expected rise in inflation in view of reversal of international oil and commodities prices. In recent monetary policy announced on July 16, 2019, SBP further increased the policy rate by another 100 bps to 13.25%. The decision was taken on account of upside inflationary pressures from exchange rate depreciation since the last MPC meeting on 20th May 2019 and the likely increase in near term inflation from the one-off impact of recent adjustments in utility prices and other measures in the FY20 budget. Going forward, the MPC will be ready to

take action depending on economic developments and data outturns. Unanticipated increases in inflation that adversely affect the inflation outlook may lead to further modest tightening. On the other hand, a greater than expected softening in domestic demand and downward revision in projected inflation would also provide grounds for easing monetary conditions.

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 8.48% to Rs 503.92 as on June 30, 2019. The benchmark average six months profit rate of three- A rated scheduled Islamic Banks as selected by MUFAP stood at 3.69% for the period under review. The AIIF's total Exposure in Sukuk 7.02% and deposit with high yielding Shariah compliant bank was 91.88%. The Net Assets of the Fund stood at Rs 1.39 billion, with 2.76 million units outstanding as of June 30, 2019.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 41.00 per unit for the period ended June 30, 2019 (8.2% 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	2015-16	2016-17	2017-18	2018-19
Atlas Bachat Islamic Plan	85%	15%	5.08%	9.46%	3.00%	4.37%
Atlas Bachat Balanced Islamic Plan	50%	50%	5.35%	17.61%	-1.48%	-5.24%
Atlas Bachat Growth Islamic Plan	15%	85%	5.62%	25.76%	-5.96%	-14.84%

#### Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	756	388,012,110	27.87%
Insurance Companies*	9	33,519,818	2.41%
Others	3	6,666,199	0.48%
Banks/ DFIs	4	479,784,663	34.46%
Associated Companies/ Directors	3	2,040,435	0.15%
Retirement Funds	12	281,118,138	20.19%
Public Limited Companies	8	201,084,856	14.44%
<b>Total</b>	<b>795</b>	<b>1,392,226,219</b>	<b>100%</b>

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The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 4,044,820 (Rs. 1.46 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 1,733,901 up till June 30, 2016 (Rs. 0.63 per unit as on June 30, 2019).

The Total Expense Ratio (TER) of the Fund is 0.97% including reversal representing Government levy, SWWF and SECP Fee of 0.31%.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Karachi: 26 September 2019

**Fawad Javaid**  
Head of Fixed Income

## Performance Since Inception

	2019	2018	2017	2016	2015
Net Assets (Rs. In '000)	1,392,226	872,222	1,614,259	558,553	424,447
Number of units in issue	2,762,766	1,653,270	3,210,424	1,113,938	846,460
Net assets value per unit (Rs.)	503.92	527.57	502.82	501.42	501.44
Net income (Rs. in '000)	79,290	56,557	37,946	24,901	15,341
Earnings per unit (Rs.)	28.70	34.21	11.82	22.35	18.12
Annual return of the fund (%)	8.48	4.92	5.97	4.97	7.21
Offer Price ** (Rs.)	503.92	527.57	502.82	501.42	501.44
Redemption Price ** (Rs.)	503.92	527.57	502.82	501.42	501.44
Highest offer price per unit (Rs.)	526.29	527.41	529.96	526.20	540.54
Lowest offer price per unit (Rs.)	503.46	503.00	502.10	501.09	501.34
Highest repurchase price per unit (Rs.)	526.29	527.41	529.96	526.20	540.54
Lowest repurchase price per unit (Rs.)	503.46	503.00	502.10	501.09	501.34
Weighted average portfolio (No. of days)	143.77	273.60	144.89	505.79	89.31

	2014	2013	2012	2011	2010	2009*
Net Assets (Rs. In '000)	520,674	526,078	462,315	379,805	346,658	255,864
Number of units in issue	1,030,979	1,047,317	920,985	738,995	679,312	494,203
Net assets value per unit (Rs.)	505.03	502.31	501.98	513.95	510.31	517.73
Net income (Rs. in '000)	39,438	46,785	42,878	31,269	26,824	15,215
Earnings per unit (Rs.)	38.25	44.67	46.56	42.31	39.49	30.79
Annual return of the fund (%)	8.22	8.65	10.11	9.90	9.22	11.50
Offer Price ** (Rs.)	505.03	507.14	506.92	519.09	515.41	522.91
Redemption Price ** (Rs.)	505.03	502.12	501.90	513.95	510.31	517.73
Highest offer price per unit (Rs.)	516.35	523.39	522.42	519.09	521.78	543.87
Lowest offer price per unit (Rs.)	503.08	507.04	506.61	506.42	505.97	506.92
Highest repurchase price per unit (Rs.)	515.50	518.21	517.25	513.95	518.14	538.49
Lowest repurchase price per unit (Rs.)	502.92	502.02	501.59	501.41	500.96	506.92
Weighted average portfolio (No. of days)	151.13	305.85	504.34	311.01	10.96	13.44

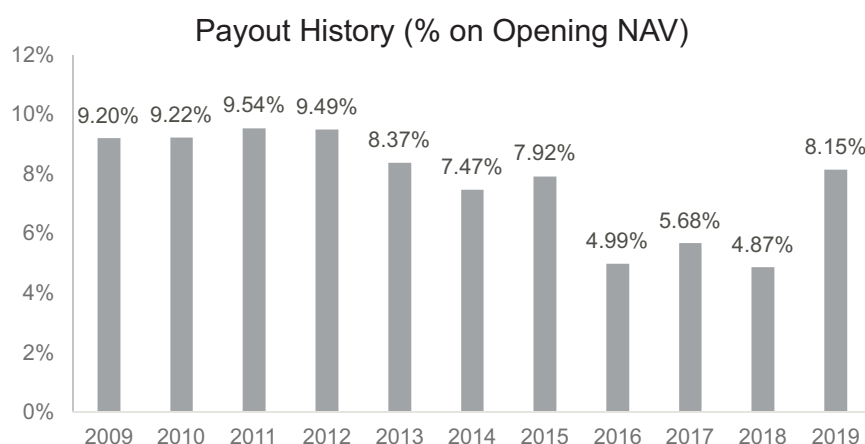
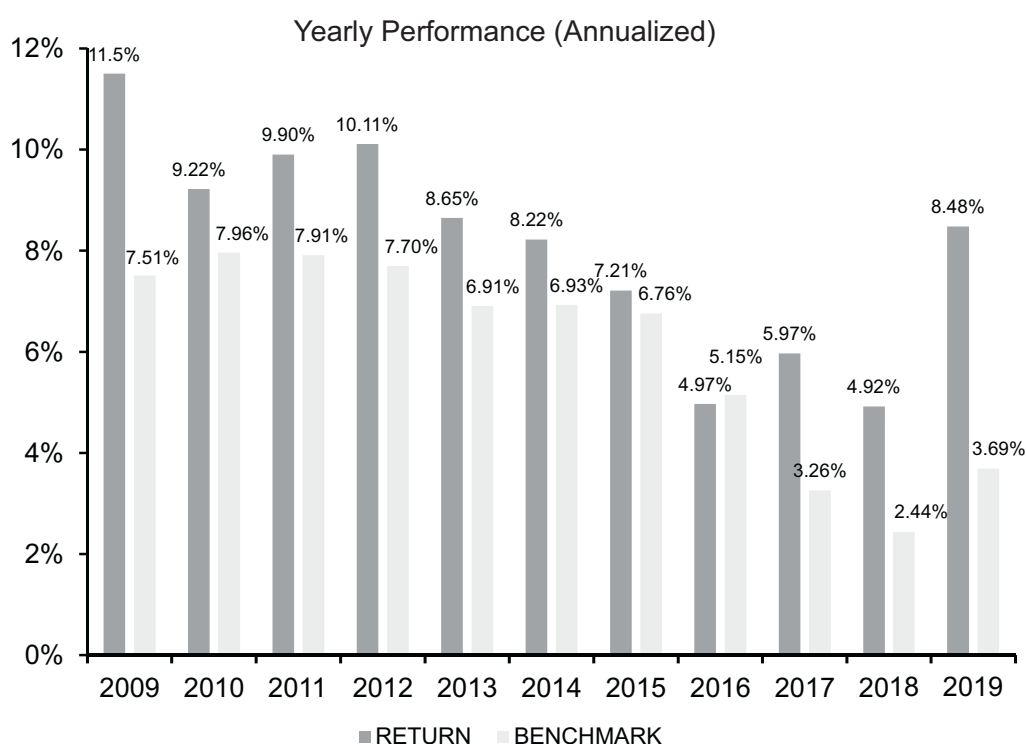
\*Period from 16 August 2008 to 30 June 2009 (Date of Launch: 14 October 2008)

\*\* 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.

## Distribution History

Distribution Detail:	2019	2018	2017	2016	2015
First Interim distribution cash dividend (Rs.)	18.00	-	28.50	25.00	40.00
First Interim distribution as a % of Ex-NAV of units	3.58	-	5.68	4.99	7.92
Date of distribution - Interim	18-Jan-19	-	20-Jun-17	24-Jun-16	29-Jun-15
Second Interim distribution cash dividend (Rs.)	23.00	-	-	-	-
Second Interim distribution as a % of Ex-NAV of units	4.57	-	-	-	-
Date of distribution - Interim	27-Jun-19	-	-	-	-
Final Distribution - Cash Dividend (Rs.)	-	24.50	-	-	-
Final Distribution as a % of Opening Ex-NAV of units	-	4.87	-	-	-
Distribution date	-	6-Jul-18	-	-	-



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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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Income Fund (AIIF), 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 a Shariah Adviser my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy can be objectively verified.

As part of my mandate as the Shariah Adviser 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 AIIF for the period ended June 30, 2019 are in compliance with the Shariah principles.

Karachi: 30 June 2019

**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 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2019, 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 judgement, 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 is the key audit matter:

S. No	Key Audit Matter	How our audit addressed the key audit matter
1	<p><b>Investment in sukuk certificates</b></p> <p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the investments held by the Fund comprised of sukuk certificates which represent significant portion of the total assets of the Fund as at the year end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the classification and measurement of sukuk certificates. Our key procedure included the following:</p> <ul style="list-style-type: none"> <li>We tested controls over acquisition, disposals and periodic valuation of sukuk certificates.</li> <li>We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on the basis of prices determined by Mutual Funds Association of Pakistan (MUFAP).</li> <li>We evaluated the appropriateness of the new accounting policies for classification and measurement of sukuk certificates adopted by the Fund in accordance with the requirements of IFRS 9.</li> </ul>

S. No	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 sukuk certificates 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 sukuk certificates portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</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.

#### 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 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 Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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**Other Matter**

The financial statements of the Fund for the year ended 30 June 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 14 September 2018.

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

Karachi: 26 September 2019

**EY Ford Rhodes**  
Chartered Accountants  
**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

<b>Assets</b>	<b>Note</b>	<b>2019</b> -----Rupees-----	<b>2018</b>
Cash and bank balances	4	1,308,448,955	776,625,525
Investments	5	99,898,800	100,782,300
Markup accrued	6	15,086,559	2,041,069
Security deposit and other receivables	7	578,941	578,941
<b>Total assets</b>		<b>1,424,013,255</b>	<b>880,027,835</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	2,465,344	2,319,042
Payable to Central Depository Company of Pakistan Limited - Trustee	9	180,998	139,523
Payable to the Securities and Exchange Commission of Pakistan	10	701,274	887,548
Payable against redemption of units	11	19,806,934	514,117
Dividend payable		390,184	62,457
Accrued expenses and other liabilities	12	8,242,302	3,882,935
<b>Total liabilities</b>		<b>31,787,036</b>	<b>7,805,622</b>
<b>NET ASSETS</b>		<b>1,392,226,219</b>	<b>872,222,213</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,392,226,219</b>	<b>872,222,213</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,762,766</b>	<b>1,653,270</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>503.92</b>	<b>527.57</b>

The annexed notes from 1 to 31 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 2019

	Note	2019 -----Rupees-----	2018
<b>Income</b>			
Markup income	14	89,258,061	69,703,815
Capital loss on sale of investments - net		-	(1,409,700)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(883,500)	(1,347,400)
<b>Total income</b>		<b>88,374,561</b>	<b>66,946,715</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	2,805,097	3,550,194
Sindh Sales Tax on remuneration of the Management Company	8.2	364,663	461,525
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,520,418	1,823,891
Sindh Sales Tax on remuneration of the Trustee	9.2	197,654	237,106
Annual fees - Securities and Exchange Commission of Pakistan	10	701,274	887,548
Accounting and operational charges	15	935,032	1,164,812
Auditors' remuneration	16	161,454	290,699
Securities transaction cost		6,780	19,323
Annual listing fee		27,501	27,500
Annual rating fee		302,319	298,320
Printing charges		14,033	131,915
Shariah advisory fee		177,415	174,375
Bank charges		37,630	23,567
Legal and professional charges		214,698	144,930
Provision for Sindh Workers' Welfare Fund	12.1	1,618,172	1,154,220
<b>Total expenses</b>		<b>9,084,140</b>	<b>10,389,925</b>
<b>Net income for the year before taxation</b>		<b>79,290,421</b>	<b>56,556,790</b>
<b>Taxation</b>	18	-	-
<b>Net income for the year after taxation</b>		<b>79,290,421</b>	<b>56,556,790</b>
<b>Earning per unit</b>	19		
<b>Allocation of net income for the year:</b>			
- Net income for the period after taxation		79,290,421	56,556,790
- Income already paid on units redeemed		(12,556,703)	(28,183,809)
		<b>66,733,718</b>	<b>28,372,981</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	-
- Excluding capital gains		66,733,718	28,372,981
		<b>66,733,718</b>	<b>28,372,981</b>

The annexed notes from 1 to 31 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 2019

	2018	2017
	-----Rupees-----	
<b>Net income for the year after taxation</b>	<b>79,290,421</b>	<b>56,556,790</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>79,290,421</b>	<b>56,556,790</b>

The annexed notes from 1 to 31 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 2019

	Note	2019	2018
----- Rupees -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		79,290,421	56,556,790
<b>Adjustment for:</b>			
Markup income		(89,258,061)	(69,703,815)
Capital loss on sale of investments - net		-	1,409,700
Net unrealised loss on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		883,500	1,347,400
Provision for Sindh Workers' Welfare Fund		1,618,172	1,154,220
		<b>(86,756,389)</b>	<b>(65,792,495)</b>
<b>Increase in assets</b>			
Security deposit and other receivables		-	-
<b>Increase / (decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		146,302	(370,646)
Payable to Central Depository Company of Pakistan Limited - Trustee		41,475	(81,294)
Payable to the Securities and Exchange Commission of Pakistan		(186,274)	(405,183)
Dividend payable		327,727	-
Accrued expenses and other liabilities		2,741,195	(15,266,366)
		<b>3,070,425</b>	<b>(16,123,489)</b>
Markup received		76,212,571	77,727,180
Investments made during the year		-	(50,000,000)
Investments sold / matured during the year		-	111,799,200
<b>Net cash generated from operating activities</b>		<b>71,817,028</b>	<b>114,167,186</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		1,509,074,418	1,717,495,784
Net payments against redemption of units		(956,416,955)	(2,309,544,233)
Cash distribution for year ended 30 June 2018 at Rs. 24.5 per unit declared on 06 July 2018		(28,077,890)	-
First interim distribution at Rs. 18.0 per unit declared on 18 January 2019		(21,118,754)	-
Second interim distribution at Rs. 23.0 per unit declared on 27 June 2019		(43,454,417)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>460,006,402</b>	<b>(592,048,449)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>531,823,430</b>	<b>(477,881,263)</b>
Cash and cash equivalents at the beginning of the year		776,625,525	1,254,506,788
<b>Cash and cash equivalents at the end of the year</b>	4	<b>1,308,448,955</b>	<b>776,625,525</b>

The annexed notes from 1 to 31 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 2019

## 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 02 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 New / Revised 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 THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)  
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)  
IFRS 9 Financial Instruments  
IFRS 15 – Revenue from Contracts with Customers  
IFRIC 22 Foreign Currency Transactions and Advance Consideration  
IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements other than IFRS 9 Financial Instruments as disclosed below:

## 2.2.1 IFRS 9 Financial Instruments

### (a) Classification and measurement

Effective from 01 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss (FVPL)

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification of debt instruments is based on two criteria, (a) the entity's business model for managing the assets; and (b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 01 July 2018. However, the Fund has chosen to take advantage of the option not to restate comparatives as allowed under IFRS 9. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 01 July 2018:

### Financial assets

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Cash and bank balances	Loans and receivables	776,625,525	Amortised Cost	776,625,525
Investments	Held for trading*	100,782,300	Fair value through profit and loss*	100,782,300
Markup accrued	Loans and receivables	2,041,069	Amortised Cost	2,041,069
Security deposit and other receivables	Loans and receivables	100,000	Amortised Cost	100,000

\*The financial assets held for trading continue to be measured at fair value through profit and loss under IFRS 9.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## Financial liabilities

All Financial liabilities which were previously classified as 'other financial liabilities' at amortised cost under IAS 39 continue to be classified as 'financial liabilities at amortised cost' under IFRS 9.

### (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model.

SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets (other than debt securities) and concluded that impact is not material to the financial statements.

### 2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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 or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – 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 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures –(Amendments)	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.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## **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.

## **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.

## **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 3.1 below.

### **3.1 Financial instruments - Policy effective from 01 July 2018**

In the current period, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### **a) Initial recognition and measurement**

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

## b) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured, at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets.

### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

#### i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### ii) **Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category markup accrued and other receivables.

#### **Financial liabilities**

##### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

### c) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### d) **Impairment of financial assets**

The Fund only considers expected credit losses for bank balances and trade and other receivables. The Fund measures expected credit losses on bank balances using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates.

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

### e) **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 3.2 **Financial instruments - Policy effective before 01 July 2018**

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.

All regular way purchases of financial assets are recognised on a transaction date i.e. the date the Company receives the financial asset. All regular way sales of financial assets are recognized on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales of financial assets that require delivery of assets within the time generally established by regulation or convention the market place.

#### **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.

##### **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.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or are impaired.

## **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.

## **3.3 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.

## **3.4 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.

## **3.5 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 03 August 2017 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, specified methodology of determination of income paid on units redeemed 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.

## **3.6 Revenue recognition**

- 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.
- Unrealised gains / (losses) arising on remeasurement of investments classified as 'at fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.

## **3.7 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.

## **3.8 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.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 3.9 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.

## 3.10 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.

## 3.11 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.

## 3.12 Earnings per unit

Earnings 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	2019 -----Rupees-----	2018 -----Rupees-----
<b>In local currency</b>			
- Profit and loss sharing accounts	4.1	1,306,013,955	774,435,525
- Current account		5,000	5,000
- Cheques in hand	4.2	2,430,000	2,185,000
		<b>1,308,448,955</b>	<b>776,625,525</b>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6.00% to 13.00% (30 June 2018: 3.00% to 6.50%) per annum.

4.2 This denotes cheques received against issuance of units which were deposited and cleared in the bank account subsequent to the year end by 16 July 2019.

5 INVESTMENTS	Note	2019 -----Rupees-----	2018 -----Rupees-----
<b>At fair value through profit or loss</b>			
Debt securities - sukuk certificates	5.1	99,898,800	100,782,300
		<b>99,898,800</b>	<b>100,782,300</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 5.1 Debt securities - sukuk certificates

Particulars	Note	As at 01 July 2018	Acquired during the year	Disposed during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Unrealised depreciation as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Investments as a percentage of total issue size
		----- Number of certificates -----				----- Rupees -----			----- percentage -----		
<b>Banks</b>											
Meezan Bank Limited (unlisted) (Face Value Rs. 1,000,000)	5.1.1	50	-	-	50	50,750,000	49,998,800	(751,200)	50.05%	3.59%	0.71%
<b>Fertilizers</b>											
Dawood Hercules Corporation Limited Sukuk 2 (listed) (Face Value Rs. 100,000)	5.1.2	500	-	-	500	50,032,300	49,900,000	(132,300)	49.95%	3.58%	0.83%
<b>Total - June 30, 2019</b>						<b>100,782,300</b>	<b>99,898,800</b>	<b>(883,500)</b>	<b>100.00%</b>	<b>7.18%</b>	
<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>	

5.1.1 These certificates carry mark-up at the rate of 6 months KIBOR plus 0.50% per annum, are due to mature by 22 September 2026 and are currently rated AA by JCR-VIS Credit Rating Company Limited. As at 30 June 2019, the cost of these investments amounted to Rs 50,000,000 (30 June 2018: Rs. 50,000,000).

5.1.2 These certificates carry mark-up at the rate of 3 months KIBOR plus 1.00% and are due to mature by 28 February 2023. These certificates are currently rated AA by Pakistan Credit Rating Agency (PACRA). As at 30 June 2019, the cost of these investments amounted to Rs 50,000,000 (30 June 2018: Rs. 50,000,000).

	Note	2019	2018
		-----Rupees-----	
<b>6 MARKUP ACCRUED</b>			
Markup accrued on:			
- Profit and loss sharing accounts		12,603,754	538,809
- Sukuk certificates		2,482,805	1,502,260
		<b>15,086,559</b>	<b>2,041,069</b>
<b>7 SECURITY DEPOSIT AND OTHER RECEIVABLES</b>			
Deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Other receivables	7.1	478,941	478,941
		<b>578,941</b>	<b>578,941</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 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.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

<b>8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		-----Rupees-----	
Management fee	8.1	316,981	217,009
Sindh sales tax payable on remuneration of the Management Company	8.2	308,801	295,805
Federal Excise Duty payable on remuneration of the Management Company	8.3	1,733,901	1,733,901
Accounting and operational charges payable	15	105,661	72,327
		<b>2,465,344</b>	<b>2,319,042</b>

- 8.1** During the year ended 30 June 2019 the Management Company has charged its remuneration at the rate of 0.30% (2018: 0.30%) 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.
- 8.2** During the year, an amount of Rs. 364,663 (2018: Rs. 461,525) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 351,667 (2018: Rs.493,356) has been paid to the Management Company which acts as the 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, 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 04 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 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 01 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 2019 would have been higher by Rs 0.63 per unit (30 June 2018: Rs 1.05 per unit).

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
Trustee fee payable	9.1	159,675	122,972
Sindh sales tax payable on trustee fee	9.2	20,758	15,986
Settlement charges payable		500	500
Sindh sales tax payable on settlement charges		65	65
		<b>180,998</b>	<b>139,523</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	0.17% per annum of Net Assets
- 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. 197,654 (2018: Rs. 237,106) 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. 192,882 (2018: Rs 246,459) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
Annual fee payable	10.1	701,274	887,548

10.1 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.

### 11 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.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 ----- Rupees -----	2018 ----- Rupees -----
Auditors' remuneration payable		196,020	230,076
Printing charges payable		45,954	73,257
Payable to shariah advisor		45,000	47,585
Withholding tax and capital gain tax payable		3,410,753	329,616
Fund rating fee payable		-	298,320
Zakat payable		19,589	-
Other payable		480,166	477,433
Provision for Sindh Workers' Welfare Fund	12.1	4,044,820	2,426,648
		<b>8,242,302</b>	<b>3,882,935</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**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 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 21 May 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 21 May 2015 to 30 June 2019, the net asset value of the Fund as at 30 June 2019 would have been higher by Rs. 1.46 per unit (2018: Rs. 1.47 per unit).

