

# Atlas funds

*Nurturing your investments*

Atlas Fund of Funds

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**QUARTERLY REPORT**

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30 September 2013

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**(UN-AUDITED)**



Management Company

**Atlas Asset Management**

**Rated AM2- by PACRA**



#### **Vision**

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

#### **Mission Statement**

We are committed to offering our investors the best possible 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.

## **CONTENTS**

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ORGANISATION	2
CHAIRMAN'S REVIEW	3
CORPORATE INFORMATION	5
STATEMENT OF NET ASSETS	6
INCOME STATEMENT	7
DISTRIBUTION STATEMENT	8
STATEMENT OF DISTRIBUTION OF NET ASSETS UPON REVOCATION	9
NOTES TO THE INTERIM FINANCIAL STATEMENTS	10

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# Atlas Fund of Funds

## ORGANISATION

<b>Management Company</b>		<b>Investment Committee</b>	
Atlas Asset Management Limited		Chairman	Mr. M. Habib-ur-Rahman
<b>Board of Directors of the Management Company</b>		Members	Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad Mr. Khalid Mahmood Mr. Muhammad Umar Khan (Secretary) Mr. Fawad Javaid
Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)	<b>Management Committee</b>	
Directors	Mr. Azam Faruque (Independent Director) Mr. Shamshad Nabi (Independent Director) Mr. Frahim Ali Khan (Non-Executive Director) Mr. Arshad P. Rana (Non-Executive Director) Mr. Ali H. Shirazi (Non-Executive Director)	Chairman	Mr. M. Habib-ur-Rahman
Chief Executive Officer	Mr. M. Habib-ur-Rahman (Executive Director)	Members	Ms Lilly R. Dossabhoy Mr. Muhammad Abdul Samad Mr. Abbas Sajjad
Company Secretary	Ms Lilly R. Dossabhoy	Secretary	Mr. M. Irfan Dhedhi
<b>Board Committees</b>		<b>Risk Management Committee</b>	
<b>Audit Committee</b>		Chairman	Mr. Muhammad Abdul Samad
Chairman	Mr. Azam Faruque	Members	Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari Mr. Muhammad Umar Khan
Members	Mr. Shamshad Nabi Mr. Frahim Ali Khan	Secretary	Ms Zainab Hussain
Secretary	Ms Qurrat-ul-Ain Jafari	<b>Chief Internal Auditor</b>	
<b>Human Resource &amp; Remuneration Committee</b>		Ms Qurrat-ul-Ain Jafari	
Chairman	Mr. Frahim Ali Khan	<b>Registered Office</b>	
Members	Mr. M. Habib-ur-Rahman Mr. Ali H. Shirazi	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	
Secretary	Mr. Mohsin Ali Khan		

# First Quarter Report 2013-14

## CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Fund of Funds (the Fund) for the quarter ended 30 September 2013 of the FY 2013-14.

## STATUS REVIEW

As reported in the annual audited financial statements of the Fund, pursuant to the requirements of Regulation 65 of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) as amended through SRO 1492(1)/ 2012 dated 26 December 2012, the Management Company of the Fund convened the General Meeting of the Certificate Holders on 30 January 2013, wherein the Certificate Holders of the Fund, subject to the approval of the Securities and Exchange Commission of Pakistan (the Commission) approved the revocation and winding of the Fund. The Fund held investments in certificates of four closed end funds, JS Growth Fund, JS Value Fund, Meezan Balanced Fund and PICIC Energy Fund which were being converted to open end funds. These funds had imposed back end load for a period ranging from six months to one year from the date of conversion. The Certificate Holders decided that the date of revocation and winding up should be fixed by the Management Company after the date when back end load is not applicable. The Commission approved the revocation and winding up of the Fund, and directed that the process of revocation be completed by 31 July 2013, which was later extended to 31 August 2013, at the request of the Management Company to realize the dividends from the investee funds. The Commission also required the Management Company to give an option to Certificate Holders either to receive proportionately the certificates of the above mentioned closed end funds or receive cash value of the certificates.

Accordingly, 69 certificate holders holding 37,124,812 certificates holding 88.39% certificates opted to receive proportionate certificates of the investee funds. For the remaining certificate holders holding 4,875,188 certificates, these certificate holders opted/or were deemed to have opted to receive proportionate proceeds of the investment in closed end funds after deduction of back end load.

