



Atlas Sovereign Liquid Fund

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Atlas Money Market Fund

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Atlas Income Fund

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Atlas Stock Market Fund

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Atlas Gold Fund

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ANNUAL REPORT

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30 June 2016

Atlas  
**funds**

*Nurturing your investments*



Managed By

**Atlas Asset Management**

Rated AM2 by PACRA



# 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 20 August 2002 as an unlisted public limited company and is registered with the Securities and Exchange Commission of Pakistan as an asset management company for managing open-ended funds and closed-end funds. AAML is also a licensed pension fund manager to manage voluntary pension funds.

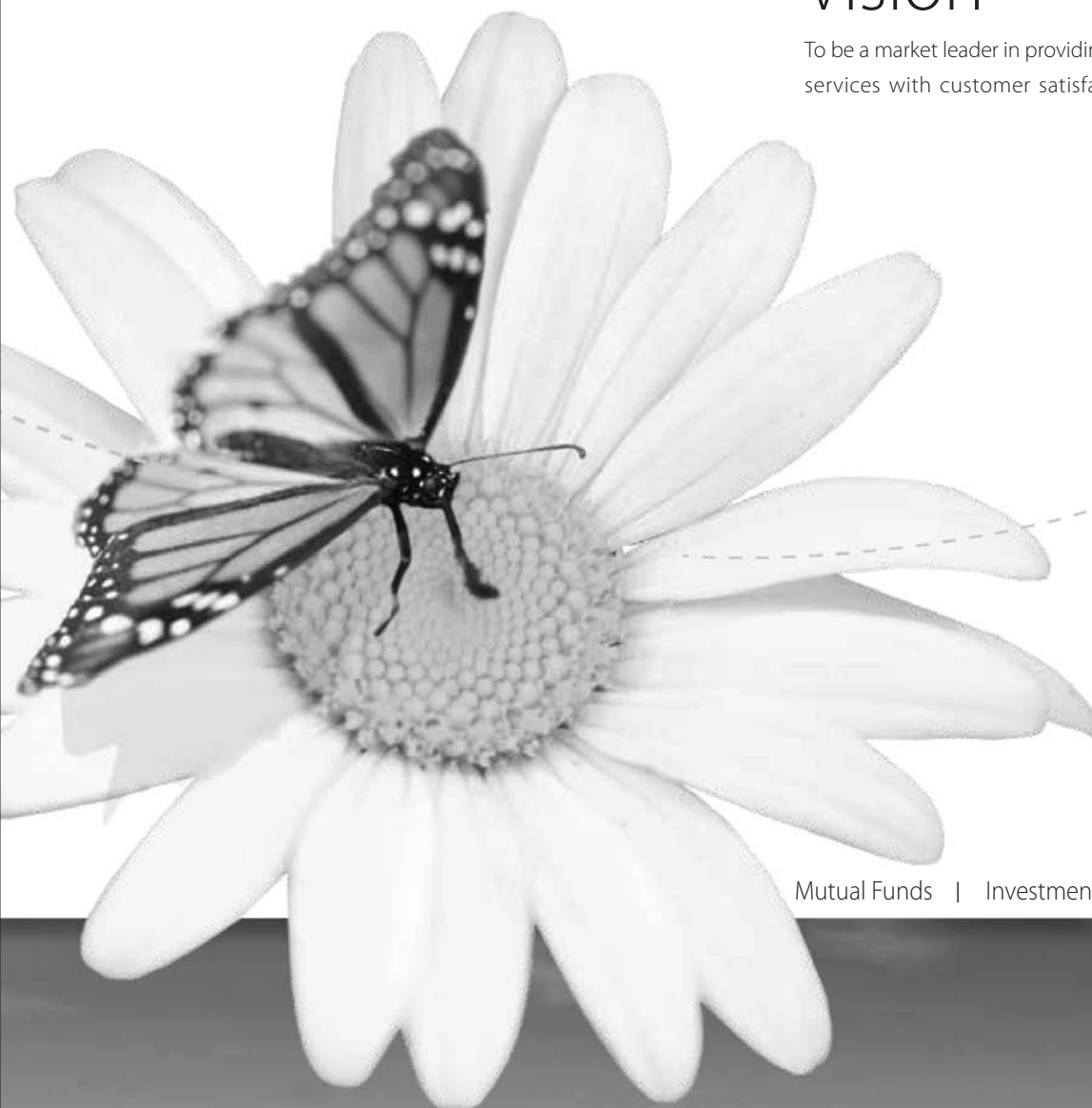
AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects. Atlas Group is a diversified group dealing in engineering, financial services, power generation, real estate & trading.

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

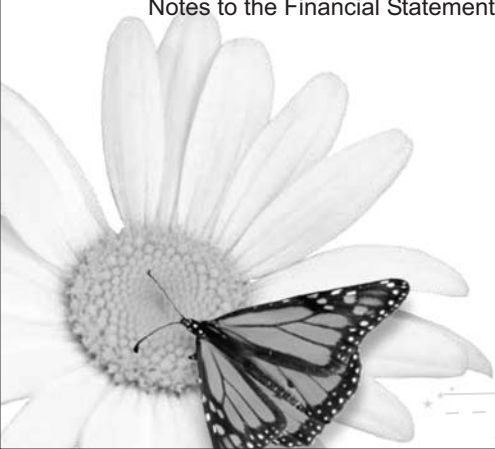
# Team Work

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

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<b>Chairman</b>	Mr. Yusuf H. Shirazi (Non-Executive Director)
<b>Directors</b>	Mr. Tariq Amin (Independent Director) Mr. Shamshad Nabi (Independent Director) Mr. Fahim 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

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<b>Chairman</b>	Mr. Tariq Amin
<b>Members</b>	Mr. Shamshad Nabi Mr. Fahim Ali Khan
<b>Secretary</b>	Mr. M. Uzair Uddin Siddiqui

### Board Evaluation Committee

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<b>Chairman</b>	Mr. Tariq Amin
<b>Members</b>	Mr. Shamshad Nabi Mr. Ali H. Shirazi
<b>Secretary</b>	Mr. M. Habib-ur-Rahman

### Human Resource & Remuneration Committee

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<b>Chairman</b>	Mr. Fahim Ali Khan
<b>Members</b>	Mr. Ali H. Shirazi Mr. M. Habib-ur-Rahman

## Investment Committee

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<b>Chairman</b>	Mr. M. Habib-ur-Rahman
<b>Members</b>	Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad 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. M. Habib-ur-Rahman
<b>Members</b>	Mr. Muhammad Abdul Samad Mr. Abbas Sajjad Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari
<b>Secretary</b>	Mr. Muhammad Umar Khan

## Risk Management Committee

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<b>Chairman</b>	Mr. M. Habib-ur-Rahman
<b>Members</b>	Mr. Muhammad Abdul Samad Mr. Khalid Mahmood
<b>Secretary</b>	Mr. Muhammad Faizan Ghori

## 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

The above information is as at 09 September 2016.



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## Board of Directors of the Management Company

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### Mr. Yusuf H. Shirazi Chairman

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Mr. Shirazi is a Law graduate (L.L.B) with BA (Hons) and JD (Diploma in Journalism) Punjab University and AMP Harvard. He served in the Financial Services of the Central Superior Services of Pakistan for eight years. He is the author of five 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 economy. Mr. Shirazi is the Chairman of the Atlas Group, which among others, has joint ventures with GS Yuasa International, Honda Motor Company and MAN, to name a few. He has been the president of Karachi Chamber of Commerce and Industries for two terms. 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 visiting faculty member of National Defence University, National School of Public Policy and Naval War College. He has been on the Board of Governors LUMS, GIK and FC College. Previously, he also served on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space and Upper Atmosphere Research Commission (SUPARCO).

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### Mr. Tariq Amin 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.

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### Mr. Shamshad Nabi Director

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Mr. Shamshad Nabi is a Chartered Accountant by profession. He is a Fellow of the Institute of Chartered Accountants of England & Wales and Institute of Chartered Accountants of Pakistan. He has also completed his MBA in Finance from the University of Wales in the UK. Mr. Nabi has over 40 years working experience in the UK, Saudi Arabia and Pakistan mostly in asset management and development banking. He has had a long association with the Mutual fund industry in Pakistan, having served the NIT from 1966 to 1980 including the last four years as the NIT's Deputy Managing Director. He was the first Chief Executive Officer of the Mutual Funds Association of Pakistan from August 2007 to July 2012. During his association with the NIT, Mr. Nabi served on the Board of Directors of a large number of listed companies including ICI Pakistan Limited, Siemens Pakistan Limited, former Reckit & Colman of Pakistan Limited, Premier Tobacco Company Limited and Gul Ahmed Textiles Mills Limited besides many others. He has also served on the Board of Directors of the Karachi Stock Exchange. From 1980 until the end of 2002, Mr. Nabi worked for the Islamic Development Bank in Jeddah, Saudi Arabia for almost the entire period in the Grade of Director in the Treasury & Finance Department, Business Development Department and the Trade Finance Department. He has also worked for The Citizens Foundation in an Honorary capacity for four years as Advisor. Presently, he is on the Board of Directors of Cherat Cement Company Limited.

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### Mr. Fahim Ali Khan Director

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Mr. Fahim Ali Khan has over 46 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 Battery 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 Insurance Limited, and has been the CEO of Shirazi Investments (Pvt) Limited, Shirazi Trading Company (Pvt) Limited, and former Atlas Investment Bank Limited.

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### Mr. Arshad P. Rana Director

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Mr. Arshad P. Rana is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. He is a senior expert in insurance industry and has been affiliated with Atlas Insurance Limited, an associate company of the Atlas Group since 1991; first as General Manager and then as Chief Operating Officer before being appointed as the Chief Executive Officer of the company in March 2004. In his professional career that spans over 35 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the company affairs with a professional approach having the vision to make Atlas Insurance Limited as one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector. Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior to becoming the Chairman, Insurance Association of Pakistan in 2005-2006.

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## Board of Directors of the Management Company

Mr. Ali H. Shirazi  
Director

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Mr. Ali H. Shirazi graduated in Political Science 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 an Atlas Group Director, and is responsible for Group's financial services. He is also on the Board of Atlas Insurance Limited, Atlas Battery Limited, Atlas Engineering Limited, Shirazi Capital (Pvt.) Limited, Shirazi (Pvt.) Limited, Shirazi Investments (Pvt.) Limited, Atlas Metals (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Venture Limited, Techlogix International Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), and National Management Foundation (sponsoring body of LUMS).