### 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

<b>14 MARKUP INCOME</b>	<b>2019</b>	<b>2018</b>
	-----Rupees-----	
Markup income on:		
- Profit and loss sharing accounts	79,489,800	63,564,660
- Sukuk certificates	9,768,261	4,647,589
- Government of Pakistan (GoP) ijarah sukuks	-	1,491,566
	<b>89,258,061</b>	<b>69,703,815</b>

### 15 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 (I) /2019 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16 AUDITORS' REMUNERATION	2019	2018
	-----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	50,000
Sindh Sales Tax on services	19,200	19,360
Out of pocket expenses	40,000	29,339
Prior year adjustment	(55,746)	-
	<b>161,454</b>	<b>290,699</b>

## 17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 0.97% (2018: 0.65%) after netting off 0.31% (2018: 0.23%) 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.

## 18 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 paid the required minimum percentage of income earned by the Fund during the year ended 30 June 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 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 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.

**20.2** 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.

**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.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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:

	2019	2018
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	2,805,097	3,550,194
Remuneration paid	2,705,125	3,795,043
Sindh Sales Tax on remuneration of the Management Company	364,663	461,525
Accounting and operational charges	935,032	1,164,812
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,520,418	1,823,891
Sindh sales tax on remuneration of the Trustee	197,654	237,106
Remuneration paid to the Trustee	1,483,715	1,895,832
Settlement charges	6,000	6,000
Sindh sales tax on settlement charges	780	780
<b>Atlas Battery Limited</b>		
Redemption of Nil (2018: 1,193,786) units	-	608,987,971
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 3 (2018: 30) units	1,784	15,400
Dividend declared	2,038	-
Outstanding 33 (2018: 30) units - at net asset value	16,871	15,794
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of group company)</b>		
Redemption of Nil (2018: 358) units	-	180,655
<b>Honda Atlas Power Product (Private) Limited</b>		
Issue of 1,761 (2018: 39,320) units	886,946	20,000,000
Redemption of 41,015 (2018: 79,624) units	20,728,635	40,222,948
Dividend declared	964,797	-
Outstanding 66 (2018: 39,320) units - at net asset value	33,194	20,744,161
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 5,077 (2018: Nil) units	2,557,937	-
Redemption of 115,059 (2018: Nil) units	60,000,000	-
Dividend declared	2,946,611	-
Outstanding 3,950 (2018: 113,932) units - at net asset value	1,990,351	60,107,217
<b>Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 1,842 (2018: Nil) units	927,771	-
Redemption of 23,231 (2018: Nil) units	11,955,677	-
Dividend declared	927,771	-
Outstanding Nil (2018: 21,389) units - at net asset value	-	11,284,054

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Atlas Insurance Limited Window Takaful Operations</b>		
Issue of 74,392 (2018: Nil) units	38,443,331	-
Redemption of 106,719 (2018: Nil) units	54,685,805	-
Dividend declared	2,236,925	-
Payable against redemption of units	18,776,901	-
Outstanding Nil (2018: 32,328) units - at net asset value	-	17,055,172
<b>CDC - Trustee Atlas Islamic Capital Preservation Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 614,603 (2018: Nil) units	313,305,508	-
Redemption of 9,666 (2018: Nil) units	5,000,000	-
Dividend declared	13,305,508	-
Outstanding 604,937 (2018: Nil) units - at net asset value	304,840,054	-
<b>CDC - Trustee Atlas Aggressive Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 68,470 (2018: Nil) units	35,464,610	-
Redemption of 10,520 (2018: Nil) units	5,400,000	-
Dividend declared	2,215,273	-
Outstanding 57,950 (2018: Nil) units - at net asset value	29,202,014	-
<b>CDC - Trustee Atlas Moderate Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 118,969 (2018: Nil) units	61,692,768	-
Redemption of 12,644 (2018: Nil) units	6,500,000	-
Dividend declared	4,056,011	-
Outstanding 106,325 (2018: Nil) units - at net asset value	53,579,077	-
<b>CDC - Trustee Atlas Conservative Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 192,321 (2018: Nil) units	99,691,423	-
Redemption of 9,436 (2018: Nil) units	4,800,000	-
Dividend declared	6,793,212	-
Outstanding 182,884 (2018: Nil) units - at net asset value	92,159,042	-
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Issue of 49,939 (2018: 37,190) units	25,601,349	19,062,443
Redemption of 60,877 (2018: 17,878) units	31,198,865	20,729,539
Dividend declared	566,950	-
Outstanding 4,774 (2018: 15,713) units - at net asset value	2,405,794	8,289,495

**20.5** 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 2019

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2019			Total
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	
----- (Rupees) -----				
<b>Financial assets</b>				
Cash and bank balances	1,308,448,955	-	-	1,308,448,955
Investments	-	99,898,800	-	99,898,800
Markup accrued	15,086,559	-	-	15,086,559
Security deposit and other receivables	100,000	-	-	100,000
	<u>1,323,635,514</u>	<u>99,898,800</u>	<u>-</u>	<u>1,423,534,314</u>

	As at 30 June 2019			Total
	At fair value through profit or loss	At amortised Cost		
----- (Rupees) -----				
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	-	2,465,344		2,465,344
Payable to Central Depository Company of Pakistan Limited - Trustee	-	180,998		180,998
Payable against redemption of units	-	19,806,934		19,806,934
Unclaimed dividend	-	390,184		390,184
Accrued expenses and other liabilities	-	767,140		767,140
	<u>-</u>	<u>23,610,600</u>		<u>23,610,600</u>

	As at 30 June 2018			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
----- (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
Security deposit and other receivables	100,000	-	-	100,000
	<u>778,766,594</u>	<u>100,782,300</u>	<u>-</u>	<u>879,548,894</u>

	As at 30 June 2018			Total
	At fair value through profit or loss	Other financial liabilities		
----- (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>

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**22.1** 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.

### 22.2 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 2019, the Fund is exposed to such risk in respect of bank balances 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, 2019, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 14,059,128 (2018: Rs.8,752,178 ).

#### 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, 2019 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, 2019 can be determined as follows:

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

----- As at 30 June 2019 -----

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		
----- (Rupees) -----					
<b>Financial Assets</b>					
Cash and bank balances	6.0 - 13.0	1,306,013,955	-	2,435,000	1,308,448,955
Investments	11.35 - 13.80	-	-	-	99,898,800
Markup accrued		-	-	15,086,559	15,086,559
Security deposit and other receivables		-	-	100,000	100,000
		<b>1,306,013,955</b>	<b>-</b>	<b>17,621,559</b>	<b>1,423,534,314</b>
<b>Financial Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	2,465,344	2,465,344
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	180,998	180,998
Payable against redemption of units		-	-	19,806,934	19,806,934
Unclaimed dividend		-	-	390,184	390,184
Accrued expenses and other liabilities		-	-	767,140	767,140
		-	-	<b>23,610,600</b>	<b>23,610,600</b>
<b>On-balance sheet gap (a)</b>		<b>1,306,013,955</b>	<b>-</b>	<b>(9,989,041)</b>	<b>1,399,923,714</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>1,306,013,955</b>	<b>-</b>	<b>99,898,800</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>1,306,013,955</b>	<b>1,306,013,955</b>	<b>1,405,912,755</b>	

----- As at 30 June 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		
----- (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
Security deposit and other receivables		-	-	100,000	100,000
		<b>774,435,525</b>	<b>-</b>	<b>4,331,069</b>	<b>879,548,894</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>4,161,810</b>	<b>4,161,810</b>
<b>On-balance sheet gap (a)</b>		<b>774,435,525</b>	<b>-</b>	<b>169,259</b>	<b>875,387,084</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>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>	

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## (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 2019.

## 22.3 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.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Financial instruments with no fixed maturity	Total
----- Rupees -----						
<b>2019</b>						
<b>Assets</b>						
Cash and bank balances	1,308,448,955	-	-	-	-	1,308,448,955
Investments	-	-	-	99,898,800	-	99,898,800
Markup accrued	12,603,754	2,482,805	-	-	-	15,086,559
Security deposit and other receivables	-	-	-	-	100,000	100,000
	<b>1,321,052,709</b>	<b>2,482,805</b>	<b>-</b>	<b>99,898,800</b>	<b>100,000</b>	<b>1,423,534,314</b>
<b>Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	2,465,344	-	-	-	-	2,465,344
Payable to Central Depository Company of Pakistan Limited - Trustee	180,998	-	-	-	-	180,998
Payable against redemption of units	19,806,934	-	-	-	-	19,806,934
Dividend payable	390,184	-	-	-	-	390,184
Accrued expenses and other liabilities	480,166	-	286,974	-	-	767,140
	<b>23,323,626</b>	<b>-</b>	<b>286,974</b>	<b>-</b>	<b>-</b>	<b>23,610,600</b>
<b>Net assets / (liabilities)</b>	<b>1,297,729,083</b>	<b>2,482,805</b>	<b>(286,974)</b>	<b>99,898,800</b>	<b>100,000</b>	<b>1,399,923,714</b>

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Financial instruments with no fixed maturity	Total
<b>2018</b>	----- 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
Security deposit and other receivables	-	-	-	-	100,000	100,000
	<b>777,164,334</b>	<b>1,502,260</b>	<b>-</b>	<b>100,782,300</b>	<b>100,000</b>	<b>879,548,894</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
Dividend payable	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>-</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>100,000</b>	<b>875,387,084</b>

### 22.4 Credit risk

Credit risk represents the risk of a loss if counter parties 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.

	2019		2018	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	----- Rupees -----			
Bank balances	1,308,448,955	1,308,448,955	776,625,525	776,625,525
Investments	99,898,800	99,898,800	100,782,300	100,782,300
Markup accrued	15,086,559	15,086,559	2,041,069	2,041,069
Security deposit and other receivables	100,000	100,000	100,000	100,000
	<b>1,423,534,314</b>	<b>1,423,534,314</b>	<b>879,548,894</b>	<b>879,548,894</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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	
	2019	2018
Sukuk Certificates	7.11	11.52
AAA	17.80	-
AA+	0.13	-
AA	23.59	78.15
A+	51.38	6.80
A	-	3.53
	<b>100</b>	<b>100</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

## 22.5 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.

## 22.6 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 2019, 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 5.1.

## 23 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 2019

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 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.

### 24 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit	Rupees	% of total	Number of unit	Rupees	% of total
Individuals	756	388,012,110	27.87	373	206,530,425	23.68
Insurance Companies*	9	33,519,818	2.41	11	139,974,895	16.05
Others	3	6,666,199	0.48	5	144,735,833	16.59
Banks/ DFIs	4	479,784,663	34.46	1	52,174,077	5.98
Associated Companies/ Directors	3	2,040,435	0.15	4	81,575,214	9.35
Retirement Funds	12	281,118,138	20.19	8	164,463,728	18.86
Public Limited Companies	8	201,084,856	14.44	1	82,768,041	9.49
	<b>795</b>	<b>1,392,226,219</b>	<b>100</b>	<b>403</b>	<b>872,222,213</b>	<b>100</b>

\* These include investments made by 4 unit linked funds managed by insurance companies.

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

Name of brokers	2019	2018
	Percentage of commission paid %	
Invest Capital Markets Limited	-	100.00
	-	<b>100.00</b>

### 26 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 27 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Fawad Javaid	Head of Fixed Income	CMA	Atlas Sovereign Fund Atlas Money Market Fund Atlas Income Fund

## 28 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					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	P	L	P	L	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	L	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P	P	P	P
Ms Zainab Kazim	P	P	P	P	P	P

P Present  
L Leave of absence

## 29 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. 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)" [2018: "AA- (f)"] on 17 April 2019.

## 30 GENERAL

The figures have been rounded off to the nearest Rupee.

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

**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  
Bank Al Habib Limited - Islamic Banking  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited - Islamic Banking



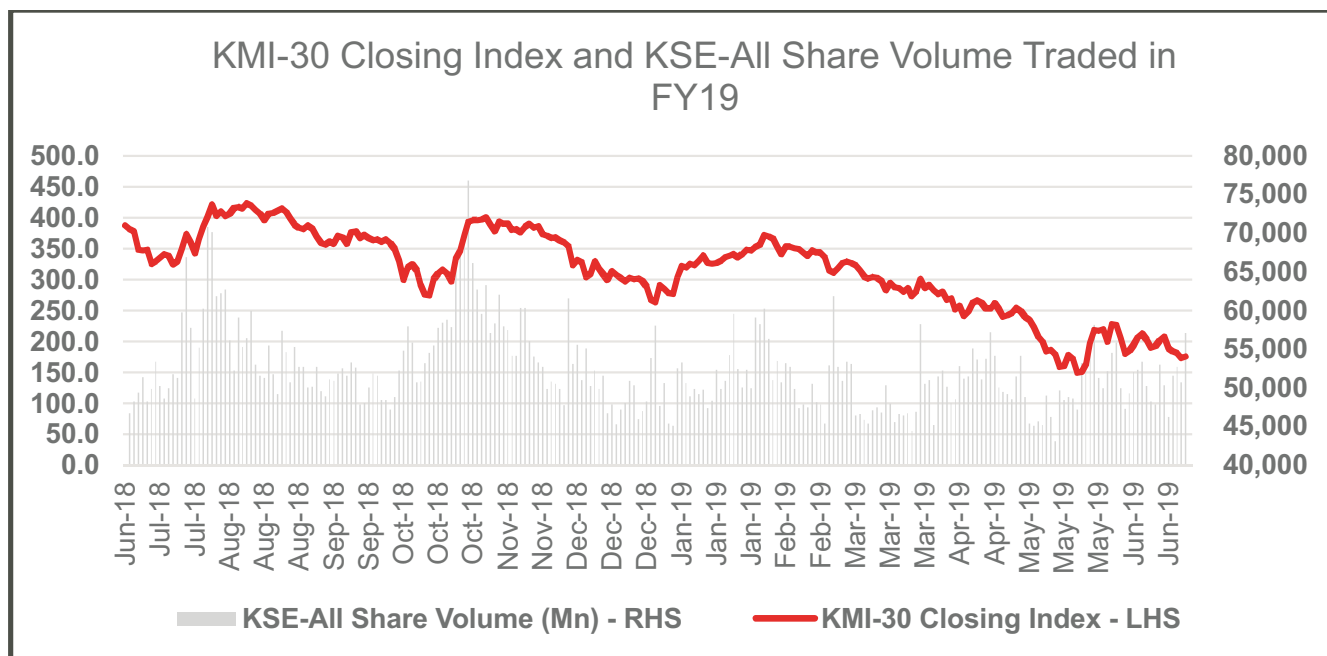
## Fund Manager's Report

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.

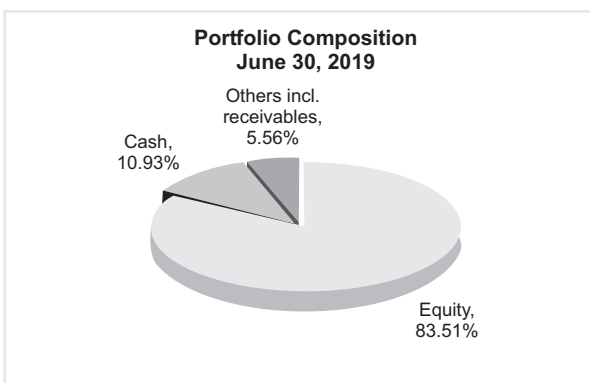
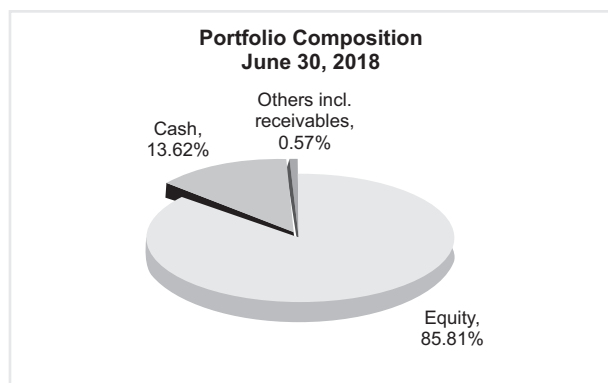
KMI - 30 Index serves as the performance benchmark of Atlas Islamic Stock Fund.

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%, -8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scrips that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively.

The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.



The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 18.95% to Rs. 429.88 as on June 30, 2019. The benchmark KMI-30 index decreased by 23.84% during the same period. The KMI-30 index decreased from 71,060.34 points as on June 30, 2018 to 54,118.51 points as on June 30, 2019. The AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer and Islamic Commercial Bank sectors. The Net Assets of the Fund stood at Rs 1.20 billion, with 2.80 million units outstanding as of June 30, 2019.



#### 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	2015-16	2016-17	2017-18	2018-19
Atlas Bachat Islamic Plan	85%	15%	5.08%	9.46%	3.00%	4.37%
Atlas Bachat Balanced Islamic Plan	50%	50%	5.35%	17.61%	-1.48%	-5.24%
Atlas Bachat Growth Islamic Plan	15%	85%	5.62%	25.76%	-5.96%	-14.84%

#### Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	608	158,569,535	13.16
Retirement Funds	9	343,790,095	28.53
Associated Companies/ Directors	7	214,816,265	17.82
Others	5	63,775,602	5.29
Insurance Companies	5	198,538,486	16.48
Banks/DFIs/NBFC	1	18,671	0.00
Public Limited Companies	4	225,484,954	18.72
<b>Total</b>	<b>639</b>	<b>1,204,993,608</b>	<b>100</b>

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 15,491,187 (Rs. 5.53 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2016 (Rs.3.73 per unit as on June 30, 2019).

The Total Expense Ratio (TER) of the Fund is 2.87% including expenses representing Government levy and SECP Fee of 0.42%.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

**Faran-UI-Haq**  
Head of Equities

Karachi: 26 September 2019

## 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

AISF	Resolution	For	Against	Abstain
Number	195	195	-	N/A
%	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

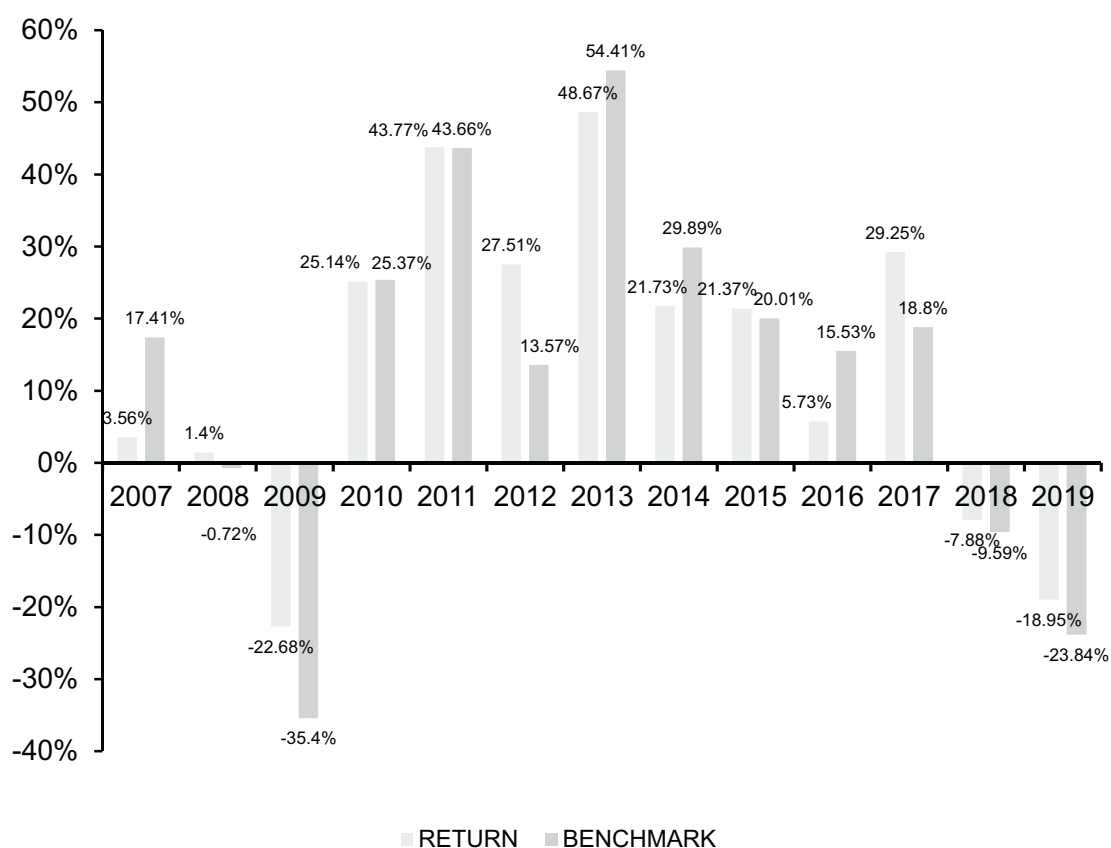
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007*
Net Assets (Rs. in '000)	1,204,994	2,262,189	2,478,898	1,411,789	1,415,763	809,364	974,606	510,953	318,777	252,773	417,775	597,788	512,580
Number of units in issue	2,803,109	4,265,137	4,058,678	2,987,494	2,854,233	1,980,470	2,015,536	1,317,773	779,243	521,664	1,078,902	1,172,525	989,930
Net assets value per unit (Rs.)	429.88	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)	(284,783)	(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.)	(101.60)	(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 (%)	(18.95)	(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.)	439.60	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.)	429.88	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.)	570.53	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.)	427.74	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.)	557.92	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.)	418.29	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)

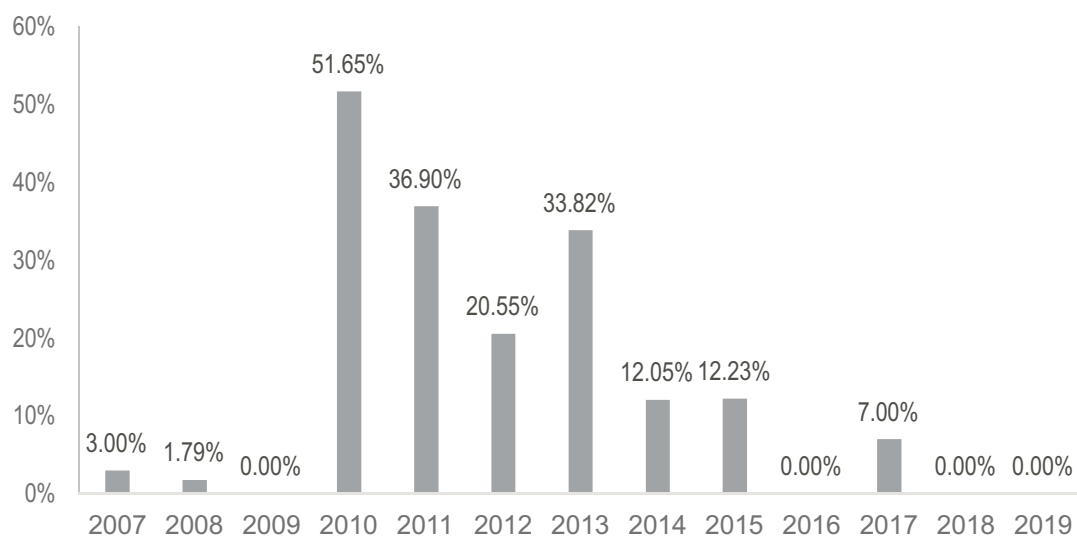
\*\* Relates to announced prices.

**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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser 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 a Shariah Adviser 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 Adviser 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 June 30, 2019 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 Adviser 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 2019

**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 assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2019, 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 judgement, 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 is the key audit matter:

Key Audit Matter	How our audit addressed the key audit matter
<b>1. Equity Investments</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the year end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the reassessment of the classification of investments held by the Fund.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence, classification and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"><li>• We tested controls over acquisition, disposals and periodic valuation of investment 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 2019.</li><li>• We assessed the Fund's compliance with the</li></ul>

Key Audit Matter	How our audit addressed the key audit matter
	<p>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.</p> <ul style="list-style-type: none"> <li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of equity investments adopted by the Fund in accordance with the requirements of IFRS 9.</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 and applicable financial reporting standards.</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.

