

Atlas funds

Nurturing your investments

Atlas Fund of Funds

QUARTERLY REPORT

30 September 2016

(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. Tariq Amin
(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 Qurrat-ul-Ain Jafari

Board Committees

Audit Committee

Chairman Mr. Tariq Amin

Members Mr. Shamshad Nabi
Mr. Frahim Ali Khan

Secretary Mr. M. Uzair Uddin Siddiqui

Board Evaluation Committee

Chairman Mr. Tariq Amin

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
Mr. Fawad Javaid

Secretary Mr. Faran ul Haq

Management Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Muhammad Abdul Samad
Mr. Abbas Sajjad
Mr. Khalid Mahmood
Ms Qurrat-ul-Ain Jafari

Secretary Mr. Muhammad Umar Khan

Risk Management Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Muhammad Abdul Samad
Mr. Khalid Mahmood

Secretary Mr. Muhammad Faizan Ghori

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

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First Quarter Report 2016-17

CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Fund of Funds (ATFF) for the three months period ended 30 September 2016 of the FY 2016-17.

FINANCIAL REVIEW

ASSETS

As of 30 September 2016 the assets of the ATFF stood at Rs.19,454,779. These are invested in Atlas Money Market Fund valuing Rs.16,438,656 and in PLS account including profit receivable thereon stood at Rs.24,823. Remaining amount i.e. Rs.2,991,300 is invested in units of investee funds pending transfer to certificate holders.

LIABILITIES

The liabilities are detailed as under:

- Amount not claimed by certificate holders - Rs.5,002,562. These are unclaimed dividends amounting to Rs.1,029,256, unclaimed cash proceeds on revocation, amounting to Rs.982,006 and unclaimed proceeds on revocation through transfer of certificates of investee funds amounting to Rs.2,991,300.
- Accrued & other liabilities amounting to Rs.52,801.
- Liability against provisions for Workers' Welfare Fund (WWF) amounting to Rs.9,554,259 and liability against provisions for Federal Excise Duty (FED) amounting to Rs.191,258, pending decisions of the Honorable Sindh High Court and Honorable Supreme Court of Pakistan.

INCOME

Net income for the period ended September 30, 2016 stood at Rs.186,528. The aggregate post revocation income stood at Rs.4,653,899 on 30 September 2016.

WORKERS' WELFARE FUND AND FEDERAL EXCISE DUTY

The petitions filed in the Honorable Sindh High Court against WWF is still pending.

As regards, FED a bench of Honorable Sindh High Court had declared the levy of FED by Federal Government as unconstitutional. The Federal Government has filed an appeal at Honorable Supreme Court of Pakistan, against the judgment of the Honorable Sindh High Court.

The Fund shall continue to exist as a legal entity until the decision of these petitions and final distribution to Certificate Holders.

RATING

The Pakistan Credit Rating Agency Limited (PACRA) assigned asset manager rating of Atlas Asset Management Limited (AAML) to "AM2" (AM Two). 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.

خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے
(Self-reliance depends on Self-determination)

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. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 27 October 2016

Yusuf H. Shirazi
Chairman

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

First Quarter Report 2016-17

SPECIAL PURPOSE STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2016

		30 September 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	
ASSETS			
Bank balances in PLS Savings Account		24,564	16,284,992
Investment in Atlas Money Market Fund	5	16,438,656	-
Profit receivable on bank balances		259	19,759
Units of investee funds awaiting transfer to certificate holders	6	2,991,300	2,745,842
Total Assets		19,454,779	19,050,593
LIABILITIES			
Unclaimed Dividends		1,029,256	1,029,256
Payable to certificate holders:			
Settlement of proceeds on revocation			
Cash settlement		982,006	982,006
Transfer of units of investee funds (contra)		2,991,300	2,745,842
		3,973,306	3,727,848
Liability in respect of post revocation profits	7	4,653,899	4,467,371
		8,627,205	8,195,219
Liabilities against pending petitions in the Honourable Supreme Court of Pakistan and Sindh High Court	8	9,745,517	9,745,517
Accrued and other liabilities	9	52,801	80,601
Total Liabilities		19,454,779	19,050,593

The annexed notes from 1 to 11 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

Tariq Amin
Director

Atlas Fund of Funds

SPECIAL PURPOSE INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	30 September 2016	30 September 2015
	----- Rupees -----	
INCOME		
Profit on bank deposits	31,624	93,072
Unrealised gain on revaluation of investments - net	183,904	150,163
	215,528	243,235
EXPENSES		
Auditors' remuneration	29,000	25,148
Bank charges	-	174
Provision for Workers' Welfare Fund	-	-
	29,000	25,322
Net income for the period before taxation	186,528	217,913
Taxation	-	-
Payable to certificate holders in respect of post revocation profits	(186,528)	(217,913)
Net income for the period after taxation	-	-
Other comprehensive income	-	-
Total Comprehensive income for the period	-	-

The annexed notes from 1 to 11 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

Tariq Amin
Director

First Quarter Report 2016-17

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2016

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 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 7 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 special purpose financial statements have been prepared on liquidation basis of accounting. 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 special purpose interim financial statements as disclosed in note 2 and 3 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, 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 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 Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited) with effect from 16 September 2013.