Mr. M. Habib-ur-Rahman  
Chief Executive Officer

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Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants of England & Wales and has attended the 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 SECP's nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of the Commission's Advisory Group on Capital Markets, and the Commission's Enquiry Committee on management of Exposure Rules by KSE / LSE.



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 Sovereign Liquid Fund (ASLF), Atlas Money Market Fund (AMF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF) and Atlas Gold Fund (AGF) for the financial year ended 30 June 2016.

### THE ECONOMY

The economy of Pakistan has showed strong performance in FY 2015-16 with real GDP growing at 4.71% during the year which is the highest in eight years despite lower agricultural growth on account of notable decline in cotton production. CPI inflation for the financial year 2015-16 averaged at 2.86% against 4.53% recorded in financial year 2014-15. The SBP reduced Discount Rate (DR) by 25bps in May-16 to stand at historic low of 6.25% (Policy Rate 5.75%). This was the second time during the year after 50bps cut in Sep-15 review to 6.5% (Policy Rate 6.00%). The expansionary monetary policy stance by SBP has seen increased expansion in credit to private sector.

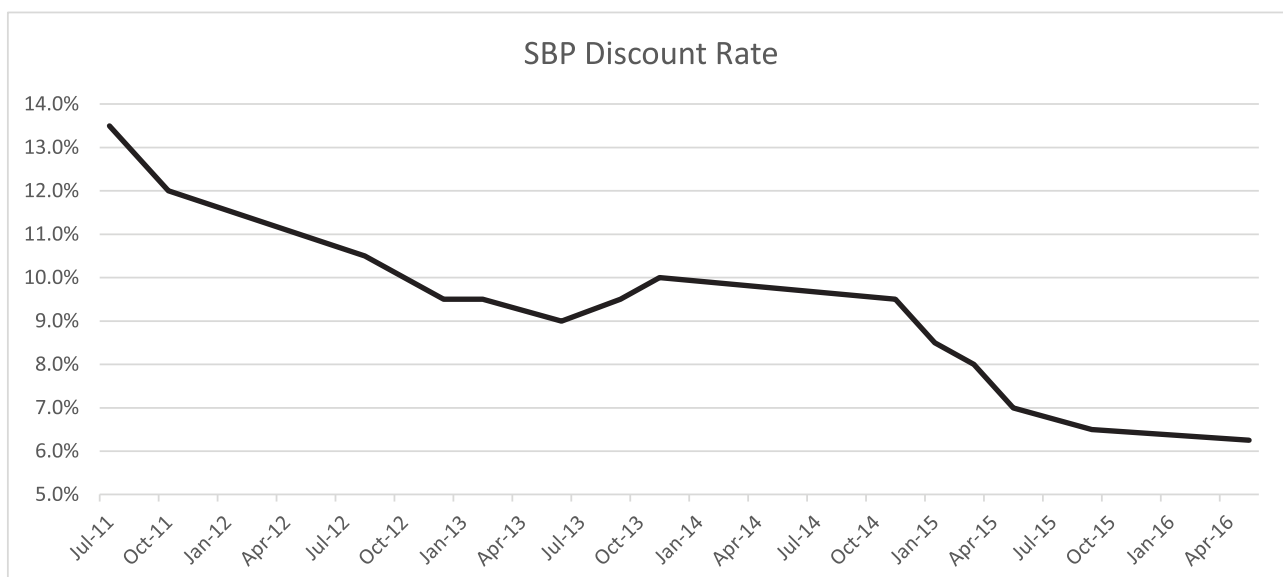
Exports during FY 2015-16 were US\$ 20.80 billion as compared to US\$ 23.67 billion in FY 2014-15. Imports declined by 2.32% and stood at US\$ 44.77 billion during financial year 2015-16. The current account deficit stood at US\$ 2.53 billion in FY 2015-16 as compared to a deficit of US\$ 2.71 billion in the financial year 2014-2015 mainly due to CSF inflows, growth in worker's remittances and lower oil prices which reduced import bill. Foreign worker's remittances have increased to record US\$ 19.91 billion during the FY 2015-16, showing a growth of 6.38% compared to US\$ 18.72 billion remitted during the FY 2014-15. Pakistan's foreign exchange reserves have increased to US\$ 23.08 billion at June end 2016 compared to US\$ 18.70 billion at June end 2015.

CPI was 2.86% during financial year 2015-16 as compared to 4.53% for the previous corresponding year. Both food and non-food item prices increased at lower pace compared to last year. Low food prices mainly emanated from smooth supply of commodities despite floods, vigilant monitoring of prices coupled with decline in global food commodities. A growth of 11.69% was witnessed in the M2 (money supply) during FY 2015-16 as compared to 11.80% growth during the previous year corresponding period.

Real GDP growth for FY 2015-16 stood at 4.71% as compared to a growth of 4.04% in the preceding year. The Agriculture sector growth decreased by 0.19% against previous year's growth rate of 2.53%. The Large Scale Manufacturing (LSM) recorded a growth of 4.61% against growth of 3.29% last year. The Services sector recorded growth of 5.71% in FY 2015-16 as compared to 4.31% during the previous corresponding period.

### THE MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 2.86% during financial year 2015-16, as compared to 4.53% for the FY 2014-15. Prudent fiscal and monetary policies, stability in exchange rate, smooth supply of commodities in the market and monitoring of prices both at federal and provincial level along with fall in global commodity prices helped in moderating the headline inflation (CPI) and other inflationary indicators. The government has also passed on the benefits of lower oil prices to domestic consumers which helped in bringing the stability in prices of commodities of the CPI basket.

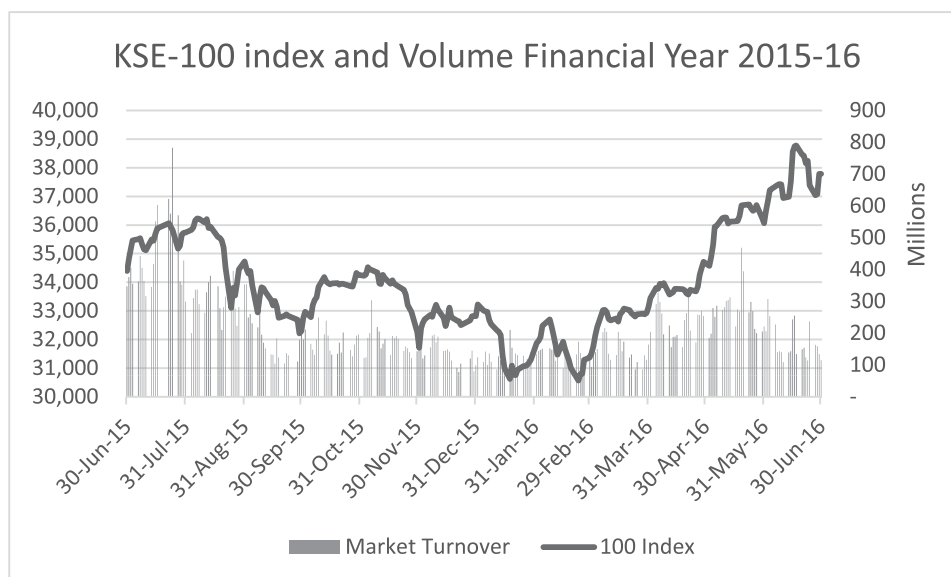


The growth in money supply (M2) witnessed an increase of 11.69% during 2015-16 to stand at Rs.1,319.2 billion against the expansion of 11.80% (Rs. 1,176.4 billion) in the comparable period last year. Net Foreign Assets (NFA) witnessed expansion of Rs. 105.2 billion during 2015-16 as against the net expansion of Rs. 222.3 billion in the comparable period of fiscal year 2014-15. Increase in NFA during the current fiscal year was mainly due to improvement in Current Account Deficit, multi-lateral inflows excluding IMF and decline in imports stemming from lower international commodities' prices. Net Domestic Asset (NDA) of Banking system grew by 9.38% or Rs. 982 billion against an increase of 8.98% or Rs. 842 billion during the corresponding period last year stemming from a blend of high government borrowings from scheduled banks and retirement of borrowings earlier obtained from the SBP. Credit to Private sector was Rs. 264 billion during 2015-16 against credit of Rs. 138 billion during 2014-15 due to lower interest rate regime, increased economic activity and better energy and law & order situation.

Monetary policy has largely been accommodative on the back of favorable macroeconomic environment which included uptick in real GDP growth, decline in headline CPI inflation, stability in external sector including all time high level of the country's FX reserves, contained fiscal deficit due to revenue mobilization, government efforts to substitute its borrowing from SBP to commercial banks and successful completion of eleven reviews under Extended Fund Facility (EFF). Pakistan's foreign exchange reserves have increased to US\$ 23.08 billion at June end 2016 compared to USD 18.70 billion at the end-June 2015. The rise is mainly due to loans from ADB and World Bank, Coalition Support Fund (CSF) as well as disbursement of loans under Extended Fund Facility (EFF) by IMF and higher investment inflows. It is important to mention here that the increase in the reserves was largely attributed to rise in the reserves held by SBP. On the other hand, reserves held by commercial banks were almost stagnant during the period under review. On the back of better macroeconomic indicators and environment, SBP has adopted an accommodative monetary policy stance. Previously policy rate was reduced by 50 bps to 6.0 percent in September 2015. Policy rate remained unchanged at 6.0 percent in subsequent monetary policy meetings held in November 2015, January 2016 and April 2016. The realization of monetary easing witnessed in pickup of economic activities supported SBP's decision to further reduce the policy rate by 25 bps from 6.0 percent to 5.75 percent w.e.f. 21st May, 2016 which is the lowest rate in last 44 years reflecting improved macro-economic conditions towards the end of Fiscal Year 2016.

## THE STOCK MARKET

The KSE-100 index has increased from 34,398.86 points as on 30 June 2015 to 37,783.54 points as on 30 June 2016, increasing by 9.84%. The average volumes during the year decreased by 5.28% to 208 million shares from 220 million shares traded last year. Net Foreign portfolio outflow during the year was recorded at US\$ 282 million compared to inflow of US\$ 39 million last year. On the local front NBFCs were the most active participant investing US\$188 million during the period. Moreover, Individual investors and Mutual Funds invested US\$ 126 million and US\$ 43 million in the stock market, respectively. Companies, on the other hand, reduced their exposure in the equity market by US\$ 83 million.



