

# Atlas funds

*Nurturing your investments*

Atlas Fund of Funds

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**THIRD QUARTER REPORT**

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31 March 2017

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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 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

### 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

# Third 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 for nine months ended 31 March 2017 of the FY 2016-17.

## ASSETS OF THE FUND:

As of 31 March 2017 the total assets of the Fund stood at Rs.20,341,847. These are invested in Atlas Money Market Fund at Rs.16,974,502 and in PLS account at Rs.17,778. Remaining amount i.e. Rs.3,349,495 is invested in units of investee funds pending transfer to certificate holders.

## LIABILITIES:

The aggregate liabilities stood at Rs.15,181,875 on 31 March 2017, detailed as under:

## AMOUNT UNCLAIMED BY CERTIFICATE HOLDERS:

Liabilities amount represents unclaimed amount by certificate holders on account of (i) dividends amounting to Rs.1,029,256, (ii) cash proceeds on revocation unclaimed amounting to Rs.982,006 and (iii) units of investee funds pending transfer to certificate holders, amounting to Rs.3,349,495. The total unclaimed amount is Rs.5,360,757.

## PROVISION FOR WORKERS WELFARE FUND AND FEDERAL EXCISE DUTY:

These amount to Rs.9,554,259 and Rs.191,258 respectively. Please refer to Courts Judgements in these cases as stated below.

## ACCRUED AND OTHER LIABILITIES:

These amount to Rs.75,601.

## INCOME:

Net income for the period ended 31 March 2017 stood at Rs.692,601. The aggregate post revocation income stood at Rs.5,159,972 on 31 March 2017.

## COURT JUDGEMENTS IN THE WORKERS WELFARE FUND (WWF) & FEDERAL EXCISE DUTY (FED) CASES:

On 10 November 2016 the Honorable Supreme Court of Pakistan (SCP) passed a judgment declaring 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 has filed a review petition in the SCP against the said judgment, which is pending for hearing. While the petitions filed by the CISs on the matter are still pending before the SHC.

The bench of Honorable Sindh High Court had declared the levy of FED by Federal Government as unconstitutional in its judgment dated 30 June 2016, where provincial Governments have levied sales tax on the service. The Federal Government filed an appeal at Honorable Supreme Court of Pakistan which is pending adjudication.

The above are important developments in the above cases. The Fund will wait for decision by SCP on review petition in case of WWF and decision by SCP on appeal made by Federal Government in case of FED for final distribution to certificate holders of Atlas Fund of Funds. In case of favorable decisions the amount provided by the Fund on account of WWF and FED together with post revocation income as stated above will be distributable among certificate holders.

## RATING:

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

جسے اللہ رکھے اسے کون چکھے

If Allah wills not, no one can Harm

## ACKNOWLEDGEMENT

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

Karachi: 27 April 2017

Yusuf H. Shirazi  
Chairman

# Atlas Fund of Funds

## Corporate Information

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### **Trustee**

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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

# Third Quarter Report 2016-17

## SPECIAL PURPOSE STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 MARCH 2017

		31 March 2017 Un-audited	30 June 2016 Audited
Note	-----	Rupees -----	
<b>ASSETS</b>			
Bank balances in PLS Savings Account		17,778	16,284,992
Investment in Atlas Money Market Fund	5	16,974,502	-
Profit receivable on bank balances		72	19,759
Units of investee funds awaiting transfer to certificate holders	6	3,349,495	2,745,842
<b>Total Assets</b>		<b>20,341,847</b>	<b>19,050,593</b>
<b>LIABILITIES</b>			
Unclaimed Dividends		1,029,256	1,029,256
<b>Payable to certificate holders:</b>			
Settlement of proceeds on revocation			
Cash settlement		982,006	982,006
Transfer of units of investee funds (contra)		3,349,495	2,745,842
		<b>4,331,501</b>	<b>3,727,848</b>
Post revocation profits	7	5,159,972	4,467,371
		<b>9,491,473</b>	<b>8,195,219</b>
Liabilities against pending petitions	8	9,745,517	9,745,517
Accrued and other liabilities	9	75,601	80,601
<b>Total Liabilities</b>		<b>20,341,847</b>	<b>19,050,593</b>

The annexed notes from 1 to 11 form an integral part of these special purpose 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 NINE MONTHS ENDED 31 MARCH 2017

	31 March 2017	31 March 2016
	----- Rupees -----	
<b>INCOME</b>		
Profit on bank deposits	32,088	114,951
Unrealised gain on revaluation of investments - net	719,750	572,940
	<b>751,838</b>	<b>687,891</b>
<b>EXPENSES</b>		
Auditors' remuneration	59,000	35,148
Bank charges	237	1,935
	<b>59,237</b>	<b>37,083</b>
<b>Net income for the period before taxation</b>	<b>692,601</b>	<b>650,808</b>
Taxation	-	-
Payable to certificate holders in respect of post revocation profits	(692,601)	(650,808)
<b>Net income for the period after taxation</b>	<b>-</b>	<b>-</b>
Other comprehensive income	-	-
<b>Total Comprehensive income for the period</b>	<b>-</b>	<b>-</b>

The annexed notes from 1 to 11 form an integral part of these special purpose financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director



# Third Quarter Report 2016-17

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

FOR THE NINE MONTHS ENDED 31 MARCH 2017

### 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 at the date of revocation of the Fund. 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 using the 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 details of the petitions are disclosed in note 8 and 8.1 to these special purpose financial statements.
- 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 and accordingly do not contain all the disclosures required under approved accounting standards (note 3). These special purpose financial statements comprise of statements of assets and liabilities, income statement alongwith the notes forming part thereof for the period ended 31 March 2017.