The process of distribution of assets of the Fund among Certificate Holders was completed on 24 August 2013 and the final report on the revocation of the Fund was submitted jointly by the Management Company and the Trustee of the Fund on 31 August 2013. The Commission, in their response to the final joint report on revocation, appreciated the efforts of the Management Company in the efficient and timely execution of the revocation process of the Fund. The Trustees of the Fund made settlement through cash, aggregating to Rs.272.05 million by either dispatch of cheques at the registered addresses of the Certificate Holders, or, transfer to bank accounts of the Certificate Holders, where such authority was available. The Trustees also issued transfer instruments of the value of Rs.223.61 million of the investee funds to those Certificate Holders who opted to receive proportionately their entitlement in the form of certificates of the investee funds.

As stated in the statement of net assets, as at 30 September 2013, out of the above settlement amounts, Rs.2.87 million and Rs.19.34 million were unrealized by the Certificate Holders in respect of cash settlement and transfer of investee funds respectively. Unpaid dividends as at 30 September 2013 aggregated to Rs.1.23 million. These amounts are retained in bank account with the Trustee of the Fund.

The petitions filed in the Honourable Sindh High Court against Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) are pending. As at 30 September 2013, the liability against these provisions, aggregating to Rs.9.71 million, was retained in bank account with the Trustee of the Fund. The Fund shall continue to exist as a legal entity until the decision of these petitions and final distribution to Certificate Holders.

## FINANCIAL REVIEW

The Net Asset Value per certificate of the Fund has increased by 4.86% from 30 June 2013 to 26 July 2013, the date upto which all income and expenses were accounted for with the purpose of settlement to certificate holders. As of 30 September 2013, the total assets of the Fund stood at Rs.36.09 million, representing bank balances, profit receivable, security deposit and units of investee funds pending transfer to certificate holders. The liabilities represent unclaimed dividends, proceeds on revocation pending payment / transfer to certificate holders, accrued & other liabilities, and liability against provisions for Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) against which the Fund has filed petitions in the Honourable Sindh High Court. The hearing of the petitions remains pending. Undistributed income for the quarter ended 30 September 2013 amounted to Rs.1.49 million.

# Atlas Fund of Funds

## HISTORICAL PERFORMANCE

Atlas Fund of Funds, which held its IPO in December 2004 has provided a cumulative return of 172.80% since inception till 26 July 2013, with a return of 12.34% on annualized basis. As an investor in ATFF, your initial investment of Rs.100,000 increased to Rs.272,800 (on NAV basis) as at 26 July 2013. The payout history and year on year NAV performance of the Fund is as follows:

Payout History	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Closing NAV Rs.	10.53	11.97	12.31	11.28	5.56	7.03	9.73	10.09	13.07
Payout in Rs.	0.50	1.50	1.60	0.75	-	0.22	1.50	0.90	1.82
Payout in %	* 5.00%	15.00%	16.00%	7.50%	-	2.20%	15.00%	9.00%	18.20%

\*5% Bonus Certificates

## RATING

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) at "AM2-" (AM Two Minus) for FY 2011-12. The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks. The annual asset manager rating review for the FY 2012-13 is currently in progress.

لَيْسَ لِلْإِنْسَانِ إِلَّا مَا سَعَى  
(انسان کو اتنا ہی ملے گا جتنی اس نے کوشش کی)

## ACKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan for the guidance provided in the revocation of Fund. I will also like to thank 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 confidence reposed in the Fund and the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 20 February 2014

Yusuf H. Shirazi  
Chairman

# First Quarter Report 2013-14

## Atlas Fund of Funds

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### Corporate Information

#### **Trustee**

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MCB Financial Services Limited  
3rd Floor, Adamjee House, I. I. Chundrigar Road  
Karachi

#### **Auditors**

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A. F. Ferguson & Co.  
Chartered Accountants

#### **Legal Advisers**

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Mohsin Tayebaly & Co.

#### **Bankers**

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Bank Alfalah Limited  
Faysal Bank Limited  
Summit Bank Limited

# Atlas Fund of Funds

## STATEMENT OF NET ASSETS (UN-AUDITED) AS AT 30 SEPTEMBER 2013

	Note	30 September 2013	
		----- Rupees -----	
<b>ASSETS</b>			
Bank balances			
In PLS Saving Account with Trustee, representing unclaimed cash settlement, and liabilities for pending petitions/accrued liabilities		15,197,214	
In Dividend accounts		1,228,835	16,426,049
Profit receivable on bank balances			118,869
Security deposits with CDC			200,000
Units of investee funds awaiting transfer to certificate holders	3		19,342,982
<b>Total Assets</b>			<b><u>36,087,900</u></b>
<b>LIABILITIES</b>			
Unclaimed Dividends			1,228,835
Payable to certificate holders as settlement of proceeds on revocation - pending:			
Cash settlement		2,866,067	
Transfer of units of investee funds (contra)		19,342,982	22,209,049
Liabilities transferred to Trustee against pending petitions in the Honourable Sindh High Court:	4		
Provision for Workers' Welfare Fund		9,510,700	
Provision for Federal Excise Duty		191,258	9,701,958
Accrued and other liabilities			1,455,660
Undistributed income for the period			1,492,398
<b>Total Liabilities</b>			<b><u>36,087,900</u></b>