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During the period the sectors that outperformed the market were Pharmaceuticals, Cements and General Industries that posted 37%, 24% and 16% return, respectively. Pharmaceutical sector performed on the back of increase in drug prices during the year having a favorable impact on the margins of the companies. Moreover, cement sector performed on better earnings outlook as dispatches increased by 9.8% during the year, while cost of inputs, coal and electricity prices remain subdued during the period.

Sectors that remained subdued were Food Producers, Fertilizer, Oil & Gas, Commercial Banks and Automobile & Parts posting -11%, -7%, -7%, -3% and -2% returns, respectively. International Urea prices declined by 35% during the year from US\$ 292/ton in June 2015 to US\$ 191/ton in June 2016, that resulted in reduced discount of local price over imported price. Moreover, fall in international commodity prices have resulted in poor farm economics eroding the buying power of farmers. Thus the urea manufacturers were forced to sell their product at a discount eroding the bottom-line of fertilizer companies. Oil & Gas sector decreased owing to decline in international oil prices from an average of US\$ 71/barrel in FY15 to average of US\$ 40/barrel in FY16, a decline of 35%. Banks remained under pressure due to monetary easing of 75bps during the period that further dented the spreads of banking industry. Automobile sector remained under pressure due to strengthening of JPY against PKR, which appreciated 23% during the period, and increase in steel prices that would negatively impact the margins of auto manufacturers.

Three new companies were listed on the stock exchange during the period, namely, Al Shaheer Corporation Limited, Amreli Steels Limited and Hi-Tech Lubricants Limited. Secondary offerings during the year were as follows: Engro Corporation sold 295 million shares of Engro Fertilizers Limited to local and foreign institutional investors and high net worth individuals during the year at a total value of approximately USD184mn. During the year Public announcement of Intention was made by FrieslandCampina International Holding BV to acquire up to 51% of voting shares of Engro Foods Limited. Pakistan stands to receive USD445mn in foreign exchange if the deal is completed. Similarly, shareholders of Hascol sold 18.1mn shares for USD28mn to Vitol Dubai Limited, a global energy and commodity trading company.

Morgan Stanley Capital International (MSCI), the US equity indices provider, has included Pakistan Stock Exchange in its benchmark Emerging Market (EM) index. The MSCI Pakistan Index will be reclassified to emerging markets status, coinciding with the May 2017 semi-annual index review, hence, PSX would be inducted in the EM Index in June 2017. The MSCI document said Pakistan stocks will have a potential weight of 0.19 percent in the emerging market, while, currently Pakistan's weight in the MSCI Frontier Market (FM) Index is 8.9 percent. EM is a market of over a trillion dollars which is substantially higher than FM. This could attract foreign flows much higher than the outflows expected from the FM players.

The government in its budget announcement reduced corporate tax rate for non-banking companies to 31% from 32% for tax year 2017, while it is envisioned to be brought down by 1% to 30% by next year. However, one time Super Tax, introduced at 3% on profit for Tax Year 2015, was extended for another year and is also applicable for the tax year 2016. Tax credit duration has been increased from 1 year to 2 years on new listing which would encourage private companies to raise capital from equity market.

## THE COMMODITY MARKET

Spot Gold prices/ounce have increased from US\$ 1,172.24 as on 30 June 2015 to US\$ 1,322.15 as on 30 June 2016, showing an increment of 12.8%. Spot Gold prices increased during financial year 2015-16 as investors rushed towards safe havens and exited risky investments after United Kingdom (UK) voters surprised the world by voting to exit the European Union (EU). Market anticipates both the UK and the EU will likely see weaker growth going forward with central banks trying their best to support markets. Furthermore, investors all but ruled out an U.S. interest rate hike during the year following dismal U.S. employment data. Consequently, U.S. dollar declined which dampened optimism over the strength of the U.S. economy. Support also came in the form of weaker economic data and stock markets around the world. During the year, Bank of Japan decided not adding additional stimulus to its economy. As a result of the decision, the Yen posted substantial gains against the dollar.

Inflows into ETFs (SPDR Gold Shares) witnessed growth of 33.5% during the fiscal year as sentiment towards gold improved markedly. Shifts in the global economic and financial landscape have created a positive environment for gold investment in recent months. Uncertainty abounds: (1) the Negative Interest Rate Policies (NIRP) implemented by central banks in Japan and Europe represent a shift to 'unconventional policies' which create 'great uncertainty'; (2) China's devaluation of the yuan fueled fears over the country's economic health and the potential impact on global growth; and (3) the pace of US interest rate rises is now widely expected to slow. First half of 2016 witnessed that the jewellery demand from India considerably reduced on the back of widespread strikes across their jewellery industry. This was caused by budgetary increase in custom and excise duties on gold bars along with tax on jewellery manufacturing. Jewellery demand from China slowed down on the back of economic slowdown. Central banks across the globe continued to purchase gold as diversification which became a growing theme.

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## MUTUAL FUND TAXATION

### 1. Finance Act - 2016:

On budgetary measures, the following amendments related to mutual fund industry were introduced in the Income Tax Ordinance 2001 through Finance Act 2016.

- Federal Excise Duty (FED) has been withdrawn.
- Increase in rate of Capital Gain Tax on companies investing in mutual funds (other than stock funds) from 12.5% (less than one year holding) to 25%.
- Filer and Non Filer concept introduced.  
Rate of tax on Dividend for other than equity funds in case for Non-Filers is fixed at 15% for Individuals & AOP's, as against 10% for Filers.

### 2. Reopening of Assessments of prior years:

During the year ended 30 June 2014, the Additional Commissioner Inland Revenue amended the return of income filed by various mutual funds under section 120 of the Income Tax Ordinance, 2001 (Ordinance) on the plea that bonus issues declared by the funds should not have been considered as distribution of income while claiming exemption available under clause 99 of Part 1 of the Second Schedule to Ordinance. Consequently the tax demands were raised across the mutual fund industry. The industry, including the funds under management of your company on whom demand was raised went on appeal. The Commissioner Inland Revenue - Appeals decided the matter in favor of the funds. Against this decision the tax assessing officer has filed an appeal in Appellate Tribunal Inland Revenue.

### 3. Withholding tax on Mutual Funds:

With effect from 12 May 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 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. However, 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 20 April 2016 a stay order was granted, however the document was received on 13 May 2016.

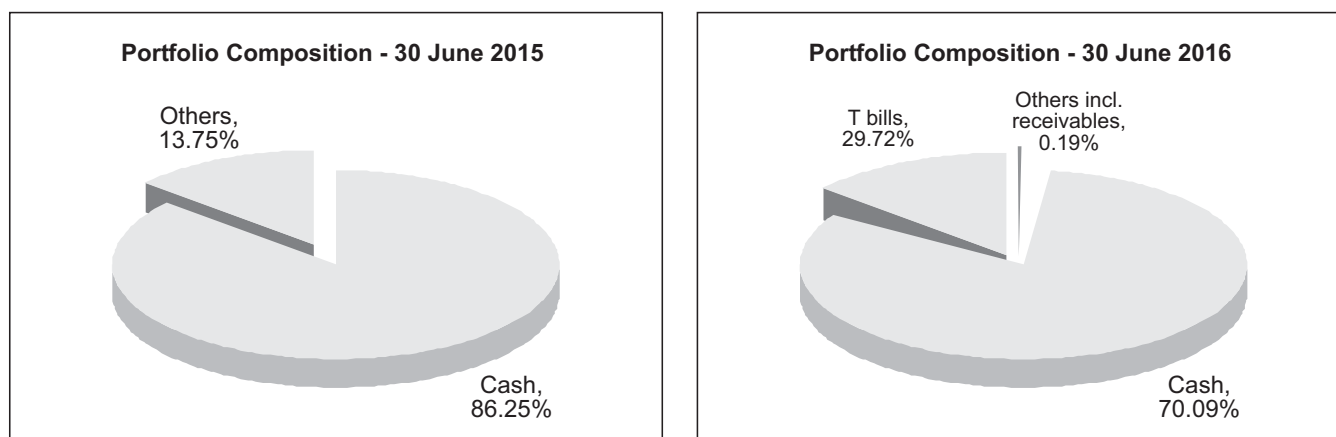
### 4. Super Tax:

A onetime super tax was levied on person whose income is more than Rs.500 Million for the tax year 2015 @ 3% for companies and 4% for banking companies through Finance Act, 2015. The tax has been extended for one more year. FBR is issuing notices to mutual funds whose income is exempt from tax (that includes super tax also) under clause 99 of Part 1 of the Second Schedule of Income Tax Ordinance 2001. During March 2016, notices were issued to twelve mutual funds managed by six Asset Management Companies. This includes Atlas Money Market Fund (AMF) managed by AAML. These mutual funds have filed a petition in the Honorable Sindh High Court for obtaining stay order against recovery and deciding the applicability of super tax on mutual funds. The Honorable High Court also gave "stay order" against recovery till 17 June 2016. The AMC have also appealed with Appellate Commissioner (AC). The AC decided the case in favor of the Department. AAML has gone to appeal with the Income Tax Tribunal against the judgement. Meanwhile, the Honorable High Court has granted "stay order" till 11 July 2016, the date of hearing. On 11 July 2016 the case were not taken up by the court and hence the stay order prevails till next day of hearing.



## FUND OPERATIONS - ASLF

The Net Asset Value per unit of the Fund increased by 5.79% to Rs.100.11 per unit as on 30 June 2016, which includes total payout of Rs.5.75 per unit. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated) and 70% average 3 Month PKRV rate for the period of return stood at 5.76%. During the year the quarterly average exposure of treasury bills in ASLF stood at 82%. The ASLF's total exposure in Treasury Bills stood at 29.72% and the remaining in cash deposits and others including receivables. ASLF 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.746.96 million, with 7.46 million units outstanding as of 30 June 2016.