#### 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.

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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.

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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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

**EY Ford Rhodes**  
Chartered Accountants

Karachi: 26 September 2019

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

ASSETS	Note	2019 -----Rupees-----	2018
Bank balances	4	156,269,884	314,771,568
Investments	5	1,193,804,060	1,980,443,244
Profit receivable on bank balances		1,045,961	1,936,254
Receivable against sale of investments		72,714,091	-
Dividend receivable		541,157	1,469,784
Advance, security deposits and other receivables	6	5,197,419	9,222,419
<b>Total assets</b>		<b>1,429,572,572</b>	<b>2,307,843,269</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	14,879,795	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee	8	235,939	311,948
Payable to the Securities and Exchange Commission of Pakistan	9	1,563,199	2,309,630
Payable against purchase of investments		-	9,043,890
Payable against redemption of units	10	190,404,182	174,067
Accrued expenses and other liabilities	11	17,495,849	17,300,296
<b>Total liabilities</b>		<b>224,578,964</b>	<b>45,654,351</b>
<b>NET ASSETS</b>		<b>1,204,993,608</b>	<b>2,262,188,918</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,204,993,608</b>	<b>2,262,188,918</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,803,109</b>	<b>4,265,137</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>429.88</b>	<b>530.39</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 2019

	Note	2019 -----Rupees-----	2018 -----Rupees-----
<b>INCOME</b>			
Profit on bank balances		11,583,695	21,180,036
Dividend income		76,255,360	111,158,890
Capital loss on sale of investments - net		(92,475,499)	(154,666,593)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(233,060,257)	(94,012,535)
		<b>(325,535,756)</b>	<b>(248,679,128)</b>
		<b>(237,696,701)</b>	<b>(116,340,202)</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	32,909,473	48,623,772
Sindh sales tax on remuneration of the Management Company	7.2	4,278,231	6,321,090
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	2,645,474	3,428,357
Sindh sales tax on remuneration of the Trustee	8.2	343,912	445,687
Annual fee - Securities and Exchange Commission of Pakistan	9	1,563,200	2,309,630
Accounting and operational charges	13	1,645,474	2,403,047
Shariah advisory fee		299,996	334,287
Auditors' remuneration	15	251,675	302,000
Securities transaction cost		2,878,842	3,232,454
Annual listing fee		27,500	27,500
Advertisement and Marketing		-	43,653
Printing charges		13,525	258,373
Legal and professional charges		177,978	76,826
Bank charges		51,431	30,340
		<b>47,086,711</b>	<b>67,837,016</b>
<b>Net loss for the year before taxation</b>		<b>(284,783,412)</b>	<b>(184,177,218)</b>
<b>Taxation</b>	16	-	-
<b>Net loss for the year after taxation</b>		<b>(284,783,412)</b>	<b>(184,177,218)</b>
<b>Loss per unit</b>	17		

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 2019

	2019	2018
	-----Rupees-----	
<b>Net loss for the year after taxation</b>	<b>(284,783,412)</b>	<b>(184,177,218)</b>
Other comprehensive (loss) / income	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(284,783,412)</u></b>	<b><u>(184,177,218)</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



# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year after taxation	(284,783,412)	(184,177,218)
<b>Adjustments for:</b>		
Profit on bank balances	(11,583,695)	(21,180,036)
Dividend income	(76,255,360)	(111,158,890)
Capital loss on sale of investments - net	92,475,499	154,666,593
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	233,060,257	94,012,535
	<b>237,696,701</b>	<b>116,340,202</b>
<b>(Increase) in assets</b>		
Security deposits and other receivable	(68,689,091)	(4,025,000)
<b>Decrease / (increase) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(1,634,725)	(1,171,507)
Payable to Central Depository Company of Pakistan Limited - Trustee	(76,009)	(66,284)
Payable to the Securities and Exchange Commission of Pakistan	(746,431)	125,090
Payable against purchase of investments	(9,043,890)	(23,099,504)
Accrued expenses and other liabilities	(1,165,601)	(1,826,661)
	<b>(12,666,656)</b>	<b>(26,038,866)</b>
Profit received on bank balances	12,473,988	21,321,980
Dividend received	77,183,987	117,723,266
Investments made during the year	(1,366,449,048)	(1,582,141,536)
Investments sold during the year	1,827,552,476	1,663,740,761
<b>Net cash generated from operating activities</b>	<b>422,318,945</b>	<b>122,743,589</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	1,204,476,169	1,764,585,177
Net payments against redemption of units	(1,785,296,798)	(1,873,131,751)
Dividend paid	-	(142,053,721)
<b>Net cash (used in) financing activities</b>	<b>(580,820,629)</b>	<b>(250,600,295)</b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(158,501,684)</b>	<b>(127,856,706)</b>
Cash and cash equivalents at the beginning of the year	314,771,568	442,628,274
<b>Cash and cash equivalents at the end of the year</b>	<b>156,269,884</b>	<b>314,771,568</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 2019

## 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 (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 New / Revised 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:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)  
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)  
IFRS 9 Financial Instruments  
IFRS 15 – Revenue from Contracts with Customers

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IFRIC 22 Foreign Currency Transactions and Advance Consideration  
IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements other than IFRS 9 Financial Instruments as disclosed below:

### 2.2.1 IFRS 9 Financial Instruments

#### (a) Classification and measurement

Effective from 01 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Equity instruments that are not held for trading are required to be held at fair value through profit and loss unless an irrevocable election is made on initial recognition to present subsequent changes in fair value in other comprehensive income. However, the Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss.

Under IFRS 9, the classification of debt instruments is based on two criteria, (a) the entity's business model for managing the assets; and (b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 01 July 2018. However, the Fund has opted not to restate comparatives as allowed under IFRS 9. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 01 July 2018:

#### Financial assets

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Bank balances	Loans and receivables	314,771,568	Amortised Cost	314,771,568
Investments	Held for trading*	1,980,443,244	Fair value through profit or loss*	1,980,443,244
Profit receivable on bank balances	Loans and receivables	1,936,254	Amortised Cost	1,936,254
Dividend receivable	Loans and receivables	1,469,784	Amortised Cost	1,469,784
Advance, security deposits and other receivables	Loans and receivables	2,600,000	Amortised Cost	2,600,000

\*The financial assets held for trading continue to be measured at fair value through profit and loss under IFRS 9.

#### Financial liabilities

All Financial liabilities which were previously classified as 'other financial liabilities' at amortised cost under IAS 39 continue to be classified as 'financial liabilities at amortised cost' under IFRS 9.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model.

SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets (other than debt securities) and concluded that impact is not material to the financial statements.

## 2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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 or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – 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 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures –(Amendments)	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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 2.4 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.

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.

## 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.

## 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 3.1 below.

### 3.1 Financial instruments - Policy effective from 01 July 2018

In the current period, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### b) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets."

## Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

## Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

### i) **Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### ii) **Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

#### **Financial liabilities**

##### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

### c) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### d) **Impairment of financial assets**

The Fund only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

### e) **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, 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 2019

## 3.2 Financial instruments - Policy effective before 01 July 2018

### 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.

#### 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.

#### 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.

#### 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.

#### 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

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

### **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.

### **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.

### **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.

### **3.3 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.

### **3.4 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.

### **3.5 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.

### **3.6 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.

### **3.7 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 03 August 2017 includes

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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, specified methodology of determination of income paid on units redeemed 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.

### 3.8 Revenue recognition

- 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.
- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.
- Unrealised appreciation / (loss) 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.

### 3.9 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.

### 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 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.

### 3.11 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.

### 3.12 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 of EPU is not practicable.

4 BANK BALANCES	Note	2019 -----Rupees-----	2018
In local currency			
- Profit and loss sharing accounts	4.1	155,671,677	313,141,170
- Current account		78,207	36,398
- Cheque in hand	4.2	520,000	1,594,000
		<u>156,269,884</u>	<u>314,771,568</u>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6.00% to 12.30% (30 June 2018: 3.00% to 6.50%) 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 02 July 2019.

5 INVESTMENTS	Note	2019 -----Rupees-----	2018
<b>At fair value through profit or loss</b>			
- Listed equity securities	5.1	1,193,804,060	1,980,443,244
		<u>1,193,804,060</u>	<u>1,980,443,244</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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 2018	Purchases during the year	Bonus / Right shares during the year	Sales during the year	As at 30 June 2019	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 - listed equity securities</b>										
<b>Inv. Bank/Inv. Companies/Securities Co.</b>										
Dawood Hercules Corporation Limited	250,800	18,000	-	68,800	200,000	22,209,509	22,248,000	1.86	1.85	0.04
	<b>250,800</b>	<b>18,000</b>	<b>-</b>	<b>68,800</b>	<b>200,000</b>	<b>22,209,509</b>	<b>22,248,000</b>	<b>1.86</b>	<b>1.85</b>	
<b>Banks</b>										
BankIslami Pakistan Limited	-	1,111,000	-	-	1,111,000	15,597,390	12,765,390	1.07	1.06	0.11
Meezan Bank Limited	1,927,990	1,306,000	280,202	1,983,500	1,530,692	120,557,988	133,415,115	11.18	11.07	0.13
	<b>1,927,990</b>	<b>2,417,000</b>	<b>280,202</b>	<b>1,983,500</b>	<b>2,641,692</b>	<b>136,155,378</b>	<b>146,180,505</b>	<b>12.24</b>	<b>12.13</b>	
<b>Textile Composite</b>										
Interloop Limited	-	401,438	-	50,000	351,438	16,184,967	15,558,160	1.30	1.29	0.04
Kohinoor Textile Mills Limited	400,000	351,000	-	70,500	680,500	33,527,671	17,046,525	1.43	1.41	0.23
Nishat Mills Limited	550,000	151,500	-	621,500	80,000	11,367,403	7,467,200	0.63	0.62	0.02
	<b>950,000</b>	<b>903,938</b>	<b>-</b>	<b>742,000</b>	<b>1,111,938</b>	<b>61,080,041</b>	<b>40,071,885</b>	<b>3.36</b>	<b>3.33</b>	
<b>Cement</b>										
Attock Cement Pakistan Limited	100,300	83,500	21,000	60,900	143,900	16,708,935	10,275,899	0.86	0.85	0.10
Cherat Cement Company Limited	-	514,400	-	299,400	215,000	11,615,417	6,656,400	0.56	0.55	0.12
D.G. Khan Cement Company Limited	615,000	470,000	-	846,000	239,000	20,974,413	13,513,060	1.13	1.12	0.05
Kohat Cement Company Limited	65,000	66,500	21,450	10,000	142,950	13,698,814	7,509,164	0.63	0.62	0.07
Lucky Cement Limited (see note 5.3)	215,000	180,000	-	210,100	184,900	89,644,708	70,348,903	5.89	5.84	0.06
Maple Leaf Cement Factory Limited	175,000	785,000	-	960,000	-	-	-	-	-	-
Pioneer Cement Limited	300,000	70,000	-	370,000	-	-	-	-	-	-
	<b>1,470,300</b>	<b>2,169,400</b>	<b>42,450</b>	<b>2,756,400</b>	<b>925,750</b>	<b>152,642,287</b>	<b>108,303,426</b>	<b>9.07</b>	<b>8.99</b>	
<b>Refinery</b>										
Attock Refinery Limited	-	25,000	-	25,000	-	-	-	-	-	-
National Refinery Limited	25,000	42,000	-	67,000	-	-	-	-	-	-
	<b>25,000</b>	<b>67,000</b>	<b>-</b>	<b>92,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Power Generation &amp; Distribution</b>										
K-Electric Limited (face value Rs. 3.5)	3,000,000	2,300,000	-	2,100,000	3,200,000	18,074,995	14,048,000	1.18	1.17	0.01
Lalpir Power Limited	112,000	-	-	112,000	-	-	-	-	-	-
Pakgen Power Limited	1,500,000	-	-	1,500,000	-	-	-	-	-	-
The Hub Power Company Limited (see note 5.3)	1,300,150	905,000	142,280	1,019,150	1,328,280	112,087,502	104,602,050	8.76	8.68	0.11
	<b>5,912,150</b>	<b>3,205,000</b>	<b>142,280</b>	<b>4,731,150</b>	<b>4,528,280</b>	<b>130,162,497</b>	<b>118,650,050</b>	<b>9.94</b>	<b>9.85</b>	
<b>Oil &amp; Gas Marketing Companies</b>										
Attock Petroleum Limited	75,850	73,200	13,250	111,900	50,400	21,676,628	14,540,904	1.22	1.21	0.05
Hascol Petroleum Limited	-	47,200	-	47,200	-	-	-	-	-	-
Pakistan State Oil Company Limited (see note 5.3)	164,000	399,000	37,000	222,200	377,800	82,884,388	64,086,214	5.37	5.32	0.10
Shell Pakistan Limited	-	11,300	-	11,300	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	471,700	100,000	-	372,000	199,700	20,026,219	13,877,153	1.16	1.15	0.03
	<b>711,550</b>	<b>630,700</b>	<b>50,250</b>	<b>764,600</b>	<b>627,900</b>	<b>124,587,235</b>	<b>92,504,271</b>	<b>7.75</b>	<b>7.68</b>	
<b>Oil &amp; Gas Exploration Companies</b>										
Mari Petroleum Company Limited	75,010	28,880	6,495	40,420	69,965	88,665,265	70,617,773	5.92	5.86	0.06
Oil & Gas Development Company Limited	1,365,000	713,000	-	947,000	1,131,000	167,612,929	148,715,190	12.46	12.34	0.03
Pakistan Oilfields Limited	164,000	138,700	26,800	145,800	183,700	90,151,988	74,561,993	6.25	6.19	0.06
Pakistan Petroleum Limited (see note 5.3)	787,500	215,000	107,625	407,400	702,725	128,530,690	101,494,572	8.50	8.42	0.03
	<b>2,391,510</b>	<b>1,095,580</b>	<b>140,920</b>	<b>1,540,620</b>	<b>2,087,390</b>	<b>474,960,872</b>	<b>395,389,528</b>	<b>33.12</b>	<b>32.81</b>	
<b>Engineering</b>										
Amreli Steels Limited	-	345,000	-	345,000	-	-	-	-	-	-
International Industries Limited	165,000	349,500	-	270,000	244,500	36,762,878	18,843,615	1.58	1.56	0.20
International Steels Limited	-	225,300	-	125,300	100,000	5,983,075	3,971,000	0.33	0.33	0.02
Mughal Iron And Steel Industries Limited	105,000	40,000	-	145,000	-	-	-	-	-	-
	<b>270,000</b>	<b>959,800</b>	<b>-</b>	<b>885,300</b>	<b>344,500</b>	<b>42,745,953</b>	<b>22,814,615</b>	<b>1.91</b>	<b>1.89</b>	
<b>Automobile Assembler</b>										
Atlas Honda Limited	20,500	-	-	20,500	-	-	-	-	-	-
Millat Tractors Limited	12,500	-	-	12,500	-	-	-	-	-	-
	<b>33,000</b>	<b>-</b>	<b>-</b>	<b>33,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Name of Investee Company	As at 01 July 2018	Purchases during the year	Bonus / Right shares during the year	Sales during the year	As at 30 June 2019	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>Automobile Parts &amp; Accessories</b>										
Agriauto Industries Limited (Face value Rs. 5)	79,000	-	-	79,000	-	-	-	-	-	-
	<b>79,000</b>	-	-	<b>79,000</b>	-	-	-	-	-	-
<b>Cables &amp; Electrical Goods</b>										
Pak Elektron Limited	605,000	-	-	605,000	-	-	-	-	-	-
	<b>605,000</b>	-	-	<b>605,000</b>	-	-	-	-	-	-
<b>Technology &amp; Communications</b>										
Netsol Technologies Limited	-	85,000	-	85,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	255,500	-	255,500	-	-	-	-	-	-
Systems Limited	143,000	221,000	24,200	162,000	226,200	22,793,045	21,708,414	1.82	1.80	0.18
	<b>143,000</b>	<b>561,500</b>	<b>24,200</b>	<b>502,500</b>	<b>226,200</b>	<b>22,793,045</b>	<b>21,708,414</b>	<b>1.82</b>	<b>1.80</b>	
<b>Fertilizer</b>										
Engro Corporation Limited	595,000	306,300	42,000	487,300	456,000	128,989,887	121,113,600	10.15	10.05	0.08
Engro Fertilizers Limited	1,900,000	890,000	-	1,640,000	1,150,000	84,426,253	73,565,500	6.16	6.11	0.09
	<b>2,495,000</b>	<b>1,196,300</b>	<b>42,000</b>	<b>2,127,300</b>	<b>1,606,000</b>	<b>213,416,140</b>	<b>194,679,100</b>	<b>16.31</b>	<b>16.16</b>	
<b>Pharmaceuticals</b>										
Abbott Laboratories (Pakistan) Limited	-	12,000	-	2,000	10,000	6,394,430	4,746,400	0.40	0.39	0.01
AGP Limited	-	74,000	-	13,000	61,000	5,550,695	4,180,330	0.35	0.35	0.02
Ferozsons Laboratories Limited	-	62,300	-	18,200	44,100	7,626,282	4,931,262	0.41	0.41	0.15
Glaxosmithkline Pakistan Limited	200	70,000	-	11,200	59,000	7,602,785	5,624,470	0.47	0.47	0.02
The Searle Company Limited	32,000	133,000	30	94,800	70,230	16,286,241	10,292,909	0.86	0.85	0.03
	<b>32,200</b>	<b>351,300</b>	<b>30</b>	<b>139,200</b>	<b>244,330</b>	<b>43,460,433</b>	<b>29,775,371</b>	<b>2.49</b>	<b>2.47</b>	
<b>Chemicals</b>										
Archroma Pakistan Limited	400	-	-	400	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	982,000	-	980,000	2,000	56,164	53,920	0.00	0.00	0.00
Lotte Chemical Pakistan Limited	1,200,000	490,000	-	1,690,000	-	-	-	-	-	-
Silara Peroxide Limited	-	200,000	-	200,000	-	-	-	-	-	-
	<b>1,200,400</b>	<b>1,672,000</b>	-	<b>2,870,400</b>	<b>2,000</b>	<b>56,164</b>	<b>53,920</b>	<b>0.00</b>	<b>0.00</b>	
<b>Paper &amp; Board</b>										
Cherat Packaging Limited	-	69,100	-	54,500	14,600	2,236,703	1,177,344	0.10	0.10	0.04
Packages Limited	50,000	-	-	50,000	-	-	-	-	-	-
	<b>50,000</b>	<b>69,100</b>	-	<b>104,500</b>	<b>14,600</b>	<b>2,236,703</b>	<b>1,177,344</b>	<b>0.10</b>	<b>0.10</b>	
<b>Vanaspati &amp; Allied Industries</b>										
Unity Foods Limited	-	1,085,000	-	1,085,000	-	-	-	-	-	-
	-	<b>1,085,000</b>	-	<b>1,085,000</b>	-	-	-	-	-	-
<b>Leather &amp; Tanneries</b>										
Service Industries Limited	26,370	-	-	26,370	-	-	-	-	-	-
	<b>26,370</b>	-	-	<b>26,370</b>	-	-	-	-	-	-
<b>Foods &amp; Personal Care Products</b>										
Al Shaheer Corporation Limited	531,713	258,500	-	783,714	6,499	178,060	81,887	0.01	0.01	0.00
At-Tahir Limited	-	524,995	-	524,995	-	-	-	-	-	-
Engro Foods Limited	-	23,500	-	23,500	-	-	-	-	-	-
National Foods Limited (Face value Rs. 5)	-	35,000	-	34,100	900	180,000	165,744	0.01	0.01	0.00
	<b>531,713</b>	<b>841,995</b>	-	<b>1,366,309</b>	<b>7,399</b>	<b>358,060</b>	<b>247,631</b>	<b>0.02</b>	<b>0.02</b>	
<b>Glass &amp; Ceramics</b>										
Tariq Glass Industries Limited	-	93,000	-	93,000	-	-	-	-	-	-
	-	<b>93,000</b>	-	<b>93,000</b>	-	-	-	-	-	-
<b>Total as at 30 June 2019</b>						<b>1,426,864,317</b>	<b>1,193,804,060</b>	<b>100.00</b>	<b>99.07</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>	

5.2 The cost of listed equity securities as at 30 June 2019 is Rs. 1,401,267,137 (2018: Rs. 1,959,667,650).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 5.3 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	
	2019	2018	2019	2018
	----- Rupees-----			
The Hub Power Company Limited	200,000	200,000	15,750,000	18,432,000
Pakistan Petroleum Limited	135,000	135,000	19,498,050	29,011,500
Pakistan State Oil Company Limited	110,000	110,000	18,659,300	35,014,100
Lucky Cement Limited	75,000	75,000	28,535,250	38,094,750
	<b>520,000</b>	<b>520,000</b>	<b>82,442,600</b>	<b>120,552,350</b>

- 5.4 The investment in equity securities include bonus shares having market value of Rs. 0.562 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 27 June 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. Thereafter, the Fund alongwith other aggrieved Funds filed Constitutional Petition in the High Court of Sindh vide C.P No. D-4653 of 2019 through Mutual Funds Association of Pakistan on this issue and obtained stay order restraining the withholding agents to deposit the withheld tax.

6 ADVANCE, SECURITY DEPOSITS AND OTHER RECEIVABLES	Note	2019	2018
		-----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
Other receivables	6.1	2,597,419	2,597,419
Advance against book building - At-Tahur Limited		-	4,025,000
		<b>5,197,419</b>	<b>9,222,419</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 withholder. Such deductions aggregate to Rs. 2.597 million (30 June 2018: 2.597 million).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 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	2019 -----Rupees-----	2018
Remuneration of the Management Company	7.1	2,432,078	3,817,436
Sindh sales tax payable on remuneration of the Management Company	7.2	1,872,730	2,052,827
Federal Excise Duty payable on remuneration of the Management Company	7.3	10,453,385	10,453,385
Accounting and operational charges payable	13	121,602	190,872
		<b>14,879,795</b>	<b>16,514,520</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 2019, the Management Company has charged its remuneration at the rate of 2% (2018: 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. 4,278,231 (2018: Rs. 6,321,090) 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. 4,458,328 (2018: Rs. 6,448,042) 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 7.2 above, the Management Company is of the view that further levy of FED is not justified.

On 04 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 2019

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 01 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 2018: 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 2019 would have been higher by Rs 3.73 per unit (30 June 2018: Rs 2.45 per unit).

<b>8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		-----Rupees-----	
Trustee fee	8.1	203,796	273,062
Sindh Sales Tax payable on trustee fee	8.2	26,493	35,497
Settlement charges		5,000	3,000
Sindh Sales Tax payable on settlement charges		650	389
		<b>235,939</b>	<b>311,948</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. 343,912 (2018: Rs 445,687) 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. 352,916 (2018: Rs. 452,403) 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>2019</b>	<b>2018</b>
		-----Rupees-----	
Annual fee payable	9.1	<b>1,563,199</b>	<b>2,309,630</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 cash payout, managed by the Management Company.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 -----Rupees-----	2018
	Auditors' remuneration payable		212,760	241,365
	Printing charges payable		80,403	171,177
	Rating fee payable		140,000	140,000
	Charity payable	11.1	509,911	463,265
	Transaction charges payable		381,863	368,629
	Withholding tax and capital gain payable		333,678	73,467
	Payable to shariah advisor		75,000	75,004
	Provision for Sindh Workers' Welfare Fund	11.2	15,491,187	15,491,187
	Zakat payable		1,063	-
	Others		269,984	276,202
			<b>17,495,849</b>	<b>17,300,296</b>

**11.1** The Shariah Advisor of the Fund has certified an amount of Rs. 1,361,154 (30 June 2018: Rs. 1,602,704) against dividend income, as Shariah non-compliant income during the year, 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 01 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 2019 would have been higher by Rs. 5.53 per unit (30 June 2018: Rs. 3.63 per unit).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

## 13 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 2.87% (30 June 2018: 2.79%) which includes 0.42% (30 June 2018: 0.40%) 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.