2. BASIS OF PRESENTATION

These special purpose interim financial statements have been prepared solely for the purpose of submission to the taxation authorities. These financial statements comprise of statements of assets and liabilities and income statement alongwith the notes forming part thereof for the period ended 30 September 2016.

Atlas Fund of Funds

3. BASIS OF PREPARATION

3.1 These special purpose interim financial statements have been prepared in accordance with the accounting policies as mentioned in note 4 below. These policies are consistent with the recognition principle specified under approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by SECP prevail. The disclosures have been limited as these are special purpose financial statements as stated in note 2 above.

3.2 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 financial statements for the purposes of meeting these regulatory requirements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim special purpose financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended 30 June 2016.

		30 September 2016	30 June 2016
		Un-audited	Audited
	Note	-----Rupees-----	

5. INVESTMENTS

At fair value through profit or loss - Held for trading	5.1	16,438,656	-
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	----- Number of units -----					-----Rupees-----		
	As at 1 July 2016	Purchases during the period	Bonus during the period	Redeemed during the period	As at 30 September 2016	Carrying Cost	Market Value	
5.1								
	Atlas Money Market Fund	-	32,377	-	-	32,377	16,254,752	16,438,656

This investment had 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 2016	30 June 2016
		Un-audited	Audited
	Note	-----Rupees-----	

6. UNITS OF INVESTEE FUNDS AWAITING TRANSFER TO CERTIFICATE HOLDERS	6.1	2,991,300	2,745,842
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6.1 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.222.19 million (30 June 2016: Rs.222.19 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 2016, the market value of these units aggregates to Rs.2,991 million (30 June 2016: Rs.2,453 million), based on the net asset value of the investee funds, as per the breakup below. The valuation gain of Rs.1,570 million (30 June 2016: Rs.1,032 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 2016	Unrealised gain on revaluation of investments - net
-----Rupees-----				
JS Growth Fund	4,525	351,043	823,633	472,590
JS Value Fund	4,046	377,700	893,844	516,144
Meezan Balanced Fund	34,853	303,818	573,338	269,520
PICIC Energy Fund	52,019	388,259	700,485	312,226
	95,443	1,420,820	2,991,300	1,570,480

The outstanding units shown above includes units received from investee funds subsequent to revocation as follows:

	As bonus issue	On reinvestment of dividend
JS Growth Fund	1,383	24
JS Value Fund	1,008	81
Meezan Balanced Fund	7,553	1,742
PICIC Energy Fund	19,558	-
	30 September 2016	30 June 2016
	Un-audited	Audited

7. LIABILITY IN RESPECT OF POST REVOCATION PROFITS

Note	-----Rupees-----	
7.1	4,653,899	4,467,371

7.1 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 Courts and it is established that the cases in respect of which petitions are pending will not be pursued further.

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

	30 September 2016	30 June 2016
	Un-audited	Audited
Note	-----Rupees-----	
Provision for Workers' Welfare Fund	9,554,259	9,554,259
Provision for Federal Excise Duty	191,258	191,258
8.1	9,745,517	9,745,517

8.1 As at 30 September 2016, the amount representing the aggregate liability in respect of provisions for Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) is placed in avenues permitted by the SECP as explained in note 1.5 to these special purpose interim financial statements.

Atlas Fund of Funds

	30 September 2016 Un-audited	30 June 2016 Audited
	-----Rupees-----	
9. ACCRUED AND OTHER LIABILITIES		
Auditors' remuneration payable	15,000	50,000
Sindh sales tax payable on remuneration of the Management Company	30,601	30,601
Withholding tax payable	7,200	-
	<u>52,801</u>	<u>80,601</u>

10. GENERAL

Figures have been rounded off to the nearest Rupee.

11. AUTHORISATION OF ISSUE

These special purpose interim financial statements were authorized for issue by the Board of Directors of the Management Company on 27 October 2016.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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Commission of Pakistan

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