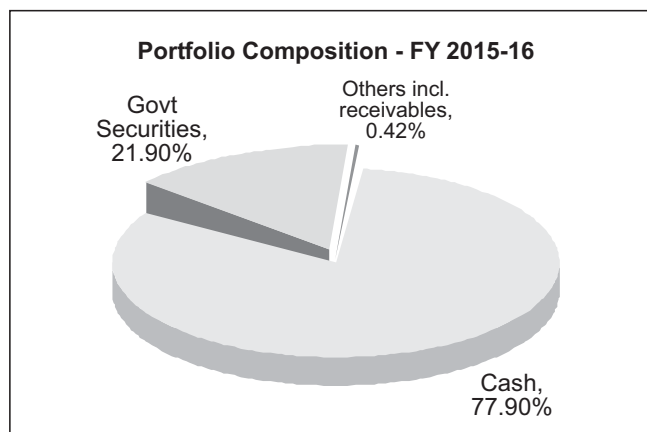
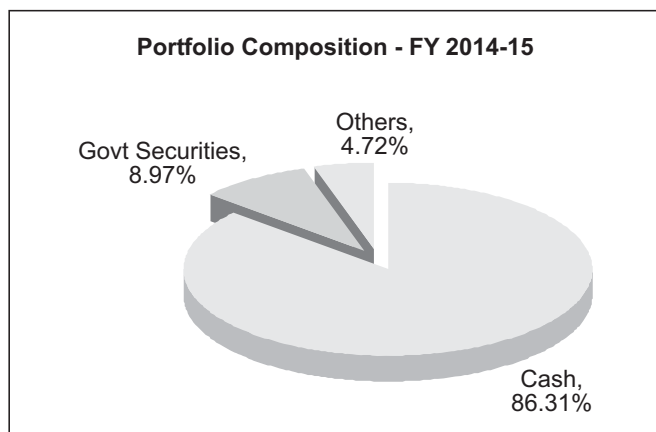
Committee of the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Liquid Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an interim cash dividend of Rs.5.75 per unit (5.75% on the face value of Rs.100 per unit).

The Scheme has maintained provisions against WWF contingent liability of Rs.323,547. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.0.04 /0.04%. For details please read Note 10.1 of the latest Financial Statements of the Scheme. The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. The Scheme has provided for FED liability which amounted to Rs.905,341(Rs.0.12 per unit) as on 30 June 2016.

## FUND OPERATIONS - AMF

The Net Asset Value per unit of the Fund increased by 6.02% to Rs.501.10 per unit as on 30 June 2016, which includes total payout of Rs.33 per unit. The benchmark 50% of average 3-Month deposit rates of three scheduled banks (AA and above rated) and 50% average 3 Month PKRV rate for the period of return stood at 5.76%. During the year the monthly average exposure of treasury bills in AMF stood at 77.6%. The AMF's total exposure in Treasury Bills stood at 21.90% with remaining in short term deposits with banks/ cash. 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.3.27 billion, with 6.53 million units outstanding as of 30 June 2016.



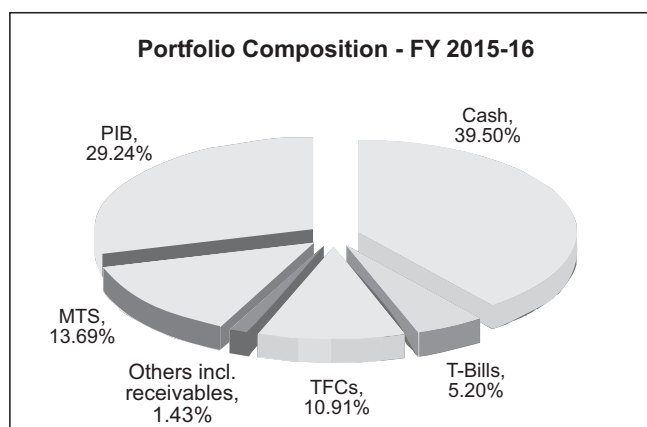
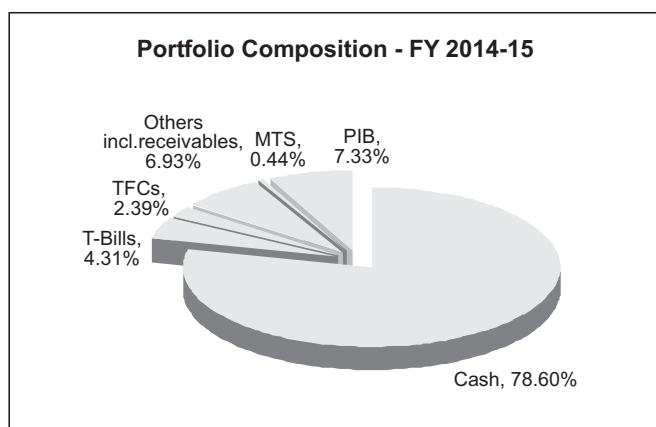


Committee of the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an interim cash dividend of Rs.33 per unit (6.60% on the face value of Rs.500 per unit).

The Scheme has maintained provisions against WWF contingent liability of Rs.35,840,884. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.5.49/1.10%. For details please read Note 10.1 of the latest Financial Statements of the Scheme. The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. The Scheme has provided for FED liability which amounted to Rs.20,428,502 (Rs.3.13 per unit) as on 30 June 2016.

#### FUND OPERATIONS - AIF

AIF Net Asset Value per unit increased by 8.02% to Rs.511.25 as on 30 June 2016, which includes total payout of Rs.40 per unit. The benchmark average six months KIBOR rate stood at 6.53% during the period under review. During the year the monthly average exposure of PIBs in AIF stood at 34.0%. AIF's current asset allocation is 5.20% in Treasury bills, 13.69% in MTS, 10.91% in TFC, 29.24% in Pakistan Investment Bond, 39.50% in cash/deposits and 1.43% in others. The Net Assets of the Fund stood at Rs.7.81 billion with 15.27 million units outstanding as of 30 June 2016.



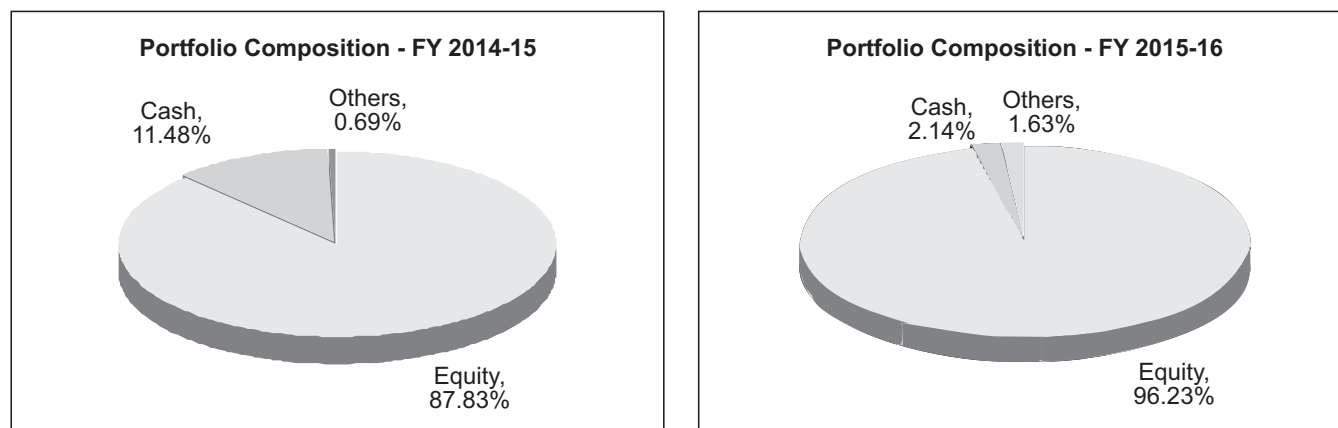
Committee of the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an interim cash dividend of Rs.40.00 per unit (8.00% on the face value of Rs.500 per unit).

The Scheme has maintained provisions against WWF contingent liability of Rs.18,852,977. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.1.23/0.24%. The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. For details please read Note 12.1 of the latest Financial Statements of the Scheme. The Scheme has provided for FED liability which amounted to Rs.23,582,971(Rs.1.54 per unit) as on 30 June 2016.

## FUND OPERATIONS - ASMF

The Net Asset Value per unit of Atlas Stock Market Fund increased by 5.05% to Rs.503.43 as on 30 June 2016. The benchmark KSE-100 index has increased by 9.84% during the same period. The KSE- 100 has increased from 34,398.86 points as on June 30, 2015 to 37,783.54 points as on 30 June 2016. The main drivers of return for the index were HUBC, FFC, ENGRO, LUCK, HBL, DAWH, KAPCO, INDU, FCCL & DGKC as they contributed approximately 4,000 points to the index and were able to beat the broader index by a huge margin. It is pertinent to highlight that KSE-30 index yielded only 0.37% return as against KSE- All index that yielded 5.31% return during the same period.

The ASMF's equity portfolio exposure was mainly in Oil & Gas Exploration, Commercial Bank, Cement and Fertilizer sectors. ASMF 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.4.02 billion, with 7.98 million units outstanding as of 30 June 2016.

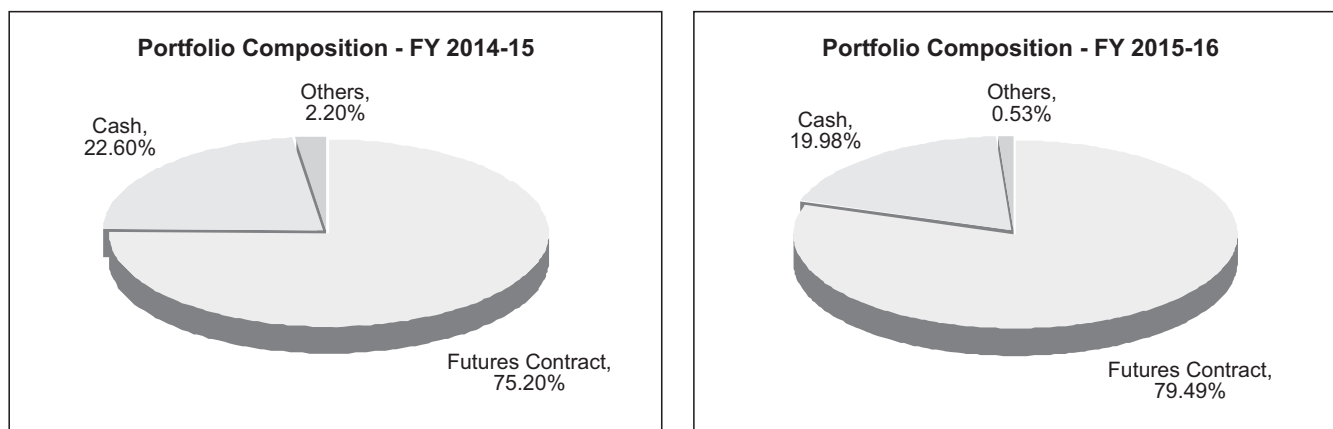


The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Stock Market Fund, in their meeting held on 11 July 2016, has approved a final cash dividend of Rs.5.00 per unit (1.00% on the face value of Rs.500 per unit).