## 15 AUDITORS' REMUNERATION

	2019	2018
	-----Rupees-----	
Audit fee	132,000	120,000
Half yearly review of financial statements	66,000	60,000
Certification charges	55,000	50,000
Out of pocket expenses	20,000	42,100
Sindh sales tax on services	21,840	29,900
Prior year adjustment	(43,165)	-
	<b>251,675</b>	<b>302,000</b>

## 16 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 17 LOSS PER UNIT

Loss 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 loss per unit is not practicable.

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**18.1** 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.

**18.2** 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.

**18.3** 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.

**18.4** 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:

	2019	2018
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	32,909,473	48,623,772
Remuneration paid	34,294,831	49,600,325
Sindh sales tax on remuneration of the Management Company	4,278,231	6,321,090
Accounting and operational charges	1,645,474	2,403,047
Remuneration payable to the Management Company	2,432,078	3,817,436
Issue of 80 (2018: 2,711) units	35,014	1,561,061
Redemption of 53,685 (2018: Nil) units	28,096,956	-
Outstanding 80 (2018:53,685) units - at net asset value	34,266	28,473,822
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	2,645,474	3,428,357
Sindh sales tax on remuneration of the Trustee	343,912	445,687
Remuneration paid	2,714,740	3,480,014
Remuneration payable to the Trustee	203,796	273,062
Settlement charges	127,970	143,373
Sindh sales tax on settlement charges	16,636	18,639

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Atlas Battery Limited (Group Company)</b>		
Issue of Nil (2018: 69,611) units	-	40,080,134
Redemption of 871,977 (2018:506,353) units	471,388,683	280,000,000
Dividend paid	-	450,805,868
Outstanding Nil (2018: 871,997) units - at net asset value	-	462,498,556
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 120 (2018: 38,374) units	52,681	22,094,487
Redemption of 584,537 (2018:Nil) units	300,000,000	
Dividend paid	-	25,250,842
Outstanding 175,409 (2018: 759,826) units - at net asset value	75,404,914	403,004,346
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 862,877 (2018: 1,188,416) units	429,000,000	622,305,049
Redemption of 1,180,177 (2018: 1,392,013) units	557,475,513	732,847,282
Dividend paid	-	18,231,368
Payable against redemption of units	173,005,962	-
Outstanding Nil (2018: 317,300) units - at net asset value	-	168,292,639
<b>Atlas Foundation (Group company)</b>		
Issue of Nil (2018: 5,235) units	-	3,013,961
Dividend paid	-	3,444,527
Outstanding 103,650 (2018: 103,650) units - at net asset value	44,556,940	54,974,774
<b>Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2018: 6,564 ) units	-	3,779,464
Dividend paid	-	3,779,464
Outstanding 114,549 (2018: 114,549) units - at net asset value	49,242,276	60,755,585
<b>Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2018: 2,561) units	-	1,474,815
Redemption of Nil (2018: 44,699) units	-	24,587,154
Dividend paid	-	1,474,815
<b>Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of group company)</b>		
Issue of Nil (2018: 1,654) units	-	952,589
Dividend paid	-	952,589
Redemption 11,314 (2018: 17,557)	5,743,918	10,000,000
Outstanding Nil (2018: 11,314) units - at net asset value	-	6,001,096

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 -----Rupees-----	2018
<b>Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of group company)</b>			
Issue of 11,267 (2018: 71,124)		5,000,000	35,521,285
Dividend paid		-	1,903,401
Outstanding 136,774 (2018: 125,506) units - at net asset value		58,796,279	66,567,313
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>			
Issue of Nil (2018: 5,524)		-	3,180,500
Dividend paid		-	3,634,857
Outstanding 109,377 (2018: 109,377) units - at net asset value		47,018,970	58,012,449
<b>Atlas Insurance Limited Window Takaful Operation</b>			
Issue of 40,469 (2018: 44,617) units		20,000,000	22,949,462
Redemption of 82,941 (2018: 42,472) units		37,871,232	21,714,458
Dividend paid		-	1,411,453
Payable against redemption of units		17,398,220	-
Outstanding Nil (2018: 42,472) units - at net asset value		-	22,526,515
<b>Cherat Cement Company Limited Employees Provident Fund</b> 18.6			
Issue of Nil (2018: 174) units		-	100,279
Redemption of Nil (2018: 3,449)		-	1,721,259
<b>Shirazi Investments (Private) Limited -Employees Provident Fund</b>			
Issue of Nil (2018: 25,607) units		-	13,450,000
Outstanding 25,607 (2018: 25,607) units - at net asset value		11,007,904	13,581,656
<b>Directors and their close family members and key management personnel and executives of the Management Company</b>			
Issue of 35,340 (2018: 24,986) units		17,455,441	13,265,985
Redemption of 28,029 (2018: 16,932) units		15,203,412	8,912,176
Dividend Paid		-	4,480,548
Outstanding 143,381 (2018: 136,070) units - at net asset value		61,636,372	72,170,026
<b>18.5</b>	Other balances due from / to related parties / connected persons are included in the respective notes to the financial statements.		
<b>18.6</b>	Holding less than 10% in the current reporting period therefore disclosure is not applicable.		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

-----As at 30 June 2019-----			
At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
----- (Rupees) -----			
<b>Financial Assets</b>			
Bank balances	156,269,884	-	156,269,884
Investments	-	1,193,804,060	1,193,804,060
Profit receivable on bank balances	1,045,961	-	1,045,961
Receivable against sale of investments	72,714,091	-	72,714,091
Dividend receivable	541,157	-	541,157
Security Deposit	2,600,000	-	2,600,000
<b>233,171,093</b>	<b>1,193,804,060</b>	<b>-</b>	<b>1,426,975,153</b>

-----As at 30 June 2019-----			
	At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----			
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	14,879,795	14,879,795
Payable to Central Depository Company of Pakistan Limited - Trustee	-	235,939	235,939
Payable against redemption of units	-	190,404,182	190,404,182
Accrued expenses and other liabilities	-	1,670,984	1,670,984
	<b>-</b>	<b>207,190,900</b>	<b>207,190,900</b>

-----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
Security Deposit	2,600,000	-	2,600,000
<b>320,777,606</b>	<b>1,980,443,244</b>	<b>-</b>	<b>2,301,220,850</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	-----As at 30 June 2018-----		
	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>-</b>	<b>27,780,067</b>	<b>27,780,067</b>

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**20.1** 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.

### 20.2 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 is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. As of 30 June 2019, 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 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 1,556,717 (2018: Rs. 3,131,412).

#### 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 2019 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 30 June 2019 can be determined as follows:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

----- As at June 30, 2019 -----

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		

----- (Rupees) -----

### Financial Assets

Bank balances	6.0 - 12.3	156,269,884	-	-	-	156,269,884
Investments		-	-	-	1,193,804,060	1,193,804,060
Profit receivable on bank balances		-	-	-	1,045,961	1,045,961
Receivable against sale of investments		-	-	-	72,714,091	72,714,091
Dividend receivable		-	-	-	541,157	541,157
Security Deposit		-	-	-	2,600,000	2,600,000
		<b>156,269,884</b>	<b>-</b>	<b>-</b>	<b>1,270,705,269</b>	<b>1,426,975,153</b>

### Financial Liabilities

Payable to Atlas Asset Management Limited - Management Company		-	-	-	14,879,795	14,879,795
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	235,939	235,939
Payable against redemption of units		-	-	-	190,404,182	190,404,182
Accrued expenses and other liabilities		-	-	-	1,670,984	1,670,984
		<b>-</b>	<b>-</b>	<b>-</b>	<b>207,190,900</b>	<b>207,190,900</b>

<b>On-balance sheet gap (a)</b>		<b>156,269,884</b>	<b>-</b>	<b>-</b>	<b>1,063,514,369</b>	<b>1,219,784,253</b>
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<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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<b>Total interest rate sensitivity gap (a + b)</b>		<b>156,269,884</b>	<b>-</b>	<b>-</b>		
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<b>Cumulative interest rate sensitivity gap</b>		<b>156,269,884</b>	<b>156,269,884</b>	<b>156,269,884</b>		
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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

----- 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		

----- (Rupees) -----

## Financial Assets

Bank balances	3.0 - 6.50	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
Security Deposit		-	-	-	2,600,000	2,600,000
		<b>314,771,568</b>	<b>-</b>	<b>-</b>	<b>1,986,449,282</b>	<b>2,301,220,850</b>

## Financial Liabilities

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>314,771,568</b>	<b>-</b>	<b>-</b>	<b>1,958,669,215</b>	<b>2,273,440,783</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>		

## (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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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. 59,690,203 (2018: 99,022,162) 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.

## 20.3 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:

	-----As at 30 June 2019-----					
	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	156,269,884	-	-	-	-	156,269,884
Investments	-	-	-	-	1,193,804,060	1,193,804,060
Profit receivable on bank balances	1,045,961	-	-	-	-	1,045,961
Receivable against sale of investments	72,714,091	-	-	-	-	72,714,091
Dividend receivable	541,157	-	-	-	-	541,157
Security Deposit	-	-	-	-	2,600,000	2,600,000
	<b>230,571,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,196,404,060</b>	<b>1,426,975,153</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	14,879,795	-	-	-	-	14,879,795
Payable to Central Depository Company of Pakistan Limited - Trustee	235,939	-	-	-	-	235,939
Payable against redemption of units	190,404,182	-	-	-	-	190,404,182
Accrued expenses and other liabilities	381,863	798,734	490,387	-	-	1,670,984
	<b>205,901,779</b>	<b>798,734</b>	<b>490,387</b>	<b>-</b>	<b>-</b>	<b>207,190,900</b>
<b>Net assets / (liabilities)</b>	<b>24,669,314</b>	<b>(798,734)</b>	<b>(490,387)</b>	<b>-</b>	<b>1,196,404,060</b>	<b>1,219,784,253</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

-----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
Security Deposit	-	-	-	-	2,600,000	2,600,000
	<b>318,177,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,983,043,244</b>	<b>2,301,220,850</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>1,983,043,244</b>	<b>2,273,440,783</b>

## 20.4 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.

	2019		2018	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	156,269,884	156,269,884	314,771,568	314,771,568
Investments	1,193,804,060	-	1,980,443,244	-
Profit receivable on bank balances	1,045,961	1,045,961	1,936,254	1,936,254
Receivable against sale of investments	72,714,091	72,714,091	-	-
Dividend receivable	541,157	541,157	1,469,784	1,469,784
Security Deposit	2,600,000	2,600,000	2,600,000	2,600,000
	<b>1,426,975,153</b>	<b>233,171,093</b>	<b>2,301,220,850</b>	<b>320,777,606</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 1,193.804 million (2018: Rs 1,980.443 million) are not exposed to credit risk.

### 20.4.1 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:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Ratings of amounts placed with banks	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.11	-
AA+	0.01	0.01
AA	0.00	-
A+	15.03	51.76
A	84.84	48.23
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

### 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.

### 20.5 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.

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.

### 20.6 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 Pakistan Stock Exchange (level 1). Fair value of remaining financial assets is not significantly different from their carrying value.

## 21 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'.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

### 22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	608	158,569,535	13.16	554	201,712,086	8.92
Retirement Funds	9	343,790,095	28.53	13	325,712,489	14.40
Associated Companies/ Directors	7	214,816,265	17.82	9	1,233,718,814	54.54
Others	5	63,775,602	5.29	6	190,842,786	8.44
Insurance Companies	5	198,538,486	16.48	8	310,179,707	13.71
Banks/DFIs/NBFC	1	18,671	-	1	23,036	0.00
Public Limited Companies	4	225,484,954	18.72	0	-	-
	<b>639</b>	<b>1,204,993,608</b>	<b>100.00</b>	<b>591</b>	<b>2,262,188,918</b>	<b>100.00</b>

### 23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	9.91	Optimus Capital Management (Private) Limited	8.49
AlFalah Securities (Private) Limited	8.16	Topline Securities (Private) Limited	8.12
Taurus Securities Limited	7.34	Taurus Securities Limited	7.64
Topline Securities Limited	7.02	Shajar Capital Pakistan (Private) Limited	7.52
Intermarket Securities Limited	5.08	Alfalah Securities (Private) Limited	6.81
Shajar Capital Pakistan (Private) Limited	4.49	IGI Finex Securities Limited	5.26
IGI Finex Securities Limited	4.28	Intermarket Securities (Private) Limited	4.61
Pearl Securities Limited	4.05	Arif Habib Limited	4.52
Al Habib Capital Markets (Private) Limited	3.44	Foundation Securities (Private) Limited	4.32
Axis Global Limited	3.37	Axis Global Limited	4.27

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 24 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 25 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Stock Market Fund Atlas Islamic Dedicated Stock Fund Atlas Islamic Fund of Funds

## 26 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					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	P	L	P	L	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	L	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P	P	P	P
Ms Zainab Kazim	P	P	P	P	P	P

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 2019

### 27 RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### 28 GENERAL

28.1 Figures have been rounded off to the nearest Rupee.

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 26 September 2019.

**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 Fund of Funds

## 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

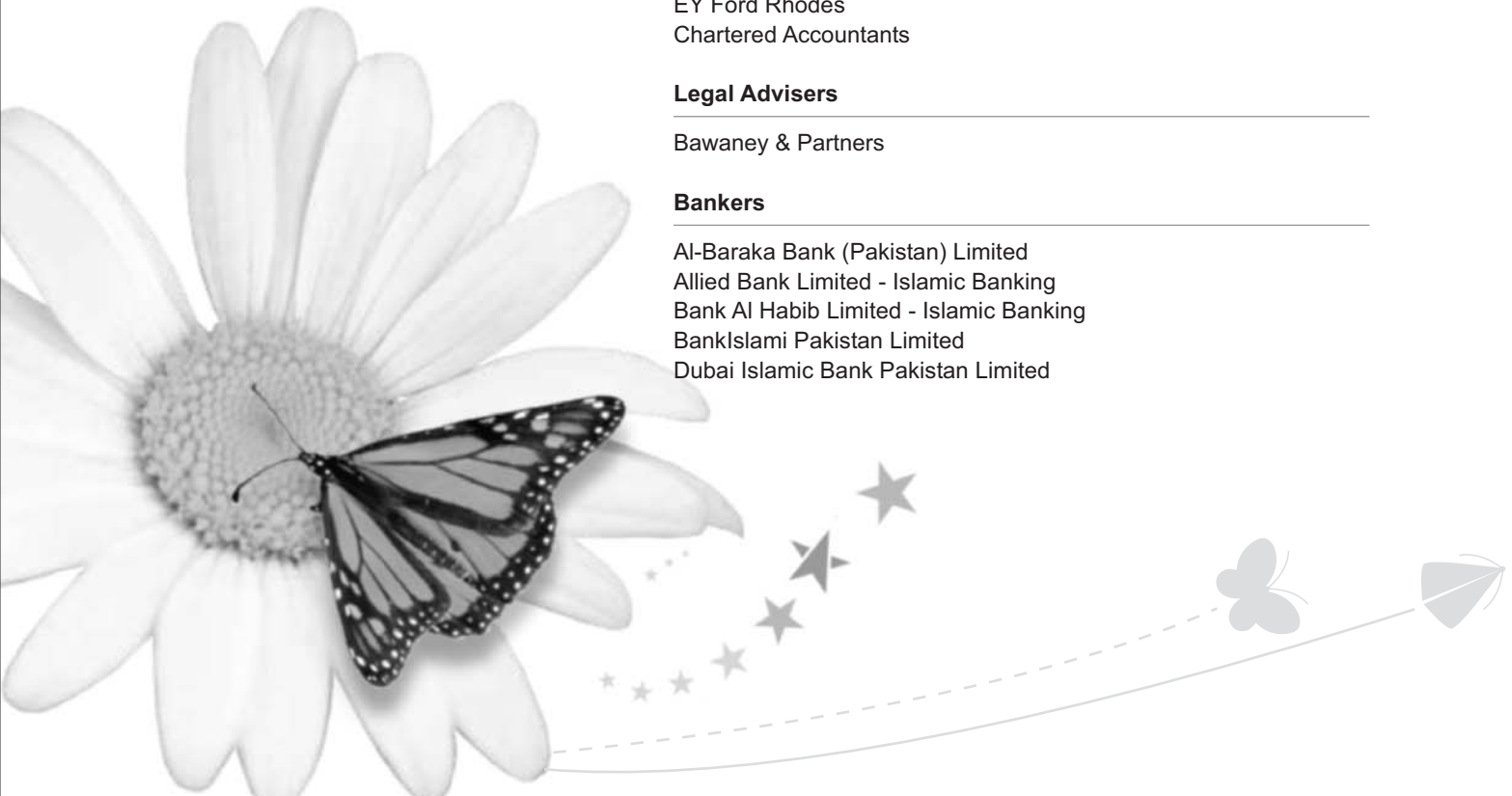
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Bawaney & Partners

### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Allied Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited



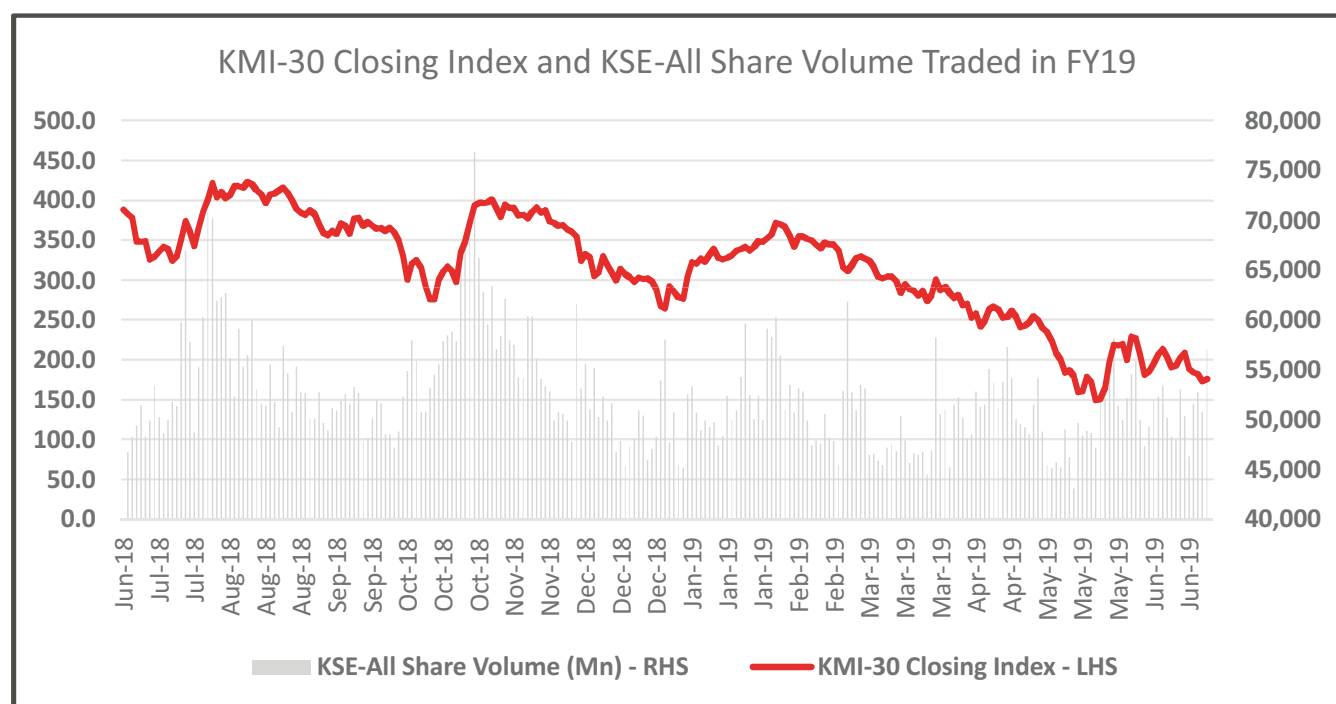
## Fund Manager's Report

The objective of Atlas Islamic Fund of Funds (AIFOF) is to provide unit holders the opportunity to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income Schemes (Atlas Islamic Income Fund) and Shariah Compliant Equity based Collective Investment Schemes (Atlas Islamic Dedicated Stock Fund). Currently AIFOF comprises of four plans i.e. Atlas Aggressive Allocation Islamic Plan (AAAIP), Atlas Moderate Allocation Islamic Plan (AMAIP), Atlas Conservative Allocation Islamic Plan (ACAIP) and Atlas Islamic Capital Preservation Plan (AICPP)

The benchmark of each allocation Plan will be the weighted average return of KMI-30 Index, and Six months average deposit rates of three (3) A rated Islamic Banks or Islamic windows of conventional banks as selected by MUFAP based on the actual proportion of investment in Equity, Income schemes and bank deposit made by the respective allocation Plan.

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%, -8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively.

The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.



AIFOF was launched on January 07, 2019. The Net Asset Value of Atlas Aggressive Allocation Islamic Plan (AAAIP) has decreased by 11.22% from Rs.500 as on January 07, 2019 to Rs. 443.89 as on June 30, 2019. AAAIP was 31.78% and 68.22% invested in AIIF and AIDSF respectively.

The Net Asset Values of Atlas Moderate Allocation Islamic Plan (AMAIP) has decreased by 6.91% from Rs.500 as on January 07, 2019 to 465.44 as on June 30, 2019. AMAIP was 52.43% and 47.57% invested in AIIF and AIDSF respectively.

The Net Asset Values of Atlas Conservative Allocation Islamic Plan (ACAIP) has depreciated by 0.94% from Rs.500 as on January 07, 2019 to 495.32 as on June 30, 2019. ACAIP was 77.42% and 22.58% invested in AIIF and AIDSF respectively.

The Net Asset Value of Atlas Islamic Capital Preservation Plan (AICPP) has depreciated by 2.40% from Rs.500 as on January 07, 2019 to 487.99 as on June 30, 2019. AICPP was 72.00% and 28.00% invested in AIIF and AIDSF respectively. The Net Assets of AIFOF stood at 748 million as on June 30, 2019.

