

Atlas funds

Nurturing your investments

Atlas Fund of Funds

QUARTERLY REPORT

30 September 2014

(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 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.

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Atlas Fund of Funds

ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

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

Directors Mr. Azam Faruque
(Independent Director)

Mr. Shamshad Nabi
(Independent Director)

Mr. Frahim Ali Khan
(Non-Executive Director)

Mr. Ali H. Shirazi
(Non-Executive Director)

Mr. Arshad P. Rana
(Non-Executive Director)

Chief Executive Officer Mr. M. Habib-ur-Rahman
(Executive Director)

Company Secretary Ms Lilly R. Dossabhoy

Board Committees

Audit Committee

Chairman Mr. Azam Faruque
Members Mr. Shamshad Nabi
Mr. Frahim Ali Khan

Secretary Ms Qurrat-ul-Ain Jafari

Board Evaluation Committee

Chairman Mr. Azam Faruque
Members Mr. Shamshad Nabi
Mr. Ali H. Shirazi

Secretary Mr. M. Habib-ur-Rahman

Human Resource & Remuneration Committee

Chairman Mr. Frahim Ali Khan
Members Mr. Ali H. Shirazi
Mr. M. Habib-ur-Rahman

Investment Committee

Chairman Mr. M. Habib-ur-Rahman
Members Mr. Ali H. Shirazi
Mr. Muhammad Abdul Samad
Mr. Khalid Mahmood
Mr. Muhammad Umar Khan
(Secretary)
Mr. Fawad Javaid

Management Committee

Chairman Mr. M. Habib-ur-Rahman
Members Ms Lilly R. Dossabhoy
Mr. Muhammad Abdul Samad
Mr. Abbas Sajjad

Secretary Mr. M. Irfan Dhedhi

Risk Management Committee

Chairman Mr. M. Habib-ur-Rahman
Members Mr. Muhammad Abdul Samad
Ms Zainab Hussain
Mr. Syed Fahad Ali

Secretary Mr. Wasit Ahmed

Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

Registered Office

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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 1st quarter of the FY 2014-15.

The process of revocation was completed in August 2013. As Mutual Funds had filed constitutional petitions in respect of demands against Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) in the Honorable Sindh High Court and these were pending, the Management Company, with the permission of the Securities and Exchange Commission of Pakistan (Commission) retained with Trustee the amount representing liabilities for WWF and FED. There were also liabilities in respect of unclaimed dividends for prior years. These amounts were retained with the Trustee and invested in units of Atlas Money Market Fund and in bank deposits. The Fund shall continue to exist as a legal entity until the decision of the two petitions and consequential final settlement to the Certificate Holders.

FINANCIAL REVIEW

As at 30 September 2014, the assets and liabilities of the Fund were as under:

	Rupees	Rupees
Liabilities against which Constitutional Petition is pending		
- Workers Welfare Fund	9,538,328	
- Federal Excise Duty	191,258	9,729,586
Post Revocation Profit		
- Up to 30 June 2014	2,562,639	
- During the quarter ended 30 September 2014	283,492	2,846,131
Amount Unclaimed by Certificate Holders		
- Past dividends	1,038,698	
- Cash Settlement on revocation	1,695,096	
- Distribution by way of units of investee funds	2,422,058	
- Total Amount Unclaimed		5,155,852
Accrued and other liabilities		43,101
Total Liabilities		17,774,670
Represented by Investment:		
- In Atlas Money Market Fund	14,025,345	
- In Bank Deposits	1,324,858	
- Receivable on account of markup on Bank Deposits	2,409	
- Units of investee funds pending transfer to Certificate Holders	2,422,058	
Total Assets with Funds		17,774,670

The status of the constitutional petitions is as under:

WORKERS WELFARE FUND

A Constitutional Petition was filed in June 2010 by various mutual funds and pension funds in the Honorable High Court of Sindh (SHC), challenging the applicability of WWF to them, which is pending adjudication. However, without prejudice to the above, the Management Company has been providing for WWF since the financial year ended 30 June 2010.

Atlas Fund of Funds

FEDERAL EXCISE DUTY

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, the Management Company is of the view that the further levy of FED is not justified. In September 2013, a constitutional petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative mutual funds, through their trustees, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition remains pending.