The Scheme has maintained provisions against WWF contingent liability of Rs.34,031,289. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.4.26/0.85%. The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. For details please read Note 10.1 of the latest Financial Statements of the Scheme. The Scheme has provided for FED liability which amounted to Rs.20,301,988(Rs.2.54 per unit) as on 30 June 2016.

## FUND OPERATIONS - AGF

The Net Asset Value per unit of Atlas Gold Fund increased by 13.11% to Rs. 110.78 as on 30 June 2016. The benchmark increased by 9.92% during the same period. The exposure in Gold Future Contracts was 79.49% as on 30 June 2016. The Net Assets of the Fund stood at Rs.234.10 million with 2.11 million units outstanding as of 30 June 2016. The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Gold Fund, in their meeting held on 11 July 2016, has approved a final cash dividend of Rs.5.00 per unit (5.00% on the face value of Rs.100 per unit).



The Scheme has maintained provisions against WWF contingent liability of Rs.194,578. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.0.09/0.08%. The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. For details please read Note 11.1 of the latest Financial Statements of the Scheme. The Scheme has provided for FED liability which amounted to Rs.1,319,911(Rs.0.62 per unit) as on 30 June 2016.

## RATINGS

- **Asset Manager 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.

- **Fund Stability Rating - ASLF**

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 - 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.

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## FUTURE OUTLOOK

Pakistan economy has continued its upward trajectory as economic reforms have progressed and security situation has improved. Inflation markedly declined and the current account deficit has narrowed with favorable prices for oil and other commodities. Growth momentum is likely to remain assuming continued macroeconomic stability, expected improvement in energy supply and planned infrastructure investment tied to economic corridor project linking with CPEC. Industrial growth is expected to be driven by low interest rate regime, strong expansion in construction, utilities and manufacturing. The government is currently implementing a structural reform program to relieve constraints on growth by improving service delivery in energy and other infrastructure sectors, expanding fiscal space, fostering a competitive business environment, liberalizing trade and restructuring or privatizing public enterprises. Economic reform and an improving security environment should further boost business confidence and foster private investment. A sustained reform effort will be required over the medium to long term to boost productivity and potential growth, building on the progress achieved so far.

The Funds are committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

عِ خِدارِ حِمتِ کِند اِیِ عاشِقانِ پاکِ طِینِتِ 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. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 29 August 2016

**Yusuf H. Shirazi**  
Chairman

# Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Liquid Fund (ASLF), Atlas Money Market Fund (AMF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF) and Atlas Gold Fund (AGF) take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of ASLF, AMF, AIF, ASMF and AGF for the year ended 30 June 2016.

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

Earnings per unit, net assets, and summary of sales / redemption of units of ASLF, AMF, AIF, ASMF and AGF for the year ended 30 June 2015 are as follows:

	ASLF		AMF		AIF		ASMF		AGF	
	2016	(launched w.e.f. 24 November 2014) to 2015	2016	2015	2016	2015	2016	2015	2016	2015
Earnings per unit - Rupees	1.71	2.69	8.63	13.31	29.11	15.39	25.34	87.01	12.84	(4.42)
Net assets - Rupees million	746.96	604.91	3,269.85	3,699.65	7,808.33	5,576.25	4,017.19	3,304.66	234.10	200.75
Sales - Rupees million	901.83	7,370.93	7,103.87	7,582.10	8,499.22	10,537.08	1,144.65	2,413.93	41.07	56.38
Sales - in units	8,888,239	72,037,552	13,867,021	14,784,233	16,137,231	19,924,669	2,415,188	4,776,645	383,313	550,175
Redemptions - Rupees million	768.15	6,786.33	7,720.62	10,348.42	6,416.59	9,323.22	327.31	441.76	33.06	6.23
Redemptions - in units	7,325,413	66,139,173	14,686,728	19,477,192	11,792,806	16,730,020	693,286	898,758	319,821	61,743
Units outstanding at year end	7,461,205	5,898,379	6,525,388	7,345,095	15,273,112	10,928,724	7,979,640	6,257,738	2,113,174	2,049,681

### INCOME DISTRIBUTION - ASLF

The Committee of the Board of Directors of Atlas Asset Management Limited (AAML), the Management Company of Atlas Sovereign Liquid Fund (ASLF), under the authority delegated to them by the Board, in their meeting held on 24 June 2016 has approved an interim cash dividend of Rs.5.75 per unit (5.75% on the face value of Rs.100 per unit) for the period ending 24 June 2016, (2015: Interim distribution Rs.2.25 per unit on the face value of Rs.100 per unit).

### INCOME DISTRIBUTION - AMF

The Committee of the Board of Directors of Atlas Asset Management Limited (AAML), the Management Company of Atlas Money Market Fund (AMF), under the authority delegated to them by the Board, in their meeting held on 24 June 2016 has approved an interim cash dividend of Rs.33.00 per unit (6.60% on the face value of Rs.500 per unit) for the period ending 24 June 2016, (2015: Interim distribution Rs.42 per unit on the face value of Rs.500 per unit).

### INCOME DISTRIBUTION - AIF

The Committee of the Board of Directors of Atlas Asset Management Limited (AAML), the Management Company of Atlas Income Fund (AIF), under the authority delegated to them by the Board, in their meeting held on 24 June 2016 has approved an interim cash dividend of Rs.40.00 per unit (8% on the face value of Rs.500 per unit) for the period ending 24 June 2016, (2015: Interim distribution Rs.55 per unit on the face value of Rs.500 per unit).

### INCOME DISTRIBUTION - ASMF

The Board of Directors of the Management Company, in their meeting held on 11 July 2016 approved a final cash dividend of Rs.5 per unit (1% on the face value of Rs.500 per unit) for the period ended 30 June 2016 (2015: Rs.50 per unit on the face value of Rs. 500 per unit).

### INCOME DISTRIBUTION - AGF

The Board of Directors of the Management Company, in their meeting held on 11 July 2016 approved a final cash dividend of Rs.5 per unit (5% on the face value of Rs.100 per unit) for the period ended 30 June 2016.

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## CHAIRMAN'S REVIEW

The review included in the Annual Report of ASLF, AMF, AIF, ASMF and AGF deals inter alia with the performance of these Funds for the period 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.

The Board Evaluation Committee (BEC) was formed in 2014 to comply with the requirements of the Code of Corporate Governance, requiring the Board of Directors to implement a mechanism for the annual evaluation of the Board's performance. The BEC comprises of three members - both the independent directors of which one is the Chairman, and one member from the sponsor family. The CEO serves as the secretary to this committee. The BEC carried out the Board Evaluation Process.

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board of Directors states for ASLF, AMF, AIF, ASMF and AGF 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.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summaries of key financial data/ performance tables of ASLF, AMF, AIF, ASMF and AGF are annexed on pages 26, 62, 103, 152 and 194 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 20, 20, 24, 21 and 20 respectively, to the financial statements of ASLF, AMF, AIF, ASMF and AGF.

## 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. A casual vacancy occurred in the Board during the year which was filled in with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC and NE Regulations, 2008.

Five Board Meetings were held and attended during FY 2015-16. The particulars of the dates of meetings, and the directors attending, as required under the NBFC and NE Regulations, 2008, are appended as note 24, 24, 28, 25 and 24 respectively to the financial statements of ASLF, AMF, AIF, ASMF and AGF.

Committees of the Board comprise the Audit Committee, the Board Evaluation Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel as required under the NBFC and NE 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. Azam Faruque	Independent Director	4
2	Mr. Shamshad Nabi	Independent Director	4
3	Mr. Frahim Ali Khan	Non-Executive Director	4

**Board Evaluation Committee (BEC)** - one meeting was held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Azam Faruque	Independent Director	1
2	Mr. Shamshad Nabi	Independent Director	1
3	Mr. Ali H. Shirazi	Non-Executive Director	1

**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. Habib-ur-Rahman	Chief Executive Officer	2

**Investment Committee (IC)** - 35 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	16
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	32
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer - Member IC	31
4	Mr. Khalid Mahmood (executive management)	Fund Manager Member IC	31
5	Mr. M. Umar Khan (executive management)	Fund Manager Member IC	32
6	Mr. Fawad Javaid (executive management)	Fund Manager Member IC	32
7	Mr. Faran-ul-Haq (executive management)	Fund Manager Member IC	34

Mr. Azam Faruque resigned on 17 June 2016 and Mr Tariq Amin was appointed as an independent director filling the casual vacancy.



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## DIRECTORS' TRAINING PROGRAM REQUIREMENTS

Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst the remaining three Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.

## TRANSACTIONS IN UNITS OF THE FUNDS

The Directors, CEO, executives and their spouses and minor children have made no transactions in the Fund's units during the year except as disclosed in notes 16, 15, 19, 16 and 17 respectively, to the financial statements of ASLF, AMF, AIF, ASMF and AGF.

## RATINGS UPDATE

### ASSET MANAGER RATING

The Pakistan Credit Rating Agency Limited (PACRA), assigned the asset manager rating of the Management Company at 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.

### FUND STABILITY RATING - ASLF

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 - 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.

## AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 24 August 2016, recommended the re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, being eligible, as auditors of the Atlas Money Market Fund, Atlas Income Fund and Atlas Stock Market Fund for the financial year ending 30 June 2017, and the re-appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, being eligible, as auditors of Atlas Sovereign Liquid Fund and Atlas Gold Fund for the year ending 30 June 2017.

The Board approved the re-appointments, as applicable.