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director



# First Quarter Report 2013-14

## INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	For the period from 1 July 2013 to 26 July 2013	For the period from 27 July 2013 to 30 September 2013	For the Quarter ended 30 September 2013
Note	----- Rupees -----		
<b>INCOME</b>			
Profit on bank deposits	1,454,558	2,056,349	3,510,907
Dividend income	18,688,477	-	18,688,477
Gain on sale of investments - net	4,553,259	-	4,553,259
	<b>24,696,294</b>	<b>2,056,349</b>	<b>26,752,643</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	702,167	-	702,167
Sindh sales tax on remuneration of the Management Company	130,322	-	130,322
Federal Excise Duty on remuneration of the Management Company	112,347	-	112,347
Remuneration of MCB Financial Services Limited - Trustee	61,923	-	61,923
Annual fees - Securities and Exchange Commission of Pakistan	33,354	-	33,354
Securities transaction cost	15,000	-	15,000
Other expense	23,976	-	23,976
Bank Charges	8,429	714	9,143
Post Revocation charges	-	532,780	532,780
Provision for Workers' Welfare Fund	472,176	30,457	502,633
	<b>1,559,694</b>	<b>563,951</b>	<b>2,123,645</b>
<b>Net income for the period - before taxation</b>	<b>23,136,600</b>	<b>1,492,398</b>	<b>24,628,998</b>
Taxation	5	-	-
<b>Net income for the period - after taxation</b>	<b>23,136,600</b>	<b>1,492,398</b>	<b>24,628,998</b>

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Atlas Fund of Funds

## DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

	For the period from 1 July 2013 to 26 July 2013	For the period from 27 July 2013 to 30 September 2013	For the Quarter ended 30 September 2013
	----- Rupees -----		
<b>Undistributed income brought forward</b>	<b>83,751,587</b>	<b>-</b>	<b>83,751,587</b>
Cash dividend at the rate of Rs.1.82 per certificate declared on 4 July 2013 (2012: Re.0.90 per certificate declared on 5 September 2012)	(76,440,000)	-	(76,440,000)
	<u>7,311,587</u>	<u>-</u>	<u>7,311,587</u>
Net income for the period - after taxation	<u>23,136,600</u>	<u>1,492,398</u>	<u>24,628,998</u>
	<b>30,448,187</b>	<b>1,492,398</b>	<b>31,940,585</b>
Less: Income distributed to the certificate holders as part of final settlement upon revocation of the Fund	(30,448,187)	-	(30,448,187)
<b>Undistributed income carried forward</b>	<u><b>-</b></u>	<u><b>1,492,398</b></u>	<u><b>1,492,398</b></u>

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# First Quarter Report 2013-14

## STATEMENT OF DISTRIBUTION OF NET ASSETS UPON REVOCATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

As reported in the annual audited financial statements of the Fund for FY 2012-13, the Fund carried out the process of disposal of Fund's assets and settlement of certificate holders' capital in accordance with the procedure specified by the SECP. The settlement was made based on the amount appearing in the books of the Fund as at 26 July 2013 as detailed below:

	Note	For the period from 1 July 2013 to 26 July 2013 Rupees
Investment held for transfer to certificate holders		223,613,899
Assets to be distributed in cash to certificate holders		294,914,684
		<u>518,528,583</u>
Settlement of liabilities in respect of		
- Remuneration of Atlas Asset Management Limited - Management Company		1,492,443
- Remuneration of MCB Financial Services Limited - Trustee		61,923
- Annual fee of the Securities and Exchange Commission of Pakistan		33,354
- Other liabilities		7,142,505
		<u>8,730,225</u>
Amount retained for settlement of liabilities	4	
- Provision for Workers' Welfare Fund		9,480,243
- Federal Excise Duty payable		191,258
- Unpaid dividend		4,467,882
		<u>14,139,383</u>
Net Assets as at distribution date of 26 July 2013	1.2	<u>495,658,975</u>
Net amount available for certificate holders - as stated above		
- Settled in cash		272,045,076
- Settled through transfer of investments held by the Fund	3	223,613,899
		<u>495,658,975</u>