**The Allocation Plans:**

The following investment plans are offered from January 07, 2019 and the returns are as under:

Allocation Plans	Asset Allocation (% of Total Asset)		Return (period ended)	Benchmark
	AISF	AIF	FY19	FY19
Atlas Aggressive Allocation Islamic Plan	68.22%	31.78%	-11.22%	-11.47%
Atlas Moderate Allocation Islamic Plan	47.57%	52.43%	-6.91%	-7.49%
Atlas Conservative Allocation Islamic Plan	22.58%	77.42%	-0.94%	-2.27%
Atlas Islamic Capital Preservation Plan	28.00%	72.00%	-2.40%	-3.38%

**Breakdown of Unit holding by type for Atlas Aggressive Allocation Islamic Plan (AAAIP) is as follows:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	8	502,618	0.54
Associated companies / Directors	2	92,421,746	99.46
	<b>10</b>	<b>92,924,364</b>	<b>100.00</b>

**Breakdown of Unit holding by type for Atlas Moderate Allocation Islamic Plan (AMAIP) is as follows:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	17	5,728,801	5.55
Associated companies / Directors	2	97,550,395	94.45
	<b>19</b>	<b>103,279,196</b>	<b>100.00</b>

**Breakdown of Unit holding by type for Atlas Conservative Allocation Islamic Plan (ACAIP) is as follows:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	25	2,300,751	1.90
Associated companies / Directors	2	118,566,859	98.10
	<b>27</b>	<b>120,867,609</b>	<b>100.00</b>

**Breakdown of Unit holding by type for Atlas Islamic Capital Preservation Plan (AICPP) is as follows:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	34	32,685,848	7.59
Associated companies / Directors	4	389,191,173	90.33
Retirement Funds	2	4,879,345	1.13
Others	1	4,105,531	0.95
	<b>41</b>	<b>430,861,897</b>	<b>100.00</b>

The Expense Ratio of AAAIP is 0.35%, AMAIP is 0.34%, ACAIP is 0.32% and AICPP is 0.23% including expenses representing Government levy of 0.06% for AAAIP, AMAIP, AICPP and 0.05% for ACAIP.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Karachi: 26 September 2019

**Faran-UI-Haq**  
Head of Equities

## Performance Since Inception

	30 June 2019*			
	AAAIP	AMAIP	ACAIP	AICPP
Net Assets (Rs. in '000)	92,924	103,279	120,868	430,862
Number of units in issue	209,341	221,897	224,021	882,926
Net assets value per unit (Rs.)	443.89	465.44	539.54	487.99
Net (loss) / income (Rs. in '000)	(11,616)	(7,620)	(1,223)	(14,540)
Earnings per unit (Rs.)	(55.49)	(34.34)	(5.46)	(16.47)
Annual return of the fund (%)	(11.22)	(6.91)	(0.94)	(2.40)
Offer Price ** (Rs.)	453.92	475.96	551.73	-
Redemption Price ** (Rs.)	443.89	465.44	539.54	474.20
Distribution	-	-	-	-
Distribution as a % of Opening Ex- NAV of units	-	-	-	-
Date of Distribution	-	-	-	-
Highest offer price per unit (Rs.)	527.31	523.37	518.75	517.05
Lowest offer price per unit (Rs.)	444.39	467.22	498.89	-
Highest redemption price per unit (after applicable back-end load) (Rs.)	515.66	511.80	507.29	500.00
Lowest redemption price per unit (after applicable back-end load) (Rs.)	434.57	456.89	487.86	466.47

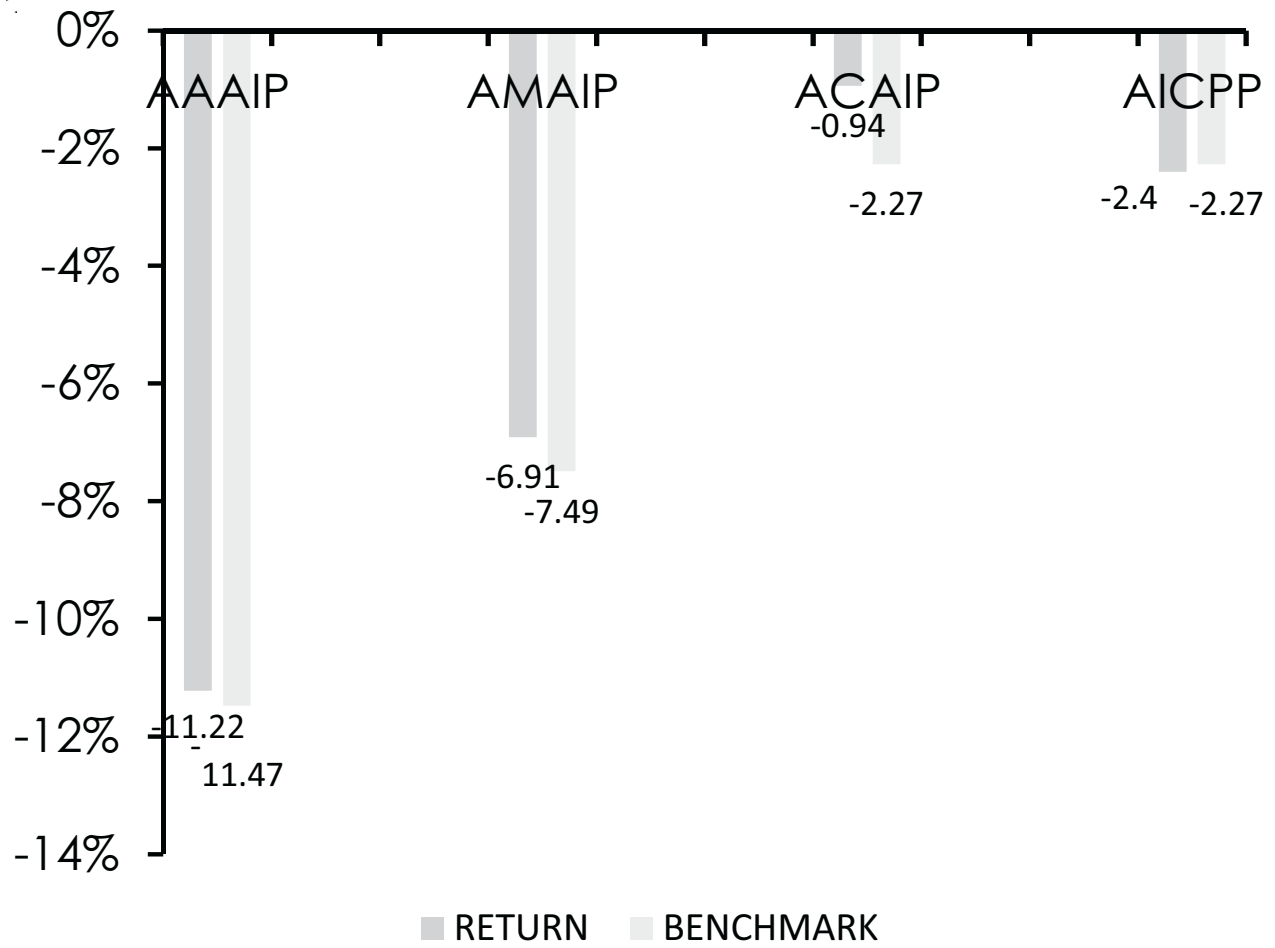
\*Period from 07 January 2019 to 30 June 2019 (Date of Launch: January 07, 2019)

\*\* 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.

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## Yearly Performance



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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 Fund of Funds (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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Fund of Funds (AIFO), I am issuing this report in accordance with clause 11.3 (b) 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 Adviser, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy can be objectively verified.

For screening investment in equities, I have advised a criteria and procedure to be followed in ensuring Shariah compliance in equity investments.

As part of my mandate as the Shariah Adviser 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 June 30, 2019 are in compliance with the Shariah principles.

There are investments made by AIFO where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Fund Manager, in consultation with me, the Shariah Board 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 2019

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Islamic Fund of Funds

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Atlas Islamic Fund of Funds** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of movement in unit holders' fund for the period 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 30 June 2019, and of its financial performance and its cash flows for the period 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 judgement, 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 is the key audit matter:

Key Audit Matter	How our audit addressed the key audit matter
<p><b>1. Investment in units of mutual funds</b></p> <p>As disclosed in note 5 to the accompanying financial statements of the Fund for the period ended 30 June 2019, the investments held by the Fund comprised of units of mutual funds which represent significant portion of the total assets of the Fund as at the period end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence, classification and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>• We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> <li>• We performed substantive audit procedures on period-end balance of portfolio including review of custodian's statement, related reconciliations and re-performance of investment valuations on the basis of net asset values declared by the mutual funds.</li> <li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of investments in units of mutual</li> </ul>

Key Audit Matter	How our audit addressed the key audit matter
	<p>funds adopted by the Fund in accordance with the requirements of IFRS 9.</p> <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 investment in units of mutual funds 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 investments in units of mutual funds portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</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.

#### 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

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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 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 Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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

**EY Ford Rhodes**  
Chartered Accountants

Karachi: 26 September 2019

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

		30 June 2019					
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total	
Note		-----Rupees-----					
<b>ASSETS</b>							
	Bank balances	4	1,216,018	1,268,212	2,021,345	7,825,894	12,331,469
	Investments	5	91,821,576	102,133,006	118,967,823	423,128,705	736,051,110
	Profit receivable on deposit with banks		28,826	29,473	39,541	235,529	333,369
	Preliminary expenses and floatation costs	6	224,215	224,215	224,215	224,215	896,860
	Other receivables	7	10,673	9,063	10,318	40,550	70,604
	<b>Total assets</b>		<b>93,301,308</b>	<b>103,663,969</b>	<b>121,263,242</b>	<b>431,454,893</b>	<b>749,683,412</b>
<b>LIABILITIES</b>							
	Payable to Atlas Asset Management Company - Management Company	8	289,269	290,209	293,107	328,355	1,200,940
	Payable to the Central Depository Company of Pakistan Limited - Trustee	9	8,847	9,747	11,246	40,315	70,155
	Payable to the Securities and Exchange Commission of Pakistan	10	46,308	49,506	54,200	141,709	291,723
	Accrued expenses and other liabilities	11	32,520	35,311	37,080	82,617	187,528
	<b>Total liabilities</b>		<b>376,944</b>	<b>384,773</b>	<b>395,633</b>	<b>592,996</b>	<b>1,750,346</b>
	<b>NET ASSETS</b>		<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
	<b>UNIT HOLDER'S FUND (AS PER STATEMENT ATTACHED)</b>		<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
	<b>NUMBER OF UNITS IN ISSUE</b>		<b>209,341</b>	<b>221,897</b>	<b>244,021</b>	<b>882,926</b>	
	<b>NET ASSET VALUE PER UNIT</b>		<b>443.89</b>	<b>465.44</b>	<b>495.32</b>	<b>487.99</b>	
	<b>FACE VALUE PER UNIT</b>		<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	
	Contingencies and commitments	12					

The annexed notes 1 to 28 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 PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

For the period from 07 January 2019 to 30 June 2019						
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total	
Note	-----Rupees-----					
<b>INCOME</b>						
Profit on deposits with banks	193,221	188,521	224,986	1,044,581	1,651,309	
Dividend income	2,215,272	4,056,011	6,793,212	13,305,507	26,370,002	
Capital gain / (loss) on sale of investments at fair value through income statement - net	25,235	(44,595)	(65,917)	69,883	(15,394)	
Net unrealised loss on re-measurement of investments classified as 'financial assets' at fair value through profit or loss'	(13,696,545)	(11,451,923)	(7,786,635)	(28,246,685)	(61,181,788)	
	<b>(13,671,310)</b>	<b>(11,496,518)</b>	<b>(7,852,552)</b>	<b>(28,176,802)</b>	<b>(61,197,182)</b>	
	<b>(11,262,817)</b>	<b>(7,251,986)</b>	<b>(834,354)</b>	<b>(13,826,714)</b>	<b>(33,175,871)</b>	
<b>EXPENDITURE</b>						
Payable to Atlas Asset Management Company - Management Company	8.1	20,336	20,985	23,257	75,478	140,056
Sindh sales tax on remuneration of the Management Company	8.2	2,643	2,728	3,023	9,811	18,205
Accounting and Operational charges	14	48,746	52,112	57,054	149,168	307,080
Remuneration to the Central Depository Company of Pakistan Limited - Trustee	9.1	48,746	52,112	57,054	149,168	307,080
Sindh sales tax on remuneration of the Trustee		6,337	6,774	7,417	19,392	39,920
Annual fee - Securities and Exchange Commission of Pakistan	10	46,308	49,506	54,200	141,709	291,723
Auditor's remuneration	13	37,200	39,175	41,445	67,180	185,000
Amortization of preliminary expenses and floatation costs	6	56,053	56,053	56,053	56,053	224,212
Annual Listing fee		77,076	78,268	78,537	2,923	236,804
Printing charges		2,755	2,919	3,169	7,786	16,629
Shariah advisory fee		4,551	4,821	5,171	10,454	24,997
Bank charges		2,464	2,815	1,934	24,009	31,222
		<b>353,215</b>	<b>368,268</b>	<b>388,314</b>	<b>713,131</b>	<b>1,822,928</b>
<b>Net loss for the period before taxation</b>		<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>
<b>Taxation</b>	16	-	-	-	-	-
<b>Net loss for the period after taxation</b>		<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>
<b>Loss per unit</b>	17	<b>(55.49)</b>	<b>(34.34)</b>	<b>(5.01)</b>	<b>(16.47)</b>	

The annexed notes 1 to 28 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 PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

	For the period from 07 January 2019 to 30 June 2019				
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	-----Rupees-----				
Net loss for the period	(11,616,032)	(7,620,254)	(1,222,668)	(14,539,845)	(34,998,799)
Other comprehensive (loss) / income	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>

The annexed notes 1 to 28 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 PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

For the period from 07 January 2019 to 30 June 2019					
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	-----Rupees-----				
<b>Capital Value</b>	-	-	-	-	-
<b>Undistributed Income</b>					
- Realised income / (loss)	-	-	-	-	-
- Unrealised income	-	-	-	-	-
<b>Net assets at the beginning of the period</b>	-	-	-	-	-
(Units: AAAIP Nil, AMAIP Nil, ACAIP Nil & AICPP Nil)					
<b>Issue of units</b>					
Capital value (at net assets value per unit at the beginning of period)					
Aggressive - units 224,528	112,261,109	-	-	-	112,261,109
Moderate - units 231,886	-	115,949,600	-	-	115,949,600
Conservative - units 252,942	-	-	126,589,590	-	126,589,590
Preservation - units 882,929	-	-	-	445,403,437	445,403,437
<b>Total proceed on issuance of units</b>	<b>112,261,109</b>	<b>115,949,600</b>	<b>126,589,590</b>	<b>445,403,437</b>	<b>800,203,736</b>
<b>Redemption of units</b>					
Capital value (at net assets value per unit at the beginning of period)					
Aggressive - units 15,187	(7,720,713)	-	-	-	(7,720,713)
Moderate - units 9,989	-	(5,050,150)	-	-	(5,050,150)
Conservative - units 8,921	-	-	(4,499,313)	-	(4,499,313)
Preservation - units 3	-	-	-	(1,695)	(1,695)
<b>Amount paid out of Element of income</b>					
- Relating to net income for the period after taxation	-	-	-	-	-
	<b>(7,720,713)</b>	<b>(5,050,150)</b>	<b>(4,499,313)</b>	<b>(1,695)</b>	<b>(17,271,871)</b>
Total Comprehensive loss for the period	(11,616,032)	(7,620,254)	(1,222,668)	(14,539,845)	(34,998,799)
Distributions during the period	-	-	-	-	-
<b>Net loss for the period less distribution</b>	<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>
<b>Net assets at the end of the period</b>	<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
(Units: AAAIP 209,341, AMAIP 221,897, ACAIP 244,021 & AICPP 882,926)					
<b>Capital Value</b>	<b>104,540,396</b>	<b>110,899,450</b>	<b>122,090,277</b>	<b>445,401,742</b>	<b>782,931,865</b>
<b>Un distributed Income</b>					
- Realised income	2,080,513	3,831,669	6,563,967	13,706,840	26,182,989
- Unrealised loss	(13,696,545)	(11,451,923)	(7,786,635)	(28,246,685)	(61,181,788)
<b>Net assets at the end of the period</b>	<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
<b>Net assets value per unit at beginning of the period</b>	-	-	-	-	-
<b>Net assets value per unit at end of the period</b>	<b>443.89</b>	<b>465.44</b>	<b>495.32</b>	<b>487.99</b>	

The annexed notes 1 to 28 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 PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

For the period from 07 January 2019 to 30 June 2019					
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note -----Rupees-----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net loss for the period after taxation	(11,616,032)	(7,620,254)	(1,222,668)	(14,539,845)	(34,998,799)
<b>Adjustments for:</b>					
Profit on deposits with banks	(193,221)	(188,521)	(224,986)	(1,044,581)	(1,651,309)
Dividend income	(2,215,272)	(4,056,011)	(6,793,212)	-	(13,064,495)
(Gain) / Loss on sale of investments at fair value through income statement - net	(25,235)	44,595	65,917	(69,883)	15,394
Net unrealised loss on re-measurement of investments 'classified as 'financial assets 'at fair value through profit or loss	13,696,545	11,451,923	7,786,635	28,246,685	61,181,788
	<b>(353,215)</b>	<b>(368,268)</b>	<b>(388,314)</b>	<b>12,592,376</b>	<b>11,482,579</b>
<b>(Increase) in assets</b>					
Preliminary expenses and floatation costs	(224,215)	(224,215)	(224,215)	(224,215)	(896,860)
Other receivables	(10,673)	(9,063)	(10,318)	(40,550)	(70,604)
	<b>(234,888)</b>	<b>(233,278)</b>	<b>(234,533)</b>	<b>(264,765)</b>	<b>(967,464)</b>
<b>Increase in liabilities</b>					
Payable to Atlas Asset Management Company - Management Company	289,269	290,209	293,107	328,355	1,200,940
Payable to Central Depository Company of Pakistan Limited - Trustee	8,847	9,747	11,246	40,315	70,155
Payable to the Securities and Exchange Commission of Pakistan	46,308	49,506	54,200	141,709	291,723
Accrued expenses and other liabilities	32,520	35,311	37,080	82,617	187,528
	<b>376,944</b>	<b>384,773</b>	<b>395,633</b>	<b>592,996</b>	<b>1,750,346</b>
Interest received	164,395	159,048	185,445	809,052	1,317,940
Dividend received	2,215,272	4,056,011	6,793,212	-	13,064,495
Investments made during the period	(116,492,886)	(122,629,524)	(132,620,375)	(456,305,507)	(828,048,292)
Investments sold during the period	11,000,000	9,000,000	5,800,000	5,000,000	30,800,000
	<b>(103,113,219)</b>	<b>(109,414,465)</b>	<b>(119,841,718)</b>	<b>(450,496,455)</b>	<b>(782,865,857)</b>
<b>Net cash used in operating activities</b>	<b>(103,324,378)</b>	<b>(109,631,238)</b>	<b>(120,068,932)</b>	<b>(437,575,848)</b>	<b>(770,600,396)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts against issuance of units	112,261,109	115,949,600	126,589,590	445,403,437	800,203,736
Payments against redemption of units	(7,720,713)	(5,050,150)	(4,499,313)	(1,695)	(17,271,871)
	<b>104,540,396</b>	<b>110,899,450</b>	<b>122,090,277</b>	<b>445,401,742</b>	<b>782,931,865</b>
<b>Net cash generated from financing activities</b>	<b>104,540,396</b>	<b>110,899,450</b>	<b>122,090,277</b>	<b>445,401,742</b>	<b>782,931,865</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,216,018</b>	<b>1,268,212</b>	<b>2,021,345</b>	<b>7,825,894</b>	<b>12,331,469</b>
Cash and cash equivalents at the beginning of the period	-	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,216,018</b>	<b>1,268,212</b>	<b>2,021,345</b>	<b>7,825,894</b>	<b>12,331,469</b>

The annexed notes 1 to 28 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 2019

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Fund of Funds (the Fund) is an open-ended Fund constituted under a trust deed entered into on 20 August 2018 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. 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 is an open-ended Shariah compliant fund of funds and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to public (IPO) on 07 January 2019. Subsequent to the Initial Public Offering, the offer of units of the Allocation Plans at the Initial Offer Price discontinued. The units of the Allocation Plans could then be purchased at their Offer Price and redeemed at the Redemption Price, which shall be calculated on the basis of Net Asset Value (NAV) of each Allocation Plan. The duration of the fund is perpetual, however, the allocation plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The objective of the Fund is to generate return on investments as per the respective Allocation Plan by investing in Shariah compliant mutual funds in line with the risk tolerance of the investor. The Management Company has appointed Dr. Mufti Muhammad Wasie Fasih Butt as its Shariah Advisor to ensure that the activities of the Funds are in compliance with the principles of Shariah.

The investment objectives and policies of each allocation plan are as follows;

### **Atlas Aggressive Allocation Islamic Plan (AAAIP)**

The "Aggressive Allocation Islamic Plan" is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to provide capital appreciation. It shall invest at least 65% and 25% of its net assets in Shariah Compliant Equity Funds and Islamic Income schemes, respectively, while the remaining portion is allocated to Shariah compliant bank deposits (excluding TDRs) in Islamic banks / Islamic windows of commercial banks and GOP Ijara Sukuk not exceeding 90 days remaining maturity. This Allocation Plan is suitable for Investors having a relatively higher risk tolerance and/or wish to save for long term.

### **Atlas Moderate Allocation Islamic Plan (AMAIP)**

The "Moderate Allocation Islamic Plan" is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to provide a mix of capital appreciation and stable returns. It shall invest at least 45% and 45% of its net assets in Shariah Compliant Equity Funds and Islamic Income schemes, respectively, while the remaining portion is allocated to Shariah compliant bank deposits (excluding TDRs) in Islamic banks / Islamic windows of commercial banks and GOP Ijara Sukuk not exceeding 90 days remaining maturity. This Allocation Plan is suitable for Investors having a relatively moderate risk tolerance and/or wish to save for medium to long term.

### **Atlas Conservative Allocation Islamic Plan (ACAIP)**

The "Conservative Allocation Islamic Plan" is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to provide stable returns. It shall invest at least 20% and 70% of its net assets in Shariah Compliant Equity Funds and Islamic Income schemes, respectively, while the remaining portion is allocated to Shariah compliant bank deposits (excluding TDRs) in Islamic banks / Islamic windows of commercial banks and GOP Ijara Sukuk not exceeding 90 days remaining maturity. This Allocation Plan is suitable for Investors having a relatively low risk tolerance and/or wish to save for short to medium term.

### **Atlas Islamic Capital Preservation Plan (AICPP)**

The Atlas Islamic Capital Preservation Plan is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities, Shariah Compliant Income based Collective Investment Schemes and Shariah Compliant saving Accounts & Term Deposits, while aiming to provide capital preservation upon maturity of the allocation plan.

- 1.3 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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 approved accounting standards that are not yet effective

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 or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – 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 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 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.

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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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.

### 3.1 Financial instruments

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### b) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

##### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets.

##### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

#### **i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

#### **ii) Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## **Financial liabilities**

### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

#### **c) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### **d) Impairment of financial assets**

The Fund only considers expected credit losses for bank balances and trade and other receivables. The Fund measures expected credit losses on bank balances using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

"The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed."

#### **e) Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **3.2 Cash and cash equivalents**

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 3.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Rules.

### 3.4 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.

### 3.5 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.

The Fund is also exempt from the Provisions of Section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 3.6 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.

### 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

### 3.8 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 03 August 2017 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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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, specified methodology of determination of income paid on units redeemed 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.

### 3.9 Net assets 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 Funds by the number of units in issue at the period end.

### 3.10 Revenue recognition

- 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 / (loss) 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.