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## 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

Karachi: 29 August 2016

**M. Habib-ur-Rahman**  
Chief Executive Officer

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# Atlas Sovereign Liquid 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



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## Fund Manager's Report

Atlas Sovereign Liquid Fund (ASLF) is an Open-ended Money Market Fund. The objective of ASLF is to provide unit-holders competitive returns with low risk and high liquidity by investing primarily in short-term Government Securities. The Fund will invest 70% of assets - based on quarterly average investments calculated on daily basis in Authorized short term Government Securities and remaining in 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.

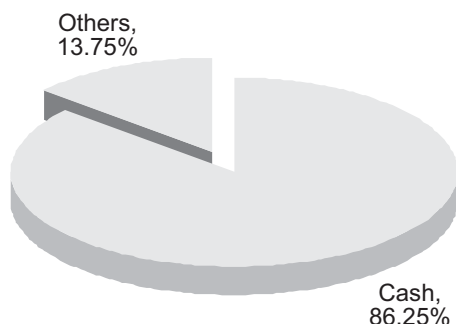
The Benchmark for "Atlas Sovereign Liquid Fund" is 70% that would be an average of "3 Month PKRV rate" for the period of return and 30% that would be an average of "3-Month deposit rates of three scheduled banks (AA and above rated)" for the period of return.

The Consumer Price Index (CPI) on average was recorded at 2.86% during financial year 2015-16, as compared to 4.53% for the financial year 2014-15. Prudent fiscal and monetary policies, stability in exchange rate, smooth supply of commodities in the market and monitoring of prices both at federal and provincial level along with fall in global commodity prices helped in moderating the headline inflation (CPI) and other inflationary indicators. The government has also passed on the benefits of lower oil prices to domestic consumers which helped in bringing the stability in prices of commodities of the CPI basket.

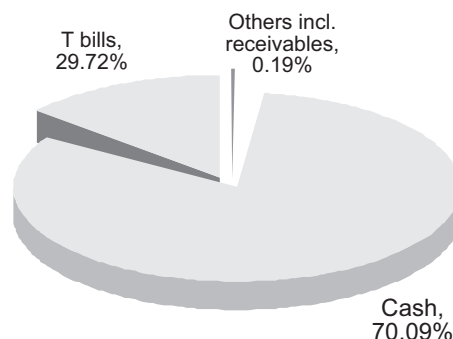
The SBP reduced Discount Rate (DR) by 25bps in May-16 to stand at historic low of 6.25% (Policy Rate 5.75%). This was the second time during the year after 50bps cut in Sep-15 review to 6.5% (Policy Rate 6.00%). The expansionary monetary policy stance by SBP has seen increased expansion in credit to private sector.

The Net Asset Value per unit of the Fund increased by 5.79% to Rs.100.11 per unit as on 30 June 2016, which includes total payout of Rs.5.75 per unit. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated) and 70% average 3 Month PKRV rate for the period of return stood at 5.76%. During the year the quarterly average investments calculated on daily basis of Government Securities in ASLF stood at 82%. The ASLF's total exposure in Treasury Bills stood at 29.72% and the remaining in cash deposits and others including receivables as at 30 June 2016. ASLF 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.746.96 million, with 7.46 million units outstanding as of 30 June 2016.

**Portfolio Composition - 30 June 2015**



**Portfolio Composition - 30 June 2016**



Committee of the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Liquid Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an interim cash dividend of Rs.5.75 per unit (5.75% 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.)	% of Total
Individuals	3	216,104	0.03%
Associated companies / Directors	5	662,426,338	88.68%
Insurance Companies	1	20,597,279	2.76%
Retirement Funds	1	63,720,263	8.53%
<b>Total</b>	<b>10</b>	<b>746,959,984</b>	<b>100.00%</b>

The Scheme has maintained provisions against Workers' Welfare Fund WWF liability of Rs.323,547. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs. 0.04 /0.04%. For details please read Note 10.1 of the latest Financial Statements of the Scheme.

The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. The Scheme has provided for Federal Excise Duty (FED) liability which amounted to Rs.905,341 (Rs.0.12 per unit) as on 30 June 2016.

The Total Expense Ratio (TER) of the Fund is 1.08% including expenses representing Government levy, WWF and SECP Fee of 0.25%.

The NAV before distribution stood at Rs.105.77 per unit and after adjustment for interim cash dividend stood at Rs.100.02 per unit.

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

Karachi: 29 August 2016

**Fawad Javaid**  
Fund Manager

## Performance Since Inception

	2016	2015*
Net Assets (Rs. in '000)	746,960	604,907
Number of units in issue	7,461,205	5,898,379
Net assets value per unit	100.11	102.55
Net income (Rs. in 000)	12,781	15,854
Earnings per unit	1.71	2.69
Annual return of the fund (%)	5.79	8.32
Offer Price **	100.11	102.55
Redemption Price **	100.11	102.55
Highest offer Price	105.76	104.61
Lowest offer Price	100.02	100.12
Highest repurchase price per unit	105.76	104.61
Lowest repurchase price per unit	100.02	100.12
Weighted average portfolio (No. of days)	10.83	1.72

## Distribution Details

	2016	2015*
Interim Distribution - Cash Dividend	5.75	2.25
Interim Distribution as a % of opening NAV	5.75%	2.25%
Distribution date	24 June 2016	8 June 2015
Final Distribution - Cash Dividend	-	2.50
Final Distribution as a % of opening NAV	-	2.50%
Distribution date	-	7 July 2015

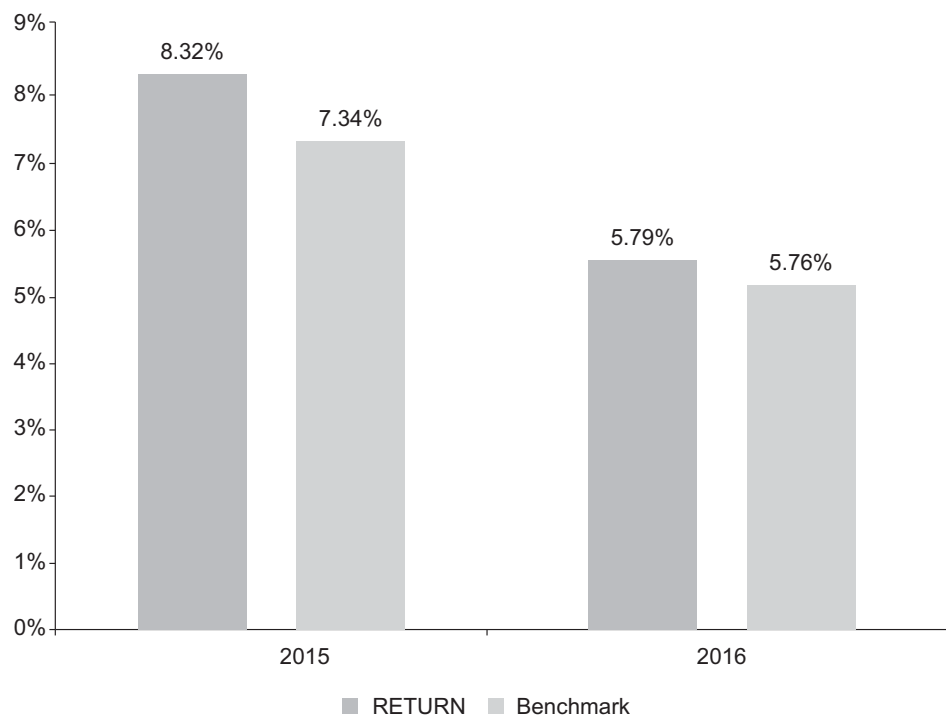
\*For the Period From 24 November 2014 to 30 June 2015 (Date of Launch 01 December 2014).

\*\*Relates to announced prices

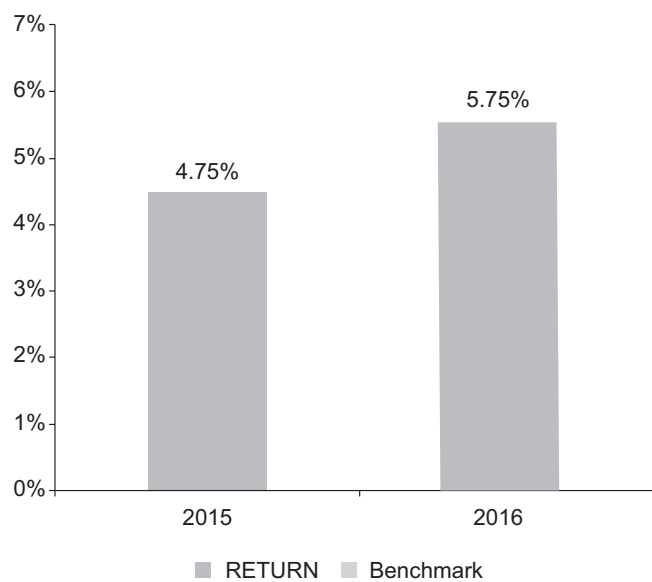
**Note:** Past Performance of the Fund is not indicative of future performance, and the price and investment return may go down, as well as up.

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### Yearly Performance



### Payout History (% on Opening NAV)





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# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

## FOR THE YEAR ENDED 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of Listing Regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

Atlas Asset Management Limited (AAML), the Management Company, is not listed and hence, the Code is not applicable to it. However, Atlas Sovereign Liquid Fund, being listed at the Pakistan Stock Exchange Limited, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. Shamshad Nabi
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Fahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and the same members were re-elected unopposed for the next term of three years during the year. Further, a casual vacancy occurred on the Board on 17 June 2016, was filled up by the directors within 4 days i.e 21 June 2016 and was approved by the Securities and Exchange Commission of Pakistan on 9 August 2016, as required by the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board Evaluation Committee (BEC) was formed in order to comply with the requirements of the CCG, 2012 requiring the Board of Directors to implement a mechanism for the annual evaluation of the Board's performance. The terms of reference of the BEC require the BEC members to carry out the assessment of the Board members' questionnaires submitted by them, to evaluate the findings therefrom, and apprise the Board in the subsequent Board meeting, with recommendations for improvement. The BEC comprises of three members - both the independent directors of which one is the Chairman of the BEC, and one member from the sponsor family. The CEO serves as the secretary to this committee.