RATING

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) at "AM2-" (AM Two Minus). 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.

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.

Karachi: 30 October 2014

Yusuf H. Shirazi
Chairman

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Atlas Fund of Funds

Corporate Information

Trustee

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Bank Alfalah Limited
Faysal Bank Limited
Summit Bank Limited

Atlas Fund of Funds

STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2014

	30 September 2014	30 June 2014
Note	----- Rupees -----	
ASSETS		
Bank balances		
In PLS Saving Account with Trustee, representing unclaimed cash settlement, and liabilities for pending petitions / accrued liabilities	286,160	1,867,856
In Dividend accounts	1,038,698	1,039,377
	1,324,858	2,907,233
Investment in Atlas Money Market Fund	3 14,025,345	12,251,319
Profit receivable on bank balances	2,409	14,221
Units of investee funds awaiting transfer to certificate holders	4 2,422,058	3,519,728
Total Assets	17,774,670	18,692,501
LIABILITIES		
Unclaimed Dividends	1,038,698	1,039,377
Payable to certificate holders:		
Settlement of proceeds on revocation		
Cash settlement	1,695,096	1,759,013
Transfer of units of investee funds (contra)	2,422,058	3,519,728
	4,117,154	5,278,741
Liability in respect of post revocation profits	5 2,846,131	2,562,639
	6,963,285	7,841,380
Liabilities against pending petitions in the Honourable Sindh High Court	6 9,729,586	9,723,800
Accrued and other liabilities	7 43,101	87,944
Total Liabilities	17,774,670	18,692,501

The annexed notes from 1 to 9 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

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INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

	30 September 2014	30 September 2013
Note	----- Rupees -----	----- Rupees -----
INCOME		
Profit on bank deposits	29,727	3,510,907
Dividend income	-	18,688,477
Gain on sale of investments - net	-	4,553,259
Unrealised gain on revaluation of investments - net	274,026	-
	303,753	26,752,643
EXPENSES		
Remuneration of Atlas Asset Management Limited - Management Company	-	702,167
Sindh sales tax on remuneration of the Management Company	-	130,322
Federal Excise Duty on remuneration of the Management Company	-	112,347
Remuneration of MCB Financial Services Limited - Trustee	-	61,923
Annual fees - Securities and Exchange Commission of Pakistan	-	33,354
Securities transaction cost	-	15,000
Auditors' remuneration	12,500	-
Other expense	-	23,976
Bank charges	1,975	9,143
Post Revocation charges	-	532,780
Provision for Workers' Welfare Fund	5,786	502,633
	20,261	2,123,645
Net income for the period before taxation	283,492	24,628,998
Taxation	-	-
	283,492	24,628,998
Payable to certificate holders in respect of post revocation profits	5 (283,492)	(1,492,398)
Net income for the period after taxation - distributed as part of final settlement upon revocation of the Fund	8.2 -	23,136,600

The annexed notes from 1 to 9 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 2014

	For the Quarter ended 30 September 2014	For the Quarter ended 30 September 2013
	----- Rupees -----	
Undistributed income brought forward	-	83,751,587
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)
	-	<u>7,311,587</u>
Net income for the period:		
From 1 July 2013 to 26 July 2013	-	23,136,600
From 27 July 2013 to 30 September 2013	-	1,492,398
Net income for the period - after taxation	-	<u>24,628,998</u>
	-	<u>31,940,585</u>
Less: Income distributed to the certificate holders as part of final settlement upon revocation of the Fund	-	(30,448,187)
Less: Payable to certificate holders in respect of post revocation profits	-	(1,492,398)
Undistributed income carried forward	-	<u>-</u>

The annexed notes from 1 to 9 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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2014

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 the 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 FY 2013-14, 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 in respect of the provisions for Workers' Welfare Fund and Federal Excise Duty, as detailed in note 6 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. In view of the above, the Fund is not a going concern and the financial statements have been prepared on liquidation basis. The use of liquidation basis of accounting did not have any impact on the values of assets and liabilities of the Fund determined in accordance with the basis of preparation of the interim financial statements as disclosed in note 2 below.
- 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, Shahræ 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 has utilized 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, 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 on half yearly and annual basis, and transmission via email to those certificate holders whose email addresses are available with the Management Company.