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Atlas Fund of Funds

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2013

### 1. LEGAL STATUS

- 1.1 Atlas Fund of Funds (the Fund), is a closed end mutual fund managed by Atlas Asset Management Limited (AAML) as management company, with MCB Financial Services Limited (MCBFSL) as the trustee. As per the decision of the certificate holders of the Fund in general meeting held on 30 January 2013 to revoke the Fund, and the approval of the Securities and Exchange Commission of Pakistan (the Commission) through their letter no. SCD/AMCW/ATFF/519/2013 dated 3 May 2013 read with letter no. NBFC/AMCW/ATFF/662/2013 dated 26 July 2013, the process of revocation of the Fund was completed during the period, and the final report on the revocation of the Fund was submitted jointly by the Management Company and the Trustee to the Commission on 30 August 2013.
- 1.2 Following the approval for revocation of the Fund, the Management Company of the Fund carried out the process of disposal of assets and liabilities and based on net assets of Rs.495.66 million appearing in the books of the Fund as at 26 July 2013, issued the settlement proceeds to the certificate holders, as reported in note 25.2 of the audited financial statements of the Fund for the FY 2012-13, excluding the amount retained with the Trustee of the Fund in bank account, in respect of the provisions for Workers' Welfare Fund and Federal Excise Duty, as detailed in note 4 below, against which the petitions filed in the Honourable Sindh High Court are pending. The Fund shall continue to exist as a legal entity until the decision of these petitions.
- 1.3 The post-revocation activities and administration of the Fund are being managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.4 The Commission, through their letter no. NBFC - II/DD/AAML/724/2013 dated 24 September 2013 in response to the final report on the revocation of the Fund, required the Management Company to report to the Commission on quarterly basis, the status of the pending petitions in the Honourable Sindh High Court in respect of Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) on quarterly basis, which are being complied with by the Management Company. The hearing of both these petitions is so far pending.
- 1.5 The Management Company of the Fund, in their final joint report on revocation with the Trustee of the Fund, had sought the approval of the Commission to invest the amount representing liability against provisions for WWF and FED, pending the decision of the Honourable Sindh High Court, and other liabilities in Atlas Money Market Fund (AMF), an open ended fund managed by the Management Company. The Commission, in their letter no. NBFC - II/DD/AAML/724/2013 dated 24 September 2013, on the basis of endorsement of the proposal by the Trustee, has allowed the Management Company to retain such amount with banks, or invest in the AMF, after ensuring the best interests of the certificate holders and compliance to regulatory framework. The Management Company of the Fund may utilize such option after analyzing the beneficial impact of the same for the certificate holders.
- 1.6 Following the completion of revocation formalities, the certificates of the Fund were de-listed from the Karachi Stock Exchange with effect from 16 September 2013.

### 2. BASIS OF PREPARATION

In response to the request of the Management Company regarding relaxation of the requirements of Regulation 38(f) and 38(g) of the NBFC Regulations, 2008, the Commission, through their letter no. SCD/AMCW/AAML/ATFF/849/2014 dated 16 January 2014, has granted approval to the Management Company to publish electronically, by uploading on the Management Company's website, an un-audited statement of net assets in abridged form to the certificate holders on quarterly basis, together with the status of pending petitions, subject to intimation thereof to the certificate holders through press notice, and transmission via email to those certificate holders whose email addresses are available with the Management Company. These abridged financial statements have been prepared in compliance with the requirements of the Commission.

# First Quarter Report 2013-14

## 3. UNITS OF INVESTEE FUNDS AWAITING TRANSFER TO CERTIFICATE HOLDERS

This represents the portion awaiting transfer of units of the investee funds to the certificate holders, against which executed transfer deeds have been issued to them at the time of final settlement upon revocation. The total settlement in this form aggregated to Rs.223.61 million of which transfers aggregating Rs.204.27 million have already been executed. The remain transfers are awaiting submission of the executed transfer deeds by the certificate holders to the relevant asset management companies managing the investee funds.

## 4. LIABILITIES TRANSFERRED TO TRUSTEE AGAINST PENDING PETITIONS

As at 30 September 2013, the amount representing liability against provisions for Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) against which the Fund has filed petitions in the Honourable Sindh High Court, is placed in bank account maintained with the Trustee of the Fund. The hearing of the petitions remains pending.

## 5. TAXATION

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

## 6. GENERAL

6.1 Figures have been rounded off to the nearest Rupee.

6.2 There are no comparative figures to report, as these abridged interim financial statements relate to the period when the Fund has discontinued operations following revocation, whereas in the corresponding period last year, the Fund was an operational entity.

## 7. AUTHORISATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors of the Management Company pursuant to the directives of the Commission as stated in 2 above, on 20 February 2014.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

**Head Office**

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