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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

### FOR THE YEAR ENDED 30 JUNE 2016

10. Five members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause 5.19.7 of the Pakistan Stock Exchange Regulations, whilst the remaining two Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.
11. The Board has approved the appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
14. The Directors, CEO and Executives do not hold units other than those disclosed in note 16 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 20 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
15. The Management Company has complied with the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
17. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
19. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
20. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
21. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
23. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
24. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 29 August 2016

**M. Habib-ur-Rahman**  
Chief Executive Officer

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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, 2015 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: September 05, 2016

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

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## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of Atlas Sovereign Liquid Fund (the Fund) for the year ended 30 June 2016 to comply with the requirements of Listing Regulation No.5.19 of the Pakistan Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2016.

Karachi: 29 August 2016

**EY Ford Rhodes**  
Chartered Accountants

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# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Atlas Sovereign Liquid Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2016, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year ended 30 June 2016, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of approved accounting 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2016 and of its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

### Report on other legal and regulatory requirements

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

Karachi: 29 August 2016

**EY Ford Rhodes**  
Chartered Accountants

**Arslan Khalid**  
Audit Engagement Partner

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>Assets</b>			
Bank balances	4	528,149,900	1,041,938,687
Investments	5	223,930,475	-
Profit receivable on bank deposits		229,745	3,927,147
Receivable against issue of units		-	161,144,973
Other receivables		453,482	-
Deferred formation cost	6	780,000	1,040,000
<b>Total assets</b>		<b>753,543,602</b>	<b>166,112,120</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	7	2,290,253	4,012,011
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	71,212	231,970
Payable to the Securities and Exchange Commission of Pakistan	9	471,393	283,002
Payable against redemption of units		-	595,443,630
Accrued expenses and other liabilities	10	3,750,760	3,173,243
<b>Total liabilities</b>		<b>6,583,618</b>	<b>603,143,856</b>
<b>NET ASSETS</b>		<b>746,959,984</b>	<b>604,906,951</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>746,959,984</b>	<b>604,906,951</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>7,461,205</b>	<b>5,898,379</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>100.11</b>	<b>102.55</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

For the  
period from  
24 November  
2014 to  
30 June  
2015

	Note	2016 ----- Rupees -----	
<b>Income</b>			
Interest Income	13	46,232,292	27,258,080
Capital loss on sale of investments - net		(4,027,165)	(259,335)
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		28,934	-
		<b>(3,998,231)</b>	<b>(259,335)</b>
Element of (loss) / capital (losses) included in prices of units issued less those in units redeemed - net		(22,676,379)	(5,229,536)
<b>Total income</b>		<b>19,557,682</b>	<b>21,769,209</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	2,828,361	2,830,006
Sindh Sales Tax on remuneration of the Management Company	7.2	459,326	492,421
Federal Excise Duty on remuneration of the Management Company	7.3	452,538	452,801
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	942,787	416,887
Sindh Sales Tax on Remuneration of Trustee	7.2	131,990	-
Annual fees to the Securities and Exchange Commission of Pakistan	9.1	471,393	283,002
Accounting and Operational charges	11	387,292	-
Sindh Sales Tax on accounting and operational charges		23,163	-
Auditors' remuneration	14	287,465	275,000
Annual rating fee		250,800	232,000
Annual listing fee		40,000	110,000
Securities transaction cost		24,787	98,967
Printing charges		135,015	125,000
Legal and professional charges		64,322	-
Amortisation of formation cost	6	260,000	260,000
Bank charges		17,032	15,796
Provision for Workers' Welfare Fund	10.1	-	323,547
<b>Total expenses</b>		<b>6,776,271</b>	<b>5,915,427</b>
<b>Net income for the year before taxation</b>		<b>12,781,411</b>	<b>15,853,782</b>
<b>Taxation</b>	15	-	-
<b>Net income for the year after taxation</b>		<b>12,781,411</b>	<b>15,853,782</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016	For the period from 24 November 2014 to 30 June 2015
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>12,781,411</b>	<b>15,853,782</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>12,781,411</b>	<b>15,853,782</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

For the  
period from  
24 November  
2014 to  
30 June  
2015

2016  
----- Rupees -----

<b>Undistributed income brought forward</b> [includes unrealised gain on investments: Rs.Nil] (2015: includes unrealised gain on investments: Rs.Nil)	<b>15,069,001</b>	-
Net income for the year after taxation	12,781,411	15,853,782
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>12,781,411</b>	<b>15,853,782</b>
Interim cash distribution: Rs.5.75 per unit declared on 24 June 2016 (2015: Rs. 2.25 per unit declared on 08 June 2015)	(12,343,156)	(784,781)
Final cash distribution for the year ended 30 June 2015 at the rate of Rs. 2.50 per unit on 7 July 2015	(14,745,949)	-
<b>Undistributed income carried forward</b> [includes unrealised gain on investments: Rs.2,536,130] (2015: includes unrealised gain on investments: Rs.Nil)	<b>761,307</b>	<b>15,069,001</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2016

	2016		For the period from 24 November 2014 to 30 June 2015	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the year</b> [Rs.102.55 per unit (2015: Rs.Nil per unit)]	5,898,379	604,906,951	-	-
Issue of units	8,888,239	901,833,813	72,037,552	7,370,933,602
Redemption of units	(7,325,413)	(768,149,465)	(66,139,173)	(6,786,325,188)
	<b>1,562,826</b>	<b>133,684,348</b>	<b>5,898,379</b>	<b>584,608,414</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	22,676,379	-	5,229,536
Capital loss on sale of investments - net	-	(4,027,165)	-	(259,335)
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	-	28,934	-	-
Other net income for the year	-	16,779,642	-	16,113,117
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>12,781,411</b>	<b>-</b>	<b>15,853,782</b>
Interim cash distribution during the year (as per Distribution Statement)	-	-	-	-
	-	(12,343,156)	-	(784,781)
Final cash distribution for the year ended 30 June 2015 at the rate of Rs. 2.50 per unit on 7 July 2015	-	(14,745,949)	-	-
<b>Net assets at the end of the year</b> [Rs.100.11 per unit (2015: Rs.102.55 per unit)]	<b>7,461,205</b>	<b>746,959,984</b>	<b>5,898,379</b>	<b>604,906,951</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

For the  
period from  
24 November  
2014 to  
30 June  
2015

	Note	2016 ----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year after taxation		12,781,411	15,853,782
<b>Adjustments for:</b>			
Profit on savings and term deposits		(9,088,147)	(4,674,242)
Income from government securities - Pakistan Investment Bond		(9,984,375)	-
Capital loss on sale of investments - net		4,027,165	259,335
Amortisation of formation cost		260,000	260,000
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(28,934)	-
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		22,676,379	5,229,536
		<b>7,862,088</b>	<b>1,074,629</b>
<b>(Increase) / decrease in assets</b>			
Receivable against sale of units		-	(161,144,973)
Other receivable		(453,482)	-
Deferred formation cost		-	(1,300,000)
		<b>(453,482)</b>	<b>(162,444,973)</b>
<b>Increase/(decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		(1,721,758)	4,012,011
Payable to the Central Depository Company of Pakistan Limited - Trustee		(160,758)	231,970
Payable to the Securities and Exchange Commission of Pakistan		188,391	283,002
Payable against redemption of units		-	595,443,630
Accrued expenses and other liabilities		577,516	3,173,243
		<b>(1,116,609)</b>	<b>603,143,856</b>
		<b>19,073,408</b>	<b>457,627,294</b>
Interest received		22,769,924	747,095
Investments made during the year		(3,102,909,715)	(7,141,906,331)
Investments sold / matured during the year		2,874,981,010	7,141,646,996
		<b>(205,158,781)</b>	<b>487,760</b>
<b>Net cash (used in) / generated from operating activities</b>		<b>(186,085,373)</b>	<b>458,115,054</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		1,062,978,786	7,370,933,602
Net payments against redemption of units		(1,363,593,095)	(6,786,325,188)
Cash Payout against distribution		(27,089,105)	(784,781)
<b>Net cash (used in) / generated from financing activities</b>		<b>(327,703,414)</b>	<b>583,823,633</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(513,788,787)</b>	<b>1,041,938,687</b>
Cash and cash equivalents at the beginning of the year		1,041,938,687	-
<b>Cash and cash equivalents at the end of the year</b>	4	<b>528,149,900</b>	<b>1,041,938,687</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

**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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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Sovereign Liquid 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 offering document has been revised through First Supplement dated 24 March 2015, Second Supplement dated 3 August 2015 and Third Supplement dated 23 June 2016 with the approval of the Securities and Exchange Commission of Pakistan. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2** The Fund is 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 Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated). 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.
- 1.3** According to the Trust Deed, the objective of the Fund is to provide unit-holders competitive returns with low risk and high liquidity. The Fund aims to deliver this objective by investing primarily in short term Government securities, bank deposits (excluding TDRs), treasury bills, money market placements, deposits, certificates of deposits (CoDs), certificate of musharikas (CoMs), commercial papers and reverse repo with weighted average time to maturity of net assets not exceeding 90 days and in case of a single asset, maximum time to maturity of six months. The investment objectives and policies are more fully defined in Fund's Offering document.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The Fund has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective during the current year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 – Separate Financial Statements – (Amended)
- IAS 28 – Investment in Associates and Joint Ventures – (Amended)

#### Improvements to accounting standards issued by the IASB

- IFRS 8 - Operating Segments - Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets
- IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 24 - Related Party Disclosures - Key management personnel

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2016

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

Standard, interpretation or amendment	Effective date (accounting periods beginning)
- IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
- 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 - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
- IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
- IAS 16 Property, Plant and Equipment and IAS 38 intangible assets Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
- IAS 16 IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture Bearer Plants (Amendment)	01 January 2016
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2015 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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.

Standard	Effective date (accounting periods beginning)
- IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
- IFRS 14 - Regulatory Deferral Accounts	01 January 2016
- IFRS 15 - Revenue from Contracts with Customers	01 January 2018
- IFRS 16 – Leases	01 January 2019

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 2.4 Critical accounting estimates and judgments

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 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.

The estimates and judgements that have a significant effect on the financial statements relate to classification and valuation of investments and provision there against (as disclosed in notes 3.2 and 5 to these financial statements).

### 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 presented unless otherwise stated.

### 3.1 Financial assets

#### 3.1.1 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.

#### 3.1.2 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.

#### 3.1.3 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.

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 3.1.4 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.

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.

### 3.1.5 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.

### 3.1.6 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.

### 3.1.7 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 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.



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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 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.