### 3.11 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.

### 3.12 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

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
In local currency	Note	-----Rupees-----				
-Profit and loss sharing accounts	4.1	1,216,018	1,268,212	2,021,345	7,825,894	12,331,469
		<u>1,216,018</u>	<u>1,268,212</u>	<u>2,021,345</u>	<u>7,825,894</u>	<u>12,331,469</u>

4.1 The rate of return on these profit and loss sharing accounts ranges between 4.00% to 12.30% per annum.

## 5 INVESTMENTS

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	Note	-----Rupees-----				
<b>At fair value through profit or loss</b>						
Units of mutual funds - listed	5.1	91,821,576	102,133,006	118,967,823	423,128,705	736,051,110
		<u>91,821,576</u>	<u>102,133,006</u>	<u>118,967,823</u>	<u>423,128,705</u>	<u>736,051,110</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 5.1 At fair value through profit or loss - listed equity securities

### 5.11 Units of mutual funds

Name of the investee company	As at 07 January 2019	Purchases during the period	Sales during the period	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Appreciation/ (diminution) as at June 30, 2019	Market Value as a % of net assets of the Sub-Fund	Market Value as a % of total value of investments of Plan
	-----Number of shares-----				-----Rupees-----			-----%age-----	
<b>Aggressive Allocation Plan</b>									
Atlas Islamic Income Fund	-	68,470	10,520	57,950	30,009,785	29,184,630	(825,155)	31.41	31.78
Atlas Islamic Dedicated Stock Fund	-	162,443	11,029	151,414	75,508,336	62,636,946	(12,871,390)	67.41	68.22
	-	230,913	21,549	209,364	105,518,121	91,821,576	(13,696,545)	98.82	100.00
<b>Moderate Allocation Plan</b>									
Atlas Islamic Income Fund	-	118,969	12,644	106,325	55,128,020	53,547,179	(1,580,841)	76.20	52.43
Atlas Islamic Dedicated Stock Fund	-	122,399	4,951	117,448	58,456,909	48,585,827	(9,871,082)	22.23	47.57
	-	241,368	17,595	223,773	113,584,929	102,133,006	(11,451,923)	98.43	100.00
<b>Conservative Allocation Plan</b>									
Atlas Islamic Income Fund	-	192,321	9,436	182,885	94,791,353	92,104,176	(2,687,177)	51.85	77.42
Atlas Islamic Dedicated Stock Fund	-	66,864	1,926	64,938	31,963,105	26,863,647	(5,099,458)	47.04	22.58
	-	259,185	11,362	247,823	126,754,458	118,967,823	(7,786,635)	98.89	100.00
<b>Islamic Capital Preservation Plan</b>									
Atlas Islamic Income Fund	-	614,603	9,666	604,937	308,375,390	304,658,573	(3,716,817)	70.71	72.00
Atlas Islamic Dedicated Stock Fund	-	286,381	-	286,381	143,000,000	118,470,132	(24,529,868)	27.50	28.00
	-	900,984	9,666	891,318	451,375,390	423,128,705	(28,246,685)	98.21	100.00
	-	1,632,450	60,172	1,572,278	797,232,898	736,051,110	(61,181,788)		

## 6 PRELIMINARY EXPENSES AND FLOATATION COSTS

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
	Opening balance	280,268	280,268	280,268	280,268	1,121,072
	Less: Amortisation for the period	56,053	56,053	56,053	56,053	224,212
		<b>224,215</b>	<b>224,215</b>	<b>224,215</b>	<b>224,215</b>	<b>896,860</b>

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over a period of five years commencing from the end of the initial offering period in accordance with the Trust Deed of the Fund and the NBFC Regulations.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 7 OTHER RECEIVABLES

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Other receivables	7.1	10,673	9,063	10,318	40,550	70,604

- 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 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 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

## 8 PAYABLE TO THE ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Remuneration of the Management Company	8.1	1,037	1,162	1,656	7,483	11,338
Sindh sales tax on remuneration of the Management Company	8.2	134	152	214	972	1,472
Sales load payable to the Management Company		-	-	1,016	3,955	4,971
Preliminary expenses and floatation charges payable		280,268	280,268	280,268	280,268	1,121,072
Accounting and operational charges reimbursable by the Fund		7,830	8,627	9,953	35,677	62,087
		<b>289,269</b>	<b>290,209</b>	<b>293,107</b>	<b>328,355</b>	<b>1,200,940</b>

- 8.1 In accordance with the provisions of the NBFC Regulations, No Management fee in case of investment is made in CIS of Atlas Asset Management Limited (AAML). However, the AAML shall charge a management fee of 1% of average annual net assets in case investment is made in Cash/ Near Cash instruments, savings and term deposits made with Islamic banks or Islamic banking windows of commercial banks.
- 8.2 During the period, an amount of Rs. 18,205 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. 16,733 has been paid to the Management Company which acts as a collecting agent.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Trustee fee	9.1	7,830	8,626	9,953	35,677	62,086
Sindh Sales Tax payable on trustee fee	9.2	1,017	1,121	1,293	4,638	8,069
		<b>8,847</b>	<b>9,747</b>	<b>11,246</b>	<b>40,315</b>	<b>70,155</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. 0.10% per annum
- On an amount exceeding Rs.1,000 million Rs. 1.0 million plus 0.075% per annum of Net Asset Value exceeding Rs. 1,000 million

9.2 During the year, an amount of Rs. 39,920 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. 31,851 was paid to the Trustee which acts as a collecting agent.

### 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Annual fee payable	10.1	46,308	49,506	54,200	141,709	291,723
		<b>46,308</b>	<b>49,506</b>	<b>54,200</b>	<b>141,709</b>	<b>291,723</b>

10.1 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.

### 11 ACCRUED EXPENSES AND OTHER LIABILITIES

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Auditors' remuneration payable		27,503	29,153	31,314	64,627	152,597
Withholding and capital gain tax payable		302	1,126	261	4,116	5,805
Shariah advisory fee payable		1,960	2,113	2,336	6,088	12,497
Printing charges		2,755	2,919	3,169	7,786	16,629
Provision for Sindh Workers' Welfare Fund	11.1	-	-	-	-	-
		<b>32,520</b>	<b>35,311</b>	<b>37,080</b>	<b>82,617</b>	<b>187,528</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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, 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 21 May 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.

### 12 CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments outstanding as at June 30, 2019.

### 13 AUDITORS' REMUNERATION

	For the Period from 07 January 2019 to 30 June 2019				
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	-----Rupees-----				
Audit fee	22,760	24,110	25,859	52,272	125,001
NAV certification charges	8,979	9,279	9,380	2,362	30,000
Income certification charges	3,641	3,858	4,137	8,364	20,000
Out of pocket expenses	1,820	1,928	2,069	4,182	9,999
	<b>37,200</b>	<b>39,175</b>	<b>41,445</b>	<b>67,180</b>	<b>185,000</b>

### 14 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 (I) /2019 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 15 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the period ended June 30, 2019 is as follows :

	30 June 2019			
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan
Total expense ratio	0.35	0.34	0.32	0.23
Government Levies and SECP Fee	0.06	0.06	0.05	0.06

## 16 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 period hence, no distribution has been made by the Fund.

## 17 EARNING PER UNIT

Earning 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.

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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.

Transactions with connected persons essentially comprise sale and repurchase 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.

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.

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2019

	Aggressive Allocation Islamic Plan				Moderate Allocation Islamic Plan			
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
<b>Financial assets</b>	-----Rupees-----				-----Rupees-----			
Bank balances	1,216,018	-	-	1,216,018	1,268,212	-	-	1,268,212
Investments - net	-	91,821,576	-	91,821,576	-	102,133,006	-	102,133,006
Profit receivable on deposit with banks	28,826	-	-	28,826	29,473	-	-	29,473
	<b>1,244,844</b>	<b>91,821,576</b>	<b>-</b>	<b>93,066,420</b>	<b>1,297,685</b>	<b>102,133,006</b>	<b>-</b>	<b>103,430,691</b>
<b>Financial liabilities</b>	-----Rupees-----				-----Rupees-----			
Payable to Atlas Asset Management Limited - Management Company	-	-	289,269	289,269	-	-	290,209	290,209
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	8,847	8,847	-	-	9,747	9,747
Accrued expenses and other liabilities	-	-	32,218	32,218	-	-	34,185	34,185
	<b>-</b>	<b>-</b>	<b>330,334</b>	<b>330,334</b>	<b>-</b>	<b>-</b>	<b>334,141</b>	<b>334,141</b>

30 June 2019

	Conservative Allocation Islamic Plan				Islamic Capital Preservation Plan			
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
<b>Financial assets</b>	-----Rupees-----				-----Rupees-----			
Bank balances	2,021,345	-	-	2,021,345	7,825,894	-	-	7,825,894
Investments - net	-	118,967,823	-	118,967,823	-	423,128,705	-	423,128,705
Profit receivable on deposit with banks	39,541	-	-	39,541	235,529	-	-	235,529
	<b>2,060,886</b>	<b>118,967,823</b>	<b>-</b>	<b>121,028,709</b>	<b>8,061,423</b>	<b>423,128,705</b>	<b>-</b>	<b>431,190,128</b>
<b>Financial liabilities</b>	-----Rupees-----				-----Rupees-----			
Payable to Atlas Asset Management Limited - Management Company	-	-	293,107	293,107	-	-	328,355	328,355
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	11,246	11,246	-	-	40,315	40,315
Accrued expenses and other liabilities	-	-	36,819	36,819	-	-	78,501	78,501
	<b>-</b>	<b>-</b>	<b>341,172</b>	<b>341,172</b>	<b>-</b>	<b>-</b>	<b>447,171</b>	<b>447,171</b>

## 20 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 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 20.1 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 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 2019, 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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement by Rs. 12,160, Rs. 12,682, Rs. 20,213 and Rs. 78,259 for AAAIP, AMAIP, ACAIP and AICPP respectively and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### 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 2019 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, 2019 can be determined as follows:

30 June 2019

	Aggressive Allocation Islamic Plan					Moderate Allocation Islamic Plan						
	Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	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				Upto three months	More than three months and upto one year	More than one year		
<b>Financial assets</b>												
Bank balances	9.5-10.25	1,216,018	-	-	-	1,216,018	9.5-10.25	1,268,212	-	-	-	1,268,212
Investments		-	-	-	91,821,576	91,821,576		-	-	-	102,133,006	102,133,006
Profit receivable on deposit with banks		-	-	-	28,826	28,826		-	-	-	29,473	29,473
		<u>1,216,018</u>	<u>-</u>	<u>-</u>	<u>91,850,402</u>	<u>93,066,420</u>		<u>1,268,212</u>	<u>-</u>	<u>-</u>	<u>102,162,479</u>	<u>103,430,691</u>
<b>Financial liabilities</b>												
Payable to Atlas Asset Management Limited - Management Company		-	-	-	289,269	289,269		-	-	-	290,209	290,209
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	8,847	8,847		-	-	-	9,747	9,747
Accrued expenses and other liabilities		-	-	-	32,218	32,218		-	-	-	34,185	34,185
		<u>-</u>	<u>-</u>	<u>-</u>	<u>330,334</u>	<u>330,334</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>334,141</u>	<u>334,141</u>
<b>On-balance sheet gap (a)</b>		<u>1,216,018</u>	<u>-</u>	<u>-</u>	<u>91,520,068</u>	<u>92,736,086</u>		<u>1,268,212</u>	<u>-</u>	<u>-</u>	<u>101,828,338</u>	<u>103,096,550</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>1,216,018</u>	<u>-</u>	<u>-</u>				<u>1,268,212</u>	<u>-</u>	<u>-</u>		
<b>Cumulative interest rate sensitivity gap</b>		<u>1,216,018</u>	<u>1,216,018</u>	<u>1,216,018</u>				<u>1,268,212</u>	<u>1,268,212</u>	<u>1,268,212</u>		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30 June 2019

	Conservative Allocation Islamic Plan					Islamic Capital Preservation Plan						
	Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	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				Upto three months	More than three months and upto one year	More than one year		
		Rupees					Rupees					
<b>Financial assets</b>												
Bank balances	9.5-10.25	2,021,345	-	-	-	2,021,345	9.5-10.25	7,825,894	-	-	-	7,825,894
Investments		-	-	-	118,967,823	118,967,823		-	-	-	423,128,705	423,128,705
Profit receivable on deposit with banks		-	-	-	39,541	39,541		-	-	-	235,529	235,529
		<u>2,021,345</u>	<u>-</u>	<u>-</u>	<u>119,007,364</u>	<u>121,028,709</u>		<u>7,825,894</u>	<u>-</u>	<u>-</u>	<u>423,364,234</u>	<u>431,190,128</u>
<b>Financial liabilities</b>												
Payable to Atlas Asset Management Limited - Management Company		-	-	-	293,107	293,107		-	-	-	328,355	328,355
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	11,246	11,246		-	-	-	40,315	40,315
Accrued expenses and other liabilities		-	-	-	36,819	36,819		-	-	-	78,501	78,501
		<u>-</u>	<u>-</u>	<u>-</u>	<u>341,172</u>	<u>341,172</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>447,171</u>	<u>447,171</u>
<b>On-balance sheet gap (a)</b>		<u>2,021,345</u>	<u>-</u>	<u>-</u>	<u>118,666,192</u>	<u>120,687,537</u>		<u>7,825,894</u>	<u>-</u>	<u>-</u>	<u>422,917,063</u>	<u>430,742,957</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>2,021,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>7,825,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>2,021,345</u>	<u>2,021,345</u>	<u>2,021,345</u>				<u>7,825,894</u>	<u>7,825,894</u>	<u>7,825,894</u>		

## (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) Price risk

Other 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 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.

A reasonably possible change of 5% increase or decrease in fair values of investee funds at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs.4,591,079, Rs.5,106,650 , Rs. 5,948,391 and Rs. 21,156,435 for AAAIP, AMAIP, ACAIP and AICPP respectively and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

## 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 off. 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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:

30 June 2019	Aggressive Allocation Islamic Plan						Moderate Allocation Islamic Plan					
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
<b>Financial assets</b>	Rupees						Rupees					
Bank balances	1,216,018	-	-	-	-	1,216,018	1,268,212	-	-	-	-	1,268,212
Investments	-	-	-	-	91,821,576	91,821,576	-	-	-	-	102,133,006	102,133,006
Profit receivable on deposit with banks	28,826	-	-	-	-	28,826	29,473	-	-	-	-	29,473
	<b>1,244,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,821,576</b>	<b>93,066,420</b>	<b>1,297,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,133,006</b>	<b>103,430,691</b>
<b>Financial liabilities</b>	Rupees						Rupees					
Payable to Atlas Asset Management Limited - Management Company	289,269	-	-	-	-	289,269	290,209	-	-	-	-	290,209
Payable to the Central Depository Company of Pakistan Limited - Trustee	8,847	-	-	-	-	8,847	9,747	-	-	-	-	9,747
Accrued expenses and other liabilities	-	32,218	-	-	-	32,218	-	34,185	-	-	-	34,185
	<b>298,116</b>	<b>32,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330,334</b>	<b>299,956</b>	<b>34,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334,141</b>
<b>Net assets / (liabilities)</b>	<b>946,728</b>	<b>(32,218)</b>	<b>-</b>	<b>-</b>	<b>91,821,576</b>	<b>92,736,086</b>	<b>997,729</b>	<b>(34,185)</b>	<b>-</b>	<b>-</b>	<b>102,133,006</b>	<b>103,096,550</b>
<b>30 June 2019</b>	Conservative Allocation Islamic Plan						Islamic Capital Preservation Plan					
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
<b>Financial assets</b>	Rupees						Rupees					
Bank balances	2,021,345	-	-	-	-	2,021,345	7,825,894	-	-	-	-	7,825,894
Investments	-	-	-	-	118,967,823	118,967,823	-	-	-	-	423,128,705	423,128,705
Profit receivable on deposit with banks	39,541	-	-	-	-	39,541	235,529	-	-	-	-	235,529
	<b>2,060,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,967,823</b>	<b>121,028,709</b>	<b>8,061,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423,128,705</b>	<b>431,190,128</b>
<b>Financial liabilities</b>	Rupees						Rupees					
Payable to Atlas Asset Management Limited - Management Company	293,107	-	-	-	-	293,107	328,355	-	-	-	-	328,355
Payable to the Central Depository Company of Pakistan Limited - Trustee	11,246	-	-	-	-	11,246	70,155	-	-	-	-	70,155
Accrued expenses and other liabilities	-	36,819	-	-	-	36,819	-	78,501	-	-	-	78,501
	<b>304,353</b>	<b>36,819</b>	<b>-</b>	<b>-</b>	<b>304,353</b>	<b>341,172</b>	<b>398,510</b>	<b>78,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477,011</b>
<b>Net assets / (liabilities)</b>	<b>1,756,533</b>	<b>(36,819)</b>	<b>-</b>	<b>-</b>	<b>118,663,470</b>	<b>120,687,537</b>	<b>7,662,913</b>	<b>(78,501)</b>	<b>-</b>	<b>-</b>	<b>423,128,705</b>	<b>430,713,117</b>

## 20.3 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments and profit receivable on bank balances.

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.

	Balance as per statement of assets and liabilities					Maximum exposure				
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Bank balances	1,216,018	1,268,212	2,021,345	7,825,894	12,331,469	1,216,018	1,268,212	2,021,345	7,825,894	12,331,469
Investments	91,821,576	102,133,006	118,967,823	423,128,705	736,051,110	91,821,576	102,133,006	118,967,823	423,128,705	736,051,110
Profit receivable on bank balances	28,826	29,473	39,541	235,529	333,369	28,826	29,473	39,541	235,529	333,369
	<b>93,066,420</b>	<b>103,430,691</b>	<b>121,028,709</b>	<b>431,190,128</b>	<b>748,715,948</b>	<b>93,066,420</b>	<b>103,430,691</b>	<b>121,028,709</b>	<b>431,190,128</b>	<b>748,715,948</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 20.3.1 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 amount placed with Banks

	% of financial assets exposed to credit risk				Total
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	
AAA	-	-	-	0.13	0.08
AA+	-	-	-	21.57	13.69
A+	-	-	-	78.30	49.69
AA	16.16	21.82	3.08	-	4.34
A	83.84	78.18	96.92	-	32.20
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

All the balances with Banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

## 20.4 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.

Financial assets which are tradeable 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.

## 20.5 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.

Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days which is considered as Level 2 valuation. Fair value of remaining financial assets is not significantly different from their carrying value.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 21 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.

## 22 UNIT HOLDING PATTERN OF THE FUND

Category	Aggressive Allocation Islamic Plan			Moderate Allocation Islamic Plan			Conservative Allocation Islamic Plan			Islamic Capital Preservation Plan		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	8	502,618	0.54	17	5,728,801	5.55	25	2,300,751	1.90	34	32,685,848	7.59
Retirement Funds	-	-	-	-	-	-	-	-	-	2	4,879,345	1.13
Associated Companies/ Directors	2	92,421,746	99.46	2	97,550,395	94.45	2	118,566,859	98.10	4	389,191,173	90.33
Others	-	-	-	-	-	-	-	-	-	1	4,105,531	0.95
	<b>10</b>	<b>92,924,364</b>	<b>100.00</b>	<b>19</b>	<b>103,279,196</b>	<b>100.00</b>	<b>27</b>	<b>120,867,609</b>	<b>100.00</b>	<b>41</b>	<b>430,861,897</b>	<b>100.00</b>

## 23 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 24 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Stock Market Fund Atlas Islamic Stock Fund Atlas Islamic Dedicated Stock Fund

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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		
	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	L	P	P
Mr. Tariq Amin	P	P	P
Mr. Frahim Ali Khan	P	P	P
Mr. Ali H. Shirazi	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P
Ms Zehra Naqvi	P	P	P
Mr. M. Abdul Samad	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P
Ms Zainab Kazim	P	P	P

P Present  
L Leave of absence

## 26 RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

## 27 GENERAL

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

27.2 Units have been rounded off to the nearest decimal place.

27.3 This is the first year of operations of the Fund hence, there is no comparative information to report in the financial statements.

## 28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

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 Dedicated 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

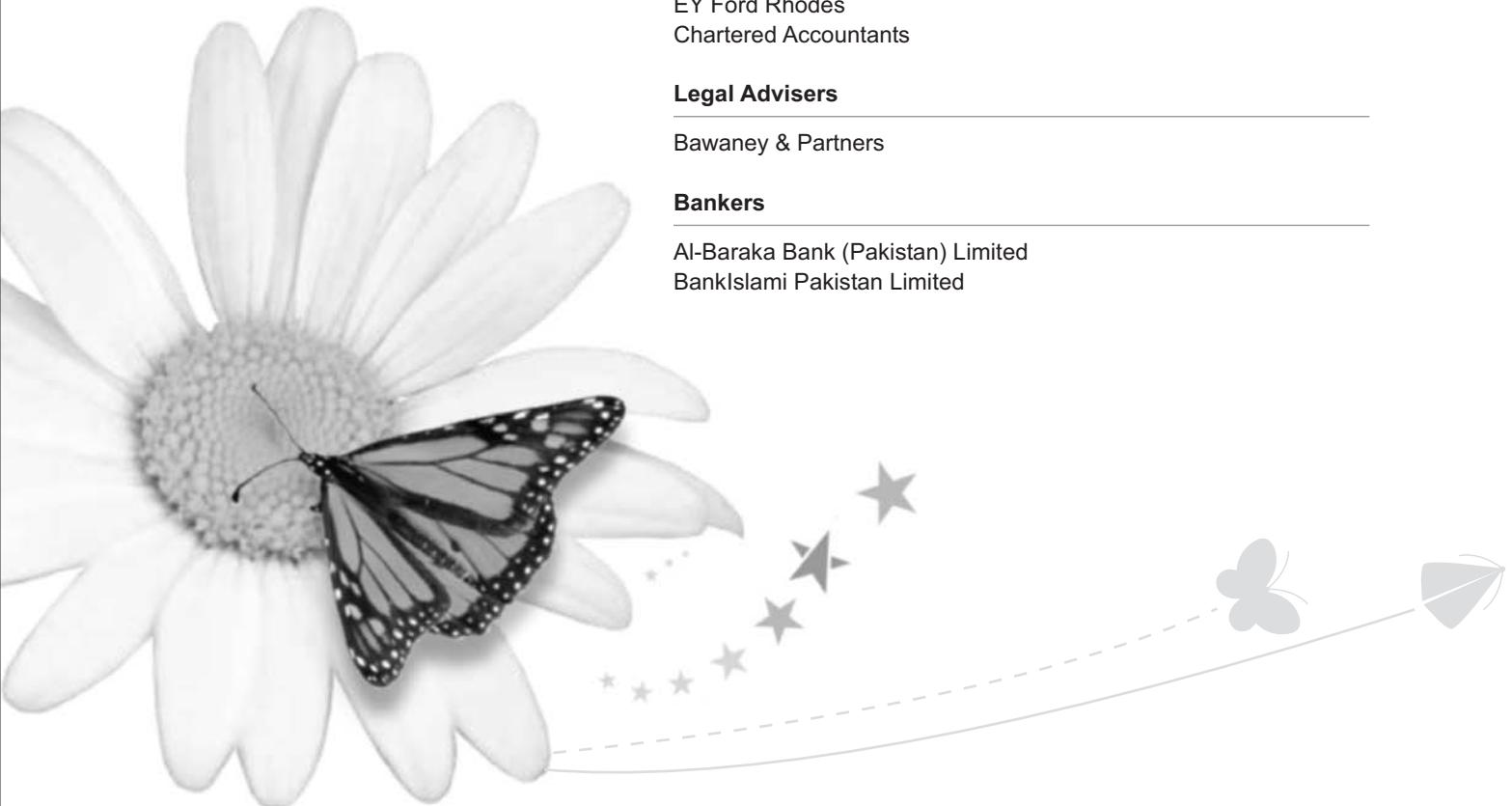
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Bawaney & Partners

### Bankers

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Al-Baraka Bank (Pakistan) Limited  
BankIslami Pakistan Limited



## Fund Manager's Report

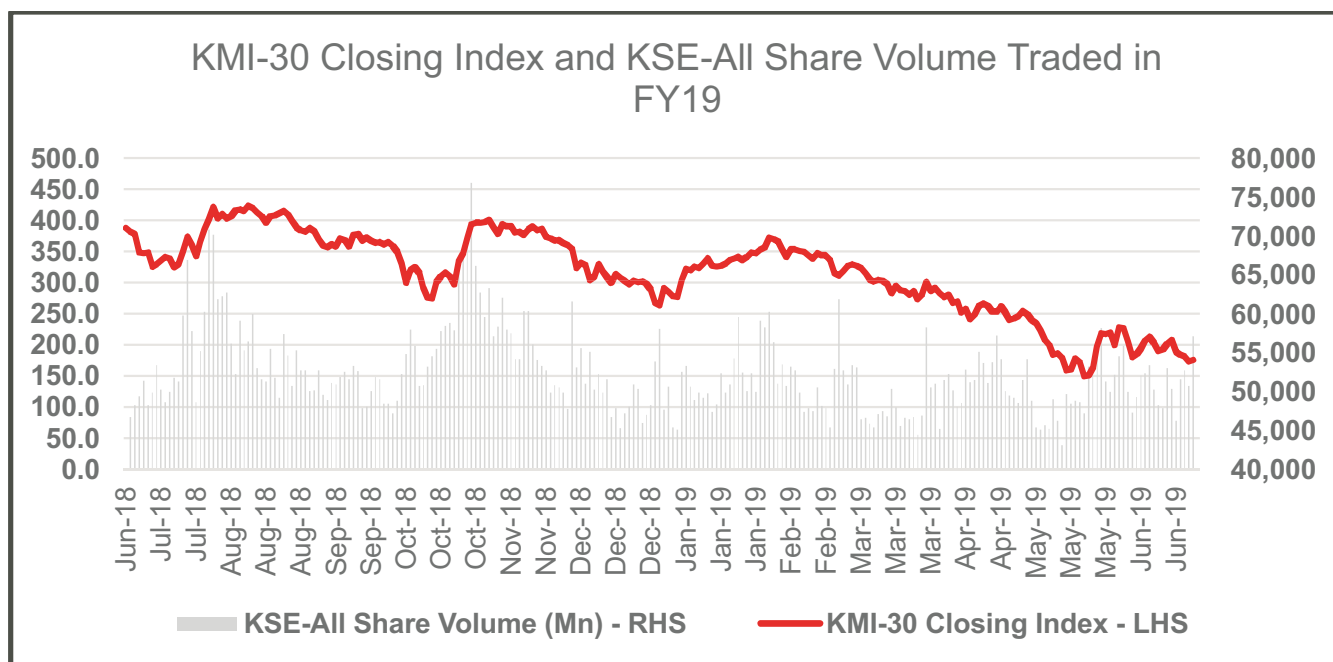
Atlas Islamic Dedicated Stock Fund (AIDSF) is an open-ended equity fund. The objective of AIDSF is to provide long term capital growth from an actively managed portfolio invested in Shariah compliant listed companies in Pakistan.