# 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 made in these special purpose financial statements 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 (2) (f) and 38 (2) (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 special purpose 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.

	31 March 2017 (Un-audited)	30 June 2016 Audited
Note	-----	-----
	Rupees	

## 5. INVESTMENTS

At fair value through profit or loss - Held for trading	5.1	<u>16,974,502</u>	<u>-</u>
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5.1 Name of Mutual Fund	Number of units				Rupees		
	As at 1 July 2016	Purchases during the period	Bonus during the period	Redeemed during the period	As at 31 March 2017	Carrying Cost	Market Value
Atlas Money Market Fund	-	32,377	-	-	32,377	<u>16,254,752</u>	<u>16,974,502</u>

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.

	31 March 2017 (Un-audited)	30 June 2016 Audited
Note	-----	-----
	Rupees	

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

6.1	6.1	<u>3,349,495</u>	<u>2,745,842</u>
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# Third Quarter Report 2016-17

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 31 March 2017, the market value of these units aggregates to Rs.3.349 million (30 June 2016: Rs.2.746 million), based on the net asset value of the investee funds, as per the breakup below. The valuation gain of Rs.2.094 million (30 June 2016: Rs.1.325 million) relates to the respective certificate holders whose units are still pending transfer in their favour.

Name of Fund	Total units outstanding	Market value at the time of transfer	Market value as at 31 March 2017	Unrealised gain on revaluation of investments-net
-----Rupees-----				
JS Growth Fund	4,440	341,310	1,038,034	696,724
JS Value Fund	3,970	367,873	1,035,784	667,911
Meezan Balanced Fund	23,238	158,506	431,989	273,483
PICIC Energy Fund	52,019	388,259	843,688	455,429
	<b>83,666</b>	<b>1,255,948</b>	<b>3,349,495</b>	<b>2,093,547</b>

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

	As bonus issue	On reinvestment of dividend
	----- Rupees -----	
JS Growth Fund	1,383	55
JS Value Fund	1,008	111
Meezan Balanced Fund	7,553	3,014
HBL Energy Fund (Formerly PICIC Energy Fund)	19,558	-
	<b>31 March 2017</b>	<b>30 June 2016</b>
	<b>(Un-audited)</b>	<b>Audited</b>
Note	----- Rupees -----	

## 7. POST REVOCATION PROFITS

7.1	<b>5,159,972</b>	<b>4,467,371</b>
-----	------------------	------------------

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.

	<b>31 March 2017</b>	<b>30 June 2016</b>
	<b>(Un-audited)</b>	<b>Audited</b>
Note	----- Rupees -----	

## 8. LIABILITIES AGAINST PENDING PETITIONS

Provision for Workers' Welfare Fund	9,554,259	9,554,259
Provision for Federal Excise Duty	191,258	191,258
8.1	<b>9,745,517</b>	<b>9,745,517</b>

8.1 The Finance Act 2015 excluded mutual funds from the FED & WWF from 1 July 2015. However, the FBR did not withdraw claim for FED & WWF till 30 June 2015.

As at 31 March 2017, 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

	31 March 2017 (Un-audited)	30 June 2016 Audited
	----- Rupees -----	
<b>9. ACCRUED AND OTHER LIABILITIES</b>		
Auditors' remuneration payable	45,000	50,000
Sindh sales tax payable on remuneration of the Management Company	30,601	30,601
	<u>75,601</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 April 2017.

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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[facebook.com/atlasfunds](https://facebook.com/atlasfunds)

**Karachi Head Office**

Ground Floor,  
Federation House,  
Sharae Firdousi, Clifton,  
Karachi-75600.  
Ph: (92-21) 35379501- 04

**Savings Center Karachi**

Faiyaz Centre,  
Ground Floor,  
Shahra-e-Faisal  
(opp. FTC building),  
Karachi-74400.  
Ph: (92-21) 34522601-02

**Lahore Office**

C/o. Atlas Battery Ltd.  
Building 64/1, Block-XX,  
Khayaban-e-Iqbal,  
DHA, Lahore.  
Cell: 0321-4181292

**Rawalpindi Office**

C/o. Atlas Honda Limited,  
60, Bank Road,  
Saddar,  
Rawalpindi.  
Ph: (92-51) 5856411

**Islamabad Office**

C/o. Shiriazai Trading Company  
41, Ataturk Avenue,  
East End Block,  
Blue Area,  
Islamabad.  
Ph: (92-51) 2823172

**Faisalabad Office**

C/o. Atlas Honda Ltd,  
Customer Care Centre,  
1st Floor, Meezan Executive Tower,  
4-Liaqat Road,  
Faisalabad.  
Ph: (92-41) 2541013

**Savings Center Abbottabad**

Office # 5,  
First Floor,  
Al- Fateh Shopping Center  
(opp Radio Station),  
Abbottabad.  
Ph : (92-992) 408186