### 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.
- Element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

### 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 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called 'element of income / loss and capital gains / losses in prices of units issued less those in units redeemed' (the element) is created.

Upon sale and redemption of units, the amount representing net income / loss and capital gains / losses is accounted for in net asset value and included in the sale / redemption price is taken to the income statement.

The element is computed to the extent that it is represented by the increase / decrease in net income / loss and capital gains / losses earned / incurred during the year.

### 3.8 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 imbursementable to it by the Fund.

### 3.9 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 unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 3.10 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.

### 3.11 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Board of Directors 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.

### 3.12 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.

### 3.13 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 EPU is not practicable.

### 3.14 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.

	Note	2016 Rupees	2015 Rupees
4. BANK BALANCES			
Balances with banks in:			
- savings accounts	4.1	528,149,900	1,041,938,687

4.1 The rate of return on these accounts ranges between 5.00% and 6.40% (2015: 5.00% and 7.10%) per annum.

## 5. INVESTMENTS

### At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	5.1	223,930,475	-
Government securities - Pakistan Investment Bonds	5.4	-	-
		<b>223,930,475</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 5.1 Market Treasury Bills - held-for-trading

	Face value (Rupees)				Rupees		Percentage of	
	As at 1 July 2015	Purchased during the year	Sold / Matured during the year	As at 30 June 2016	Amortised cost as at 30 June 2016	Market value as at 30 June 2016	Total investments	Net assets
Treasury bills								
3 Months - T-bills	-	1,695,000,000	1,650,000,000	45,000,000	44,650,286	44,654,715	19.94	5.98
6 Months - T-bills	-	735,000,000	620,000,000	115,000,000	114,618,655	114,629,815	51.19	15.35
12 Months - T-bills	-	215,000,000	150,000,000	65,000,000	64,632,600	64,645,945	28.87	8.65
	-	<b>2,645,000,000</b>	<b>2,420,000,000</b>	<b>225,000,000</b>	<b>223,901,541</b>	<b>223,930,475</b>	<b>100.00</b>	<b>29.98</b>

5.2 The cost of investments as on 30 June 2016 is Rs 221,394,345 (30 June 2015: Rs. Nil).

5.3 Market treasury bills carry purchase yields ranging between 5.99% and 6.16% (2015: Nil) per annum and will mature between 21 July 2016 and 18 August 2016 (2015: Nil).

### 5.4 Pakistan Investment Bonds (PIBs) - held-for-trading

	Face value (Rupees)				Rupees		Percentage of	
	As at 1 July 2015	Purchased during the year	Sold / Matured during the year	As at 30 June 2016	Amortised cost as at 30 June 2016	Market value as at 30 June 2016	Total investments	Net assets
Pakistan Investment Bonds								
3 Years - PIB	-	465,000,000	465,000,000	-	-	-	-	-
	-	<b>465,000,000</b>	<b>465,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 6. DEFERRED FORMATION COST

	2016	2015
	Rupees	Rupees
Deffered formation cost	1,040,000	1,300,000
Amortisation of deffered formation cost	(260,000)	(260,000)
	<b>780,000</b>	<b>1,040,000</b>

## 7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (Related party)

Remuneration of the Management Company	7.1	187,398	1,905,469
Sindh Sales Tax payable on remuneration of the Management Company	7.2	157,514	353,741
Federal Excise Duty payable on remuneration of the Management Company	7.3	905,341	452,801
Formation cost payable		1,040,000	1,300,000
		<b>2,290,253</b>	<b>4,012,011</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

- 7.1** In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1% of the average annual net assets of the Fund. The Management Company has charged its remuneration at the rate of 0.45% (30 June 2015: 0.75%) per annum of the average annual 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.459,326 (2015: Rs.492,421) 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.655,555 (2015: Rs.138,680) 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) 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 4 September 2013, a Constitutional Petition had been filed in 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. In this respect, the SHC issued a stay order against recovery proceedings till the date of the next hearing.

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. Pending decision of the SHC, the Fund is not making payment in respect of FED

In a recent order of the SHC, 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) have been set aside. However, as a matter of abundant caution a full provision for FED on remuneration of the Management Company is being retained in the financial statements of the Fund from 13 June 2013 till 30 June 2016 as the management believes that the Federal government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the same not been made, the net asset value per unit of the Fund would have been higher by Re.0.12 per unit (2015: 0.08 per unit).

	Note	2016 ----- Rupees -----	2015 -----
<b>8. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	8.1	62,467	231,970
Sindh Sales Tax on Trustee fee	8.2	8,745	-
		<b>71,212</b>	<b>231,970</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:**

- upto Rs 1000 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

- 8.2** During the year, an amount of Rs.131,990 (2015: Nil) 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.123,245 (2015: Nil) was paid to the Trustee which acts as a collecting agent.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable	9.1	471,393	283,002

**9.1** 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.

	Note	2016 Rupees	2015 Rupees
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		206,765	207,075
Printing charges payable		90,014	94,700
Transaction charges payable		5,293	95,864
Withholding tax payable		3,069,927	2,452,057
Capital Gain Tax Payable		86	-
Dividend payable		10,985	-
Accounting and operational charges payable		41,644	-
Sindh Sales Tax payable on accounting and operational charges payable		2,499	-
Provision for Workers' Welfare Fund	10.1	323,547	323,547
		<b>3,750,760</b>	<b>3,173,243</b>

**10.1** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs.0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court challenging the applicability of WWF on CISs which is pending adjudication.

The Finance Act, 2015 introduced an amendment under which mutual funds and collective investment schemes have been excluded from the definition of industrial establishment. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable for tax year 2016. The provision made till 30 June 2015 has not been reversed as the law suit referred to in the previous paragraph is still pending in the SHC.

Although the Management Company is hopeful that the case will be decided in favour of the Funds, it has retained the provision in the financial information as at June 30, 2016 in respect of the liability towards WWF amounting to Rs.323,547 (2015: 323,547). Had the same not been made, the net asset value per unit of the Fund would have been higher by Re.0.04 per unit (2015: 0.05 per unit).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 11. ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November, 2015, expenses related to registrar services, accounting, operation and valuation services related to Collective Investment Schemes (CISs) shall be chargeable to the CISs maximum upto 0.1% of average annual net assets of the Scheme or actual whichever is less. The Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund for the period from 25 November 2015 to 30 June 2016.

### 12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2016 and 30 June 2015.

	2016	For the period from 24 November 2014 to 30 June 2015
	----- Rupees -----	
<b>13. INTEREST INCOME</b>		
Profit on savings and term deposits	9,088,147	4,674,242
Income from government securities - Pakistan Investment Bonds	9,984,375	-
Income from government securities - Market Treasury Bills	27,159,770	22,583,838
	<b>46,232,292</b>	<b>27,258,080</b>

### 14. AUDITORS' REMUNERATION

Annual audit fee	125,000	125,000
Half yearly review of condensed interim financial information	62,500	62,500
Certification charges	30,000	30,000
Review of Statement of Compliance with Code of Corporate Governance	40,000	40,000
Sindh Sales tax on Services	15,450	12,875
Out of pocket expenses	14,515	4,625
	<b>287,465</b>	<b>275,000</b>

### 15. TAXATION

**15.1** The income of the Fund is exempt from income tax as per 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 to the unit holders. The management has already distributed more than 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

### 16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**16.1** 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.

**16.2** 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**16.3** 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.

**16.4** The details of transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

	2016	2015
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the management company	2,828,361	2,830,006
Remuneration paid	4,546,433	924,537
Sindh sales tax on remuneration of the Management Company	459,327	353,741
Federal Excise Duty on remuneration of the Management Company	452,540	452,801
Sales load	-	-
Issue of 55,707 (2015: 335,404) units	5,574,009	33,556,809
Redemption of 311,876 (2015: 29,265) units	32,208,237	3,000,000
Cash Dividend	765,346	742,412
Outstanding 49,970 (2015: 306,139) units at the year end - at net asset value	5,002,499	31,394,505
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	942,787	416,887
Sindh sales tax payable on remuneration of the Trustee	131,990	-
Remuneration paid	1,235,535	184,917
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Issue of Nil (2015: 478,480) units	-	48,977,248
Redemption of 478,480 (2015: Nil) units	49,395,838	-
Cash Dividend	1,196,201	-
Outstanding Nil (2015: 478,480) units at the year end - at net asset value	-	49,068,159
<b>Atlas Battery Limited (Group Company)</b>		
Issue of Nil (2015: 6,638,279) units	-	679,565,384
Redemption of 738,836 (2015: 5,899,444) units	78,050,594	605,664,557
Cash Dividend	1,847,089	-
Outstanding Nil (2015: 738,835) units at the year end - at net asset value	-	75,767,592
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 6,416,400 (2015: 34,994,897) units	648,369,906	3,580,792,579
Redemption of 3,640,771 (2015: 32,775,021) units	384,611,082	3,363,156,863
Cash Dividend	5,549,690	-
Outstanding 4,995,504 (2015: 2,219,875) units at the year end - at net asset value	500,099,910	227,648,267
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 91,696 (2015: 16,172,758) units	9,172,255	1,653,557,032
Redemption of Nil (2015: 14,709,486) units	-	1,509,517,844
Cash Dividend	12,229,674	-
Outstanding 1,554,968 (2015: 1,463,272) units at the year end - at net asset value	155,667,845	150,058,544

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		Rupees	
<b>Atlas Insurance Limited (Group Company)</b>			
Issue of Nil (2015: 1,632,103) units		-	167,062,154
Redemption of Nil (2015: 1,632,103) units		-	167,372,254
Outstanding Nil (2015: Nil) units at the year end - at net asset value		-	-
<b>Atlas Metals (Private) Limited (Group Company)</b>			
Issue of Nil (2015: 115,457) units		-	11,820,561
Redemption of (2015: 115,457) units		-	11,840,189
<b>Atlas Foundation (Group Company)</b>			
Issue of Nil (2015: 1,393,664) units		-	142,697,266
Redemption of Nil (2015: 1,393,664) units		-	142,920,253
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>			
Issue of (2015: 746,302) units		-	76,413,903
Redemption of Nil (2015: 746,302) units		-	76,533,121
<b>Shirazi Capital (Private) Limited (Group Company)</b>			
Issue of Nil (2015: 2,882,837) units		-	295,301,995
Redemption of Nil