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.

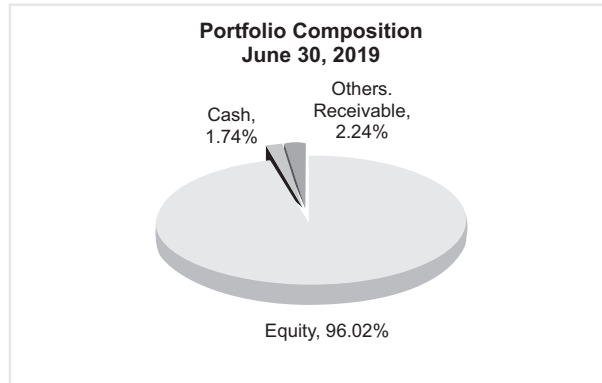
KMI - 30 Index serves as the performance benchmark of Atlas Islamic Dedicated Stock Fund.

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%, -8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively.

The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at USD356 million compared to outflow of USD289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing USD166 million, USD150 million and USD111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers USD146 million and USD15 million, respectively.



AIDSF was launched on January 10, 2019. The Net Asset Value per unit of AIDSF has decreased by 17.27% to Rs 413.63 as on June 30, 2019. The benchmark KMI-30 index has decreased by 18.19% during the same period. The KMI-30 index has decreased from 66,152.07 points as on January 10, 2019 to 54,118.51 points as on June 30, 2019. AIDSF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earnings growth prospects. AIDSF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer, and Islamic Commercial Banks sectors. The Net Assets of the Fund stood at Rs.256.53 million, with 620,181 units outstanding as of June 30, 2019.



**Breakdown of Unit holding by size:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Banks/DFIs/NBFC	4	256,527,144	100
Total	4	256,527,144	100

The Total Expense Ratio (TER) of the Fund is 1.67% including expenses representing Government levy and SECP Fee of 0.25%.

During the year under review, the Investment Committee held forty-nine meetings to review investment of the Fund and the Risk Committee held twenty meetings to review risk management.

Karachi: 26 September 2019

**Faran-UI-Haq**  
Head of Equities

## 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 Dedicated Stock Fund

	Resolution	For	Against	Abstain
<b>Number</b>	32	32	-	N/A
<b>(%)</b>	100%	100%	-	-

**Note:** The Proxy voting policy of the Atlas Islamic Dedicated 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

	2019*
Net Assets (Rs. in '000)	256,527
Number of units in issue	620,181
Net assets value per unit (Rs.)	413.63
Net (loss) / income (Rs. in '000)	(52,158)
Earnings per unit (Rs.)	(84.10)
Annual return of the fund (%)	(17.27)
Offer Price ** (Rs.)	422.98
Redemption Price ** (Rs.)	413.63
Distribution	-
Distribution as a % of Opening Ex- NAV of units	-
Date of Distribution	-
Highest offer price per unit (Rs.)	533.64
Lowest offer price per unit (Rs.)	411.79
Highest redemption price per unit (after applicable back-end load) (Rs.)	521.85
Lowest redemption price per unit (after applicable back-end load) (Rs.)	402.69

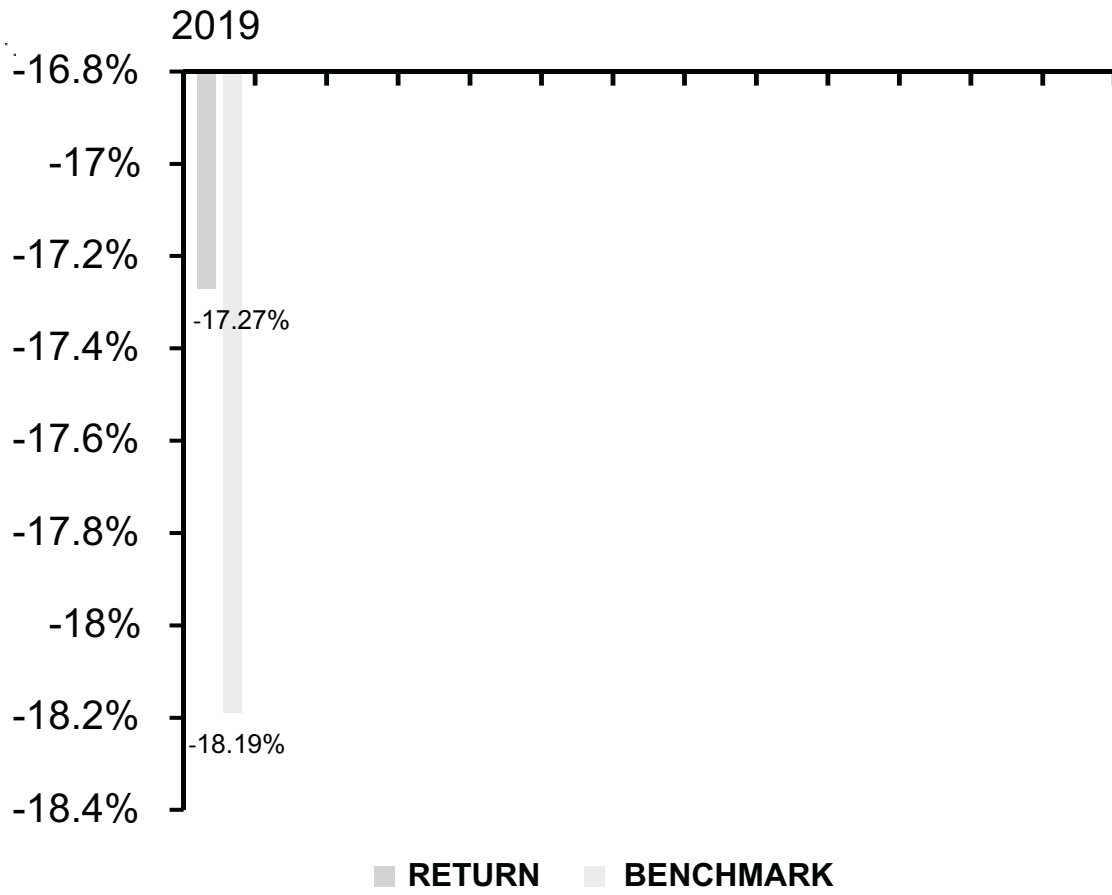
\*Period from 10 January 2019 to 30 June 2019 (Date of Launch: January 10, 2019)

\*\* Relates to announced prices.

**Note:** Past performance of the funds is not indicative of future performance, and the unit price and investment return may godown, as well as up.

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### Yearly Performance



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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 Dedicated 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, 2019 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: 27 September 2019

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Dedicated Stock Fund (AIDSF), I am issuing this report in accordance with clause 11.3 (b) 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 Adviser, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy 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 Adviser 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 June 30, 2019 are in compliance with the Shariah principles.

There are investments made by AIDSF where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Fund Manager, in consultation with me, the Shariah Board 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 2019

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

## To the Unitholders of Atlas Islamic Dedicated Stock Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Atlas Islamic Dedicated Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of movement in unit holders' fund for the period 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 30 June 2019, and of its financial performance and its cash flows for the period 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 judgement, 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 is the key audit matter:

Key Audit Matter	How our audit addressed the key audit matter
<p><b>1. Equity investments</b></p> <p>As disclosed in note 5 to the accompanying financial statements of the Fund for the period ended 30 June 2019, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the period end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence, classification and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>We tested controls over acquisition, disposals and periodic valuation of investment portfolio.</li> <li>We performed substantive audit procedures on period-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 2019.</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</li> </ul>

Key Audit Matter	How our audit addressed the key audit matter
	<p>investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</p> <ul style="list-style-type: none"> <li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of equity investments adopted by the Fund in accordance with the requirements of IFRS 9.</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 and applicable financial reporting standards.</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.

#### 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.

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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.

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

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

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

**EY Ford Rhodes**  
Chartered Accountants

Karachi: 26 September 2019

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

	Note	2019 ----Rupees ----
<b>ASSETS</b>		
Bank balances	4	4,490,047
Investments	5	248,332,196
Receivable against sale of investment		932,900
Profit receivable on bank balances		21,465
Dividend receivable		431,875
Deferred formation cost	6	888,860
Advances, deposits and other receivables	7	3,515,578
<b>Total assets</b>		<b>258,612,921</b>
<b>LIABILITIES</b>		
Payable to Atlas Asset Management Limited - Management Company	8	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	9	54,810
Payable to the Securities and Exchange Commission of Pakistan	10	104,474
Accrued expenses and other liabilities	11	302,079
<b>Total liabilities</b>		<b>2,085,777</b>
<b>NET ASSETS</b>		<b>256,527,144</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>256,527,144</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>620,181</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>413.63</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 PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

	Note	For the Period from 10 January 2019 to 30 June 2019 -----Rupees-----
<b>INCOME</b>		
Profit on bank balances		726,956
Dividend income		5,400,600
Capital loss on sale of investments - net		(5,838,674)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(48,527,514)
		<b>(54,366,188)</b>
<b>Total loss</b>		<b>(48,238,632)</b>
<b>EXPENSES</b>		
Remuneration of Atlas Asset Management Limited - Management Company	8.1	2,199,498
Sindh sales tax on remuneration of the Management Company	8.2	285,935
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	219,949
Sindh sales tax on remuneration of the Trustee	9.2	28,593
Annual fee - Securities and Exchange Commission of Pakistan	10	104,474
Accounting and operational charges	13	109,975
Shariah advisory fee		25,000
Auditors' remuneration	15	167,400
Securities transaction cost		542,128
Printing charges		5,959
Amortisation of formation cost	6	222,215
Bank charges		8,228
		<b>3,919,354</b>
<b>Net loss for the period before taxation</b>		<b>(52,157,986)</b>
<b>Taxation</b>	16	-
<b>Net loss for the period after taxation</b>		<b>(52,157,986)</b>
<b>Loss per unit</b>	17	

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 PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

For the Period from  
10 January 2019 to  
30 June 2019  
-----Rupees-----

<b>Net loss for the period after taxation</b>	<b>(52,157,986)</b>
Other comprehensive (loss) / income	-
<b>Total comprehensive loss for the period</b>	<b>(52,157,986)</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 PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

For the Period from 10 January 2019 to 30 June 2019

	Capital Value	Undistributed income	Net Assets
-----Rupees-----			
<b>Net assets at the beginning of the period</b>	-	-	-
Issue of 638,087 units	317,893,987	-	317,893,987
Redemption of 17,906 units	(9,100,000)	-	(9,100,000)
Total comprehensive loss for the period	-	(52,157,986)	(52,157,986)
Shariah non-compliant income set-aside for charity	-	(108,857)	(108,857)
<b>Net assets at end of the period</b>	<b>308,793,987</b>	<b>(52,266,843)</b>	<b>256,527,144</b>
(Units outstanding: 620,181) (Rs. 413.63 per unit)			
<b>Undistributed loss carried forward</b>			
- Realised loss	-	(3,739,329)	-
- Unrealised loss	-	(48,527,514)	-
	-	<b>(52,266,843)</b>	-

# CASH FLOW STATEMENT

## FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

For the Period from  
10 January 2019 to  
30 June 2019

Note -----Rupees-----

### CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the period after taxation	(52,157,986)
<b>Adjustments for:</b>	
Profit on bank balances	(726,956)
Dividend income	(5,400,600)
Capital loss on sale of investments - net	5,838,674
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	48,527,514
Amortisation of formation cost	222,215
	<b>48,460,847</b>
<b>Increase in assets</b>	
Receivable against sale of investments	(932,900)
Deferred formation cost	(1,111,075)
Advances, deposits and other receivables	(3,515,578)
	<b>(5,559,553)</b>
<b>Increase in liabilities</b>	
Payable to Atlas Asset Management Limited - Management Company	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	54,810
Payable to the Securities and Exchange Commission of Pakistan	104,474
Accrued expenses and other liabilities	302,079
	<b>2,085,777</b>
Profit received on bank balances	705,491
Dividend received	4,968,725
Investments made during the period	(337,616,046)
Investments sold during the period	34,917,662
<b>Net cash (used in) operating activities</b>	<b>(304,195,083)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net receipts from issuance of units	317,893,987
Net payments against redemption of units	(9,100,000)
Shariah non-compliant income set-aside for charity	(108,857)
<b>Net cash generated from financing activities</b>	<b>308,685,130</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>4,490,047</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>4,490,047</b>

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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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Dedicated Stock Fund (the Fund) is an open-ended shariah compliant scheme constituted under a trust deed entered into on 03 September 2018 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. 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. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on 09 October 2018.
- 1.2 The Fund is an open-ended Shariah compliant fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to public (IPO) on 10 January 2019. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.3 According to the Trust Deed, the principal activity of the Fund is to provide capital appreciation to investors schemes by investing in Shariah Compliant equity securities.
- 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 (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 approved accounting standards that are not yet effective

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:

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial instruments – 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 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019 respectively. The Fund expects that such improvements to the standards will not have any impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 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

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

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 estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets.

## 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.

### 3.1 Financial instruments

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### b) Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

##### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets."

##### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

#### **i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

#### **ii) Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## **Financial liabilities**

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

### **c) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### **d) Impairment of financial assets**

The Fund only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

### **e) Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

### 3.3 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.

### 3.4 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.

### 3.5 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.

### 3.6 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 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, specified methodology of determination of income paid on units redeemed 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.

### 3.7 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

- Interest income on bank balances, placements and deposits is recognised on an accrual basis.
- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.
- Unrealised appreciation / (loss) 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.

### 3.8 Expenses

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

### 3.9 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.

### 3.10 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.

### 3.11 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 of EPU is not practicable.

	Note	June 30 2019 -----Rupees-----
<b>4 BANK BALANCES</b>		
In local currency		
- Profit and loss sharing accounts	4.1	4,490,047
		<u>4,490,047</u>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6.00% to 11.00% per annum.

	Note	June 30 2019 -----Rupees-----
<b>5 INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
- Listed equity securities	5.1	248,332,196
		<u>248,332,196</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 5.1 At fair value through profit or loss - Listed equity securities

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

Name of Investee Company	Note	As at 10 January 2019	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 30 June 2019	Carrying cost as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Total paid up capital of the Investee Company	-----Number of shares-----			-----Rupees-----			-----Percentage-----																																		
<b>Inv. Bank/Inv. Companies/Securities Co.</b>																																																				
Dawood Hercules Corporation Limited		-	24,300	-	500	23,800	2,890,122	2,647,512	1.07	1.03	0.00																																									
		-	<b>24,300</b>	-	<b>500</b>	<b>23,800</b>	<b>2,890,122</b>	<b>2,647,512</b>	<b>1.07</b>	<b>1.03</b>	<b>0.00</b>																																									
<b>Banks</b>																																																				
BankIslami Pakistan Limited		-	241,000	-	-	241,000	3,444,455	2,769,090	1.12	1.08	0.02																																									
Meezan Bank Limited		-	296,500	22,400	10,500	308,400	26,086,022	26,880,144	10.82	10.48	0.02																																									
		-	<b>537,500</b>	<b>22,400</b>	<b>10,500</b>	<b>549,400</b>	<b>29,530,477</b>	<b>29,649,234</b>	<b>11.94</b>	<b>11.56</b>																																										
<b>Textile Composite</b>																																																				
Interloop Limited		-	67,500	-	-	67,500	3,111,750	2,988,225	1.20	1.16	0.01																																									
Kohinoor Textile Mills Limited		-	146,000	-	6,000	140,000	5,985,721	3,507,000	1.41	1.37	0.05																																									
Nishat Mills Limited		-	63,100	-	37,000	26,100	3,642,724	2,436,174	0.98	0.95	0.01																																									
		-	<b>276,600</b>	-	<b>43,000</b>	<b>233,600</b>	<b>12,740,195</b>	<b>8,931,399</b>	<b>3.60</b>	<b>3.48</b>																																										
<b>Cement</b>																																																				
Attock Cement Pakistan Limited		-	22,000	-	400	21,600	2,351,290	1,542,456	0.62	0.60	0.02																																									
Cherat Cement Company Limited		-	49,500	-	1,000	48,500	3,430,078	1,501,560	0.60	0.59	0.03																																									
D.G. Khan Cement Company Limited		-	86,500	-	6,000	80,500	7,075,422	4,551,470	1.83	1.77	0.02																																									
Lucky Cement Limited		-	45,600	-	7,700	37,900	17,748,163	14,419,813	5.81	5.62	0.01																																									
Maple Leaf Cement Factory Limited		-	36,000	-	1,000	35,000	1,595,854	836,150	0.34	0.33	0.01																																									
		-	<b>239,600</b>	-	<b>16,100</b>	<b>223,500</b>	<b>32,200,807</b>	<b>22,851,449</b>	<b>9.20</b>	<b>8.91</b>																																										
<b>Refinery</b>																																																				
Attock Refinery Limited		-	4,600	-	4,600	-	-	-	-	-	-																																									
National Refinery Limited		-	9,400	-	9,400	-	-	-	-	-	-																																									
		-	<b>14,000</b>	-	<b>14,000</b>	-	-	-	-	-	-																																									
<b>Power Generation &amp; Distribution</b>																																																				
K-Electric Limited (face value Rs. 3.5)		-	538,500	-	10,000	528,500	3,304,758	2,320,115	0.93	0.90	0.00																																									
The Hub Power Company Limited		-	245,000	27,403	8,500	263,903	21,772,645	20,782,361	8.37	8.10	0.02																																									
		-	<b>783,500</b>	<b>27,403</b>	<b>18,500</b>	<b>792,403</b>	<b>25,077,403</b>	<b>23,102,476</b>	<b>9.30</b>	<b>9.01</b>																																										
<b>Oil &amp; Gas Marketing Companies</b>																																																				
Attock Petroleum Limited		-	14,600	-	200	14,400	6,152,861	4,154,544	1.67	1.62	0.01																																									
Hascol Petroleum Limited		-	12,300	-	12,300	-	-	-	-	-	-																																									
Pakistan State Oil Company Limited		-	70,100	-	600	69,500	15,034,832	11,789,285	4.75	4.60	0.02																																									
Sui Northern Gas Pipelines Limited		-	44,000	-	1,000	43,000	3,497,270	2,988,070	1.20	1.16	0.01																																									
		-	<b>141,000</b>	-	<b>14,100</b>	<b>126,900</b>	<b>24,684,963</b>	<b>18,931,899</b>	<b>7.62</b>	<b>7.38</b>																																										
<b>Oil &amp; Gas Exploration Companies</b>																																																				
Mari Petroleum Company Limited		-	13,440	-	160	13,280	16,467,349	13,403,902	5.40	5.23	0.01																																									
Oil & Gas Development Company Limited 5.3		-	236,000	-	1,500	234,500	33,871,106	30,834,405	12.42	12.02	0.01																																									
Pakistan Oilfields Limited		-	41,400	-	400	41,000	18,496,700	16,641,490	6.70	6.49	0.01																																									
Pakistan Petroleum Limited	5.3	-	177,400	-	10,200	167,200	30,141,182	24,148,696	9.72	9.41	0.01																																									
		-	<b>468,240</b>	-	<b>12,260</b>	<b>455,980</b>	<b>98,976,337</b>	<b>85,028,493</b>	<b>34.24</b>	<b>33.15</b>																																										
<b>Engineering</b>																																																				
International Industries Limited		-	63,800	-	7,000	56,800	7,438,123	4,377,576	1.76	1.71	0.05																																									
International Steels Limited		-	21,000	-	-	21,000	1,263,050	833,910	0.34	0.33	0.00																																									
		-	<b>84,800</b>	-	<b>7,000</b>	<b>77,800</b>	<b>8,701,173</b>	<b>5,211,486</b>	<b>2.10</b>	<b>2.03</b>																																										
<b>Technology &amp; Communications</b>													</																																							

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

Name of Investee Company	Note	Number of shares				Rupees		Percentage			
		As at 10 January 2019	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 30 June 2019	Carrying cost as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Total paid up capital of the Investee Company
		-----Number of shares-----				-----Rupees-----		-----Percentage-----			
<b>Pharmaceuticals</b>											
Glaxosmithkline Pakistan Limited		-	12,700	-	200	12,500	1,633,361	1,191,625	0.48	0.46	0.00
AGP Limited		-	8,500	-	-	8,500	762,860	582,505	0.23	0.23	0.00
Ferozsons Laboratories Limited		-	14,000	-	-	14,000	2,408,586	1,565,480	0.63	0.61	0.05
The Searle Company Limited		-	31,700	-	6,700	25,000	5,949,784	3,664,000	1.48	1.43	0.01
		-	<b>66,900</b>	-	<b>6,900</b>	<b>60,000</b>	<b>10,754,591</b>	<b>7,003,610</b>	<b>2.82</b>	<b>2.73</b>	
<b>Chemicals</b>											
Engro Polymer & Chemicals Limited		-	139,000	-	89,000	50,000	1,399,999	1,348,000	0.54	0.53	0.01
Lotte Chemical Pakistan Limited		-	97,500	-	97,500	-	-	-	-	-	-
		-	<b>236,500</b>	-	<b>186,500</b>	<b>50,000</b>	<b>1,399,999</b>	<b>1,348,000</b>	<b>0.54</b>	<b>0.53</b>	
<b>Paper &amp; Board</b>											
Cherat Packaging Limited		-	20,500	-	15,100	5,400	718,692	435,456	0.18	0.17	0.01
		-	<b>20,500</b>	-	<b>15,100</b>	<b>5,400</b>	<b>718,692</b>	<b>435,456</b>	<b>0.18</b>	<b>0.17</b>	
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited		-	75,000	-	75,000	-	-	-	-	-	-
		-	<b>75,000</b>	-	<b>75,000</b>	-	-	-	-	-	-
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries Limited		-	28,500	-	28,500	-	-	-	-	-	-
		-	<b>28,500</b>	-	<b>28,500</b>	-	-	-	-	-	-
<b>Total as at 30 June 2019</b>							<b>296,859,710</b>	<b>248,332,196</b>	<b>100.00</b>	<b>96.81</b>	

5.2 The cost of listed equity securities as at 30 June 2019 is Rs. 296,859,710.

5.3 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
	June 30, 2019	
-----Rupees-----		
Pakistan Petroleum Limited	30,000	4,332,900
Engro Corporation Limited	4,500	1,195,200
Oil & Gas Development Company Limited	50,000	6,574,500
	<b>84,500</b>	<b>12,102,600</b>

## 6 DEFERRED FORMATION COST

Deferred formation cost	1,111,075
Amortisation of formation cost	(222,215)
	<b>888,860</b>

6.1 Formation cost represents expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over a period of five years commencing from the end of the initial offering period in accordance with the Trust Deed of the Fund and the NBFC Regulations.

## 7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	Note	June 30 2019
-----Rupees-----		
<b>Security deposits with:</b>		
- National Clearing Company of Pakistan Limited (NCCPL)		2,500,000
- Central Depository Company of Pakistan Limited (CDC)		102,534
Margin deposit with NCCPL		152,423
Other receivables	7.1	760,621
		<b>3,515,578</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

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 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. Such deductions aggregate to Rs. 0.76 million.

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 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30 2019 -----Rupees-----
<b>8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>		
Remuneration of the Management Company	8.1	435,033
Sindh sales tax payable on remuneration of the Management Company	8.2	56,554
Accounting and operational charges payable	13	21,752
Formation cost payable		1,111,075
		<b>1,624,414</b>

8.1 During the period ended 30 June 2019 the Management Company has charged its remuneration at the rate of 2% 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.

8.2 During the period, an amount of Rs. 285,935 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. 229,381 has been paid to the Management Company which acts as the collecting agent.

	Note	June 30 2019 -----Rupees-----
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY</b>		
Trustee fee	9.1	43,504
Sindh sales tax payable on trustee fee	9.2	5,656
Settlement charges		5,000
Sindh sales tax payable on settlement charges		650
		<b>54,810</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

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. 0.7 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

9.2 During the period, an amount of Rs. 28,593 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. 22,937 was paid to the Trustee which acts as a collecting agent.

<b>10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>	<b>June 30 2019</b>
<b>Note</b>	<b>-----Rupees-----</b>
Annual fee payable	<b>104,474</b>

10.1 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.

<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>June 30 2019</b>
<b>Note</b>	<b>-----Rupees-----</b>
Auditors' remuneration payable	134,999
Charity payable	90,950
Transaction charges payable	44,263
Withholding tax payable	13,408
Payable to Shariah Advisor	12,500
Printing charges payable	5,959
	<b>302,079</b>

11.1 The Shariah Advisor of the Fund, has certified an amount of Rs. 108,857 against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity.

### 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019.

### 13 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 (I) /2019 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 1.67% which includes 0.25% 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.

**For the Period from  
10 January 2019 to  
30 June 2019  
-----Rupees-----**

## 15 AUDITORS' REMUNERATION

Audit fee	125,000
Certification charges	20,000
Out of pocket expenses	10,000
Sindh sales tax on services	12,400
	<b>167,400</b>

## 16 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 period hence, no distribution has been made by the Fund.

## 17 LOSS PER UNIT

Loss 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 loss per unit is not practicable.

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** 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.
- 18.2** 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.
- 18.3** 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.
- 18.4** The details of transactions carried out by the Fund with connected persons during the period and the balances with them at the period end are as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

	June 30 2019 -----Rupees-----
<b>Atlas Asset Management Limited (Management Company)</b>	
Remuneration of the Management Company	2,199,498
Remuneration paid	1,764,465
Sindh sales tax on remuneration of the Management Company	285,935
Accounting and operational charges	109,975
<b>Central Depository Company of Pakistan Limited (Trustee)</b>	
Remuneration of the Trustee	219,949
Sindh sales tax on remuneration of the Trustee	28,593
Remuneration paid	176,445
Settlement charges	24,647
Sindh sales tax on settlement charges	3,204
<b>Atlas Aggressive Allocation Islamic Plan</b>	
Issue of 162,443 units	81,028,277
Redemption of 11,029 units	5,600,000
Outstanding 151,414 units at net asset value	62,629,378
<b>Atlas Moderate Allocation Islamic Plan</b>	
Issue of 122,399 units	60,936,757
Redemption of 4,951 units	2,500,000
Outstanding 117,448 units at net asset value	48,579,954
<b>Atlas Conservative Allocation Islamic Plan</b>	
Issue of 66,864 units	32,928,953
Redemption of 1,926 units	1,000,000
Outstanding 64,938 units at net asset value	26,860,400
<b>Atlas Islamic Capital Preservation Plan</b>	
Issue of 286,381 units	143,000,000
Outstanding 286,381 units at net asset value	118,455,813

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

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

	-----As at 30 June 2019-----			
	Amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	----- (Rupees) -----			
<b>Financial Assets</b>				
Bank balances	4,490,047	-	-	4,490,047
Investments	-	248,332,196	-	248,332,196
Receivable against sale of investment	932,900	-	-	932,900
Profit receivable on bank balances	21,465	-	-	21,465
Dividend receivable	431,875	-	-	431,875
Advances, deposits and other receivables	2,754,957	-	-	2,754,957
	<b>8,631,244</b>	<b>248,332,196</b>	-	<b>256,963,440</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

	-----As at 30 June 2019-----		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees) -----		
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	1,624,414	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	-	54,810	54,810
Accrued expenses and other liabilities	-	288,671	288,671
	-	<b>1,967,895</b>	<b>1,967,895</b>

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**20.1** 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.

### 20.2 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 2019, 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 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 44,900.

#### 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 2019 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 30 June 2019 can be determined as follows:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

----- As at 30 June 2019 -----

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		

----- (Rupees) -----

### Financial Assets

Bank balances	6.0 - 11.0	4,490,047	-	-	-	4,490,047
Investments		-	-	-	248,332,196	248,332,196
Receivable against sale of investment		-	-	-	932,900	932,900
Profit receivable on bank balances		-	-	-	21,465	21,465
Dividend receivable		-	-	-	431,875	431,875
Advances, deposits and other receivables		-	-	-	2,754,957	2,754,957
		<b>4,490,047</b>	<b>-</b>	<b>-</b>	<b>252,473,393</b>	<b>256,963,440</b>

### Financial Liabilities

Payable to Atlas Asset Management Limited - Management Company		-	-	-	1,624,414	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	54,810	54,810
Accrued expenses and other liabilities		-	-	-	288,671	288,671
		-	-	-	<b>1,967,895</b>	<b>1,967,895</b>

### On-balance sheet gap (a)

		<b>4,490,047</b>	<b>-</b>	<b>-</b>	<b>250,505,498</b>	<b>254,995,545</b>
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### Off-balance sheet financial instruments

		-	-	-	-	-
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### Off-balance sheet gap (b)

		-	-	-	-	-
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### Total interest rate sensitivity gap (a + b)

		<b>4,490,047</b>	<b>-</b>	<b>-</b>		
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### Cumulative interest rate sensitivity gap

		<b>4,490,047</b>	<b>4,490,047</b>	<b>4,490,047</b>		
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### (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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

In case of 5% increase / decrease in KMI 30 index on 30 June 2019, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 12,416,610 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 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

### 20.3 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 period.

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:

-----As at 30 June 2019-----						
	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	4,490,047	-	-	-	-	4,490,047
Investments	-	-	-	-	248,332,196	248,332,196
Receivable against sale of investment	932,900	-	-	-	-	932,900
Profit receivable on bank balances	21,465	-	-	-	-	21,465
Dividend receivable	431,875	-	-	-	-	431,875
Advances, deposits and other receivables	-	-	-	-	2,754,957	2,754,957
	<b>5,876,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251,087,153</b>	<b>256,963,440</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	1,624,414	-	-	-	-	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	54,810	-	-	-	-	54,810
Accrued expenses and other liabilities	44,263	244,408	-	-	-	288,671
	<b>1,723,487</b>	<b>244,408</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,967,895</b>
<b>Net assets / (liabilities)</b>	<b>4,152,800</b>	<b>(244,408)</b>	<b>-</b>	<b>-</b>	<b>251,087,153</b>	<b>254,995,545</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 20.4 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, receivable against sale of investment, profit receivable on bank balances and advances, deposits and other receivables.

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.

	<b>June 30 2019</b>	
	<b>Balance as per statement of assets and liabilities</b>	<b>Maximum exposure</b>
Bank balances	4,490,047	4,490,047
Investments	248,332,196	-
Receivable against sale of investment	932,900	932,900
Profit receivable on bank balances	21,465	21,465
Dividend receivable	431,875	431,875
Advances, deposits and other receivables	2,754,957	2,754,957
	<b>256,963,440</b>	<b>8,631,244</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 248.332 million is not exposed to credit risk.

### 20.4.1 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:

	<b>June 30 2019</b>
<b>Ratings of amounts placed with banks</b>	<b>% of financial assets exposed to credit risk</b>
<b>A+</b>	92.26
<b>A</b>	7.74
	<b>100</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

### 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 credit worthy counterparties.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 20.5 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.

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.

## 20.6 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.

## 21 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 period.

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.

## 22 UNIT HOLDING PATTERN OF THE FUND

Category	June 30 2019		
	Number of unit holders	Rupees	% of total
Banks/DFIs/NBFC	4	256,527,144	100.00
	<b>4</b>	<b>256,527,144</b>	<b>100.00</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2019 Percentage of commission paid
Shajar Capital Pakistan (Private) Limited	9.68
Intermarket Securities Limited	9.47
Taurus Securities Limited	8.61
Optimus Capital Management (Private) Limited	8.20
Pearl Securities Limited	8.05
IGI Finex Securities Limited	5.79
BIPL Securities Limited	5.09
ABA Ali Habib Securities (Private) Limited	4.90
AlFalah Securities (Private) Limited	4.48
Foundation Securities (Private) Limited	4.46

## 24 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 25 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Stock Market Fund Atlas Islamic Stock Fund Atlas Islamic Fund of Funds

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 26 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		
	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	L	P	P
Mr. Tariq Amin	P	P	P
Mr. Frahim Ali Khan	P	P	P
Mr. Ali H. Shirazi	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P
Ms Zehra Naqvi	P	P	P
Mr. M. Abdul Samad	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P
Ms Zainab Kazim	P	P	P

P Present  
L Leave of absence

## 27 RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

## 28 GENERAL

28.1 Figures have been rounded off to the nearest Rupee.

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

28.3 This is the first year of operations of the Fund hence, there is no comparative information to report in the financial statements.

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

**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

• انویسٹمنٹ کمپنی۔ انچاس میٹنگ منعقد ہوئیں دوران سال اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب علی ایچ۔ شیرازی	نان ایگزیکٹو ڈائریکٹر	۱۰
۲	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۴۵
۳	جناب خالد محمود (ایگزیکٹو مینجمنٹ)	چیف انویسٹمنٹ آفیسر۔ رکن آئی سی	۴۶
۴	جناب ایم عمر خان (ایگزیکٹو مینجمنٹ)	ہیڈ آف پورٹ فولیو مینجمنٹ۔ رکن آئی سی	۴۰
۵	جناب فواد جاوید (ایگزیکٹو مینجمنٹ)	ہیڈ آف فکسڈ انکم۔ رکن آئی سی	۴۷
۶	جناب فاران الحق (ایگزیکٹو مینجمنٹ)	ہیڈ آف ایکویٹیز۔ سیکریٹری آئی سی	۴۳

ادارے پر عائد معاشرتی ذمہ داریاں اور (سی ایس آر) 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 "اٹلس اسلامک اسٹاک فنڈ" اور "اٹلس 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۔

تازہ ترین درج بندی

اثاثہ جات نیچر کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پیکرا) نے مینجمنٹ کمپنی کی ایسٹ پیچر ریٹنگ اے ایم ۲+ (اے ایم ٹو پلس) ترتیب دی ہے۔ [اے ایم ٹو پلس] + (اے ایم ۲: ۲۰۱۸ء) بتاریخ ۳۰ جون ۲۰۱۹ء 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 مانس: فنڈ ریٹنگ) بتاریخ ۱۷ اپریل ۲۰۱۹ء کو۔ 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 ۲۴ ستمبر ۲۰۱۹ء میں، میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹینٹس کراچی، کو اٹلس اسلامک انکم فنڈ، اٹلس اسلامک اسٹاک فنڈ، اٹلس اسلامک فنڈ آف فنڈز اور اٹلس اسلامک ڈیڈ ایکٹیو اسٹاک فنڈ کیلئے دوبارہ بطور اہل تقرری کیلئے تجویز کیا، برائے اختتام سال ۳۰ جون ۲۰۲۰ء۔

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 اسٹیٹس کان 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، ۲۶ ستمبر، ۲۰۱۹ء

- ☆ 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)، (اے آئی ایس ایف)، (اے آئی ایس ایف)، (اے آئی ایف او ایف) اور (اے آئی ڈی ایس ایف) کی سالانہ رپورٹس کے صفحات ۲۲، ۶۲، ۱۰۶ اور ۱۴۲ 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۔

☆ یوٹس کی ملکیت کا انداز (اے آئی آئی ایف)، (اے آئی ایس ایف)، (اے آئی ایف او ایف) اور (اے آئی ڈی ایس ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۳، ۲۲، ۲۲ اور ۲۲ میں دیا گیا ہے۔

#### مینیجمنٹ کمپنی اور کمیٹی کے بورڈ آف ڈائریکٹران

مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز ایک ایگزیکٹو اور چھ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہیں۔ اے اے ایم ایل کے ڈائریکٹران میں شامل ہیں جناب یوسف ایچ شیرازی، چیئر مین، 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 / ڈائریکٹر

۱۹-۲۰۱۸ء مالیاتی سال کے دوران چھ بورڈ مینٹگ منعقد کی گئیں اور اس میں شرکت کی گئی۔ مینٹنگز 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، اے آئی ایس ایف، اے آئی ایف او ایف، اور اے آئی ڈی ایس ایف کی مالیاتی تفصیلات کے نوٹس ۲۸، ۲۶، ۲۵ اور ۲۶ میں بالترتیب منسلک ہیں۔

بورڈ کی کمیٹیوں میں شامل ہیں آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میڈیویشن کمیٹی، اور انویسٹمنٹ کمیٹی (جس میں ایگزیکٹو مینیجمنٹ کے افراد شامل ہیں جیسا کہ این بی ایف سی قواعد ۲۰۰۸ء میں درکار ہے)۔ مندرجہ ذیل تفصیل کے مطابق ان مینٹنگز میں ڈائریکٹران نے شرکت کی تھی۔

#### • آڈٹ کمیٹی (اے سی)۔ چار اے سی مینٹنگز دوران سال منعقد کی گئیں، اور درج ذیل شرکت کی گئی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	مینٹنگ میں شرکت
۱	جناب طارق امین	آزاد ڈائریکٹر	۴
۲	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۴	جناب ایم حبیب الرحمن	نان ایگزیکٹو ڈائریکٹر	۴

#### • ہیومن ریسورس اینڈ ری میڈیویشن کمیٹی (ایچ آراینڈ آرسی)۔ دو مینٹنگز منعقد ہوئیں دوران سال اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	مینٹنگ میں شرکت
۱	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۲
۲	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۲
۳	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۲

## تقسیم آمدن۔ اے آئی آئی ایف

منتظم کمپنی کی سرمایہ کاری کمیٹی برائے اے آئی آئی ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس کو ۳۱،۰۰۰ روپے فی یونٹ منافع (۲۰۱۸: ۲۳،۵۰ روپے فی یونٹ پورے سال کیلئے) برائے اختتام مالیاتی سال ۳۰ جون ۲۰۱۹ء کیلئے فی یونٹ تقسیم کا اعلان کیا، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۸.۲۰ فیصد (۲۰۱۸ء: ۲۳،۵۰ روپے فی یونٹ عبوری منافع، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۲.۹۰ فیصد)۔

## تقسیم آمدن۔ اے آئی ایس ایف

اے اے ایم ایل کے بورڈ آف ڈائریکٹران، اے آئی ایس ایف کی میٹجمنٹ کمیٹی، نے اپنی میٹنگ منعقدہ ۴ جولائی ۲۰۱۹ء کو مالیاتی سال برائے اختتام ۳۰ جون ۲۰۱۹ء کیلئے فنڈ کو خسارے کی وجہ سے کسی منافع کا اعلان نہیں کیا۔ (۲۰۱۸ء: صفر روپے فی یونٹ)۔

## چیئر مین کا جائزہ:

اے آئی آئی ایف، اے آئی ایس ایف، اے آئی ایف او ایف اور اے آئی ڈی ایس 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 ارسال کردہ ایس ای سی پی لیٹر نمبر ۲۰۱۸/۳۳۶/مفاد/آر ایس ایس سی ڈی مورخہ ۱۸ اپریل ۲۰۱۸ء کے مطابق جس کے تحت غیر محدود مجموعی سرمایہ کاری منصوبہ نیز غیر مندرج میٹجمنٹ کمپنیاں، جو اس طرح کے مجموعی سرمایہ کاری منصوبہ چلا رہی ہیں، نئی لسٹنگ کمینیز (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 آئی آئی ایف)، (اے آئی ایس ایف)، (اے آئی ایف او ایف) اور (اے آئی ڈی ایس ایف) کے: ☆ منتظم کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے تمام فنڈز کی کارکردگی، سالانہ آمدنی، کمیشن فلو 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 و 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 انہیں 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 مستقل بنیادوں پر جاری رہنے پر کوئی شبہ نہیں ہے۔

## ڈائریکٹرز رپورٹ:

اٹلس ایسیٹ منجمنٹ لمیٹڈ، (اے اے ایم ایل) منظم برائے اٹلس اسلامک انکم فنڈ (اے آئی آئی ایف) "اٹلس اسلامک اسٹاک فنڈ (اے آئی ایس ایف)، اٹلس اسلامک فنڈ آف فنڈز (اے آئی ایف او ایف) اور اٹلس اسلامک ڈیڈویکینڈ اسٹاک فنڈ (اے آئی ڈی ایس ایف)، کے ڈائریکٹرز صاحبان مذکورہ فنڈز کے آڈٹ شدہ مالیاتی نتائج برائے اختتام سال ۲۰۱۹ء، آڈیٹرز کی رپورٹ کے ہمراہ پیش کرتے ہوئے دلی مسرت محسوس کرتے ہیں۔

آمدنی فیونٹ، ریٹرن، مجموعی اثاثہ جات اور خلاصہ فروخت / تلافی

آمدنی فیونٹ، ریٹرن، مجموعی اثاثہ جات، اور اے آئی آئی ایف اور اے آئی ایس ایف، اے آئی ایف او ایف اور اے آئی ڈی ایس ایف کا خلاصہ فروخت / تلافی برائے اختتام سال ۲۰۱۹ء اور ۲۰۱۸ء درج ذیل ہیں۔

تفصیلات	اے آئی آئی ایف		اے آئی ایس ایف		اے آئی ڈی ایس ایف
	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۹ء	۲۰۱۸ء	
آمدنی / (خسارہ) فیونٹ - روپے	۲۸.۷۰	۳۳.۲۱	(۱۰۱.۶۰)	(۴۳.۱۸)	(۸۳.۱۰)
ریٹرن	۸.۴۸ فیصد	۴.۹۲ فیصد	(۱۸.۹۵) فیصد	(۷.۸۸) فیصد	(۱۷.۲۷) فیصد
مجموعی اثاثہ جات - ملین روپے	۱,۳۹۲.۲۳	۸۷۲.۲۲	۱۲۰۴.۹۹	۲,۲۶۲.۱۹	۲۵۶.۵۳
فروخت - ملین روپے	۱,۵۰۹.۰۷	۱,۵۰۷.۷۵	۱,۲۰۴.۴۸	۱,۷۶۴.۵۹	۳۱۷.۸۹
فروخت - بالحاظ یونٹس	۲,۹۳۵,۳۳۱	۲,۹۲۶,۸۳۰	۲,۴۳۷,۳۸۵	۳,۲۸۳,۰۱۰	۶۳۸,۰۸۷
ریڈیمیشن - ملین روپے	۹۳۶.۵۳	۲,۳۰۶.۳۵	۱,۹۷۵.۵۳	۱,۶۵۳.۴۶	۹.۱۰
ریڈیمیشن - بالحاظ یونٹس	۱,۸۲۵,۸۳۵	۴,۲۸۳,۹۸۴	۳,۸۹۹,۴۱۳	۳,۰۷۶,۵۵۱	۱۷,۹۰۶
یونٹس بقایا جات بوقت اختتام سال	۲,۷۶۲,۷۶۶	۱,۶۵۳,۲۷۰	۲,۸۰۳,۱۰۹	۸,۶۵۷,۹۳۶	۶۲۰,۱۸۱








اے آئی ایف او ایف جنوری ۲۰۱۹ء تا جون ۲۰۱۹ء				
تفصیلات	اٹلس ایگریسیو ایلیویشن اسلامک پلان	اٹلس کنزرویٹو ایلیویشن اسلامک پلان	اٹلس موڈریٹ ایلیویشن اسلامک پلان	اٹلس اسلامک کیپیٹل پریزرویشن پلان
آمدنی / (خسارہ) فیونٹ - روپے	(۵۵.۴۹)	(۳۴.۳۴)	(۵.۰۱)	(۱۶.۴۷)
ریٹرن	(۱۱.۲۲) فیصد	(۶.۹۱) فیصد	(۰.۹۴) فیصد	(۲.۴) فیصد
مجموعی اثاثہ جات - ملین روپے	۹۲.۹۲	۱۰۳.۲۸	۱۲۰.۸۷	۴۳۰.۸۶
فروخت - ملین روپے	۱۱۲.۲۶	۱۱۵.۹۵	۱۲۶.۵۹	۴۴۵.۴۰
فروخت - بالحاظ یونٹس	۲۲۴,۵۲۹	۲۳۱,۸۸۶	۲۵۲,۹۴۲	۸۸۲,۹۳۰
ریڈیمیشن - ملین روپے	۷.۷۲	(۵.۰۵)	(۴.۵۰)	-
ریڈیمیشن - بالحاظ یونٹس	۱۵,۱۸۷	۹,۹۸۹	۸,۹۴۱	۳
یونٹس بقایا جات بوقت اختتام سال	۲۰۹,۳۴۱	۲۲۱,۸۹۷	۲۴۴,۰۲۱	۸۸۲,۹۳۶










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