The management company has prepared these interim financial statements for the purposes of meeting these regulatory requirements.

Atlas Fund of Funds

	30 September 2014	30 June 2014
	Un-audited	Un-audited
Note	----- Rupees -----	----- Rupees -----

3. INVESTMENTS

At fair value through profit or loss - Held for trading	3.1	14,025,345	12,251,319
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Name of Mutual Fund	Number of units					Rupees	
	As at 1 July 2014	Purchases during the period	Bonus during the period	Sold/ redeemed during the period	As at 30 September 2014	Carrying Cost	Market Value
Atlas Money Market Fund	24,379	2,943	-	-	27,322	13,751,319	14,025,345

This investment has been made in line with the approval granted by the Securities and Exchange Commission of Pakistan vide their letter no. NBFC - II/DD/AAML/724/2013 dated 24 September 2013.

	30 September 2014	30 June 2014
	Un-audited	Un-audited
Note	----- Rupees -----	----- Rupees -----

4. UNITS OF INVESTEE FUNDS AWAITING TRANSFER TO CERTIFICATE HOLDERS

4.1	2,422,058	3,519,728
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4.1 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.222.07 million (30 June 2014: Rs.220.93 million) have already been executed. The remaining transfers are awaiting submission of the executed transfer deeds by the certificate holders to the relevant asset management companies managing the investee funds.

As at 30 September 2014, the market value of these units aggregates to Rs.2,422 million (30 June 2014: Rs.3,519 million), based on the net asset value of the investee funds, as per the breakup below. The valuation gain of Rs.0.88 million (30 June 2014: Rs.0.83 million) relates to the respective certificate holders whose units are still pending transfer.

Name of Fund	Total units outstanding	Market value at the time of transfer	Market value as at 30 September 2014	Unrealised gain on revaluation of investments-net
JS Growth Fund	4,529	357,635	631,375	273,740
JS Value Fund	3,985	384,268	663,898	279,630
Meezan Balanced Fund	36,948	367,736	505,086	137,350
PICIC Energy Fund	55,823	433,760	621,699	187,939
	101,285	1,543,399	2,422,058	878,659

	30 September 2014	30 June 2014
	Un-audited	Un-audited
Note	----- Rupees -----	----- Rupees -----

5. LIABILITY IN RESPECT OF POST REVOCATION PROFITS

5.1	2,846,131	2,562,639
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5.1 In terms of the settlement process communicated to certificate holders, profit on bank balances and investments retained pending settlement of pending petitions is payable to the certificate holders after the decision of the Honourable Sindh High Court.

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6. LIABILITIES AGAINST PENDING PETITIONS IN THE HONORABLE SINDH HIGH COURT

	30 September 2014	30 June 2014
	Un-audited	Un-audited
Note	----- Rupees -----	
Provision for Workers' Welfare Fund	9,538,328	9,532,542
Provision for Federal Excise Duty	191,258	191,258
6.1	<u>9,729,586</u>	<u>9,723,800</u>

6.1 As at 30 September 2014, the amount representing the aggregate 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, has been invested in the units of Atlas Money Market Fund, in accordance with the approval obtained from the SECP, as explained in detail in note 3 above. The hearing of the petitions remains pending.

7. ACCRUED AND OTHER LIABILITIES

	30 September 2014	30 June 2014
	Un-audited	Un-audited
Note	----- Rupees -----	
Auditors' remuneration payable	12,500	50,000
Withholding tax payable	-	7,343
Sindh sales tax payable on remuneration of the Management Company	30,601	30,601
	<u>43,101</u>	<u>87,944</u>

8. GENERAL

8.1 Figures have been rounded off to the nearest Rupee.

8.2 Comparative figures on the income statement include the period from 1 July 2013 to 26 July 2013 during which the Fund earned operational income aggregating Rs.23.136 million, which was distributed amongst the certificate holders as part of the final settlement upon revocation in August 2013, as reported in the un-audited financial statements of the Fund for the quarter ended 30 September 2013.

9. AUTHORISATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on 30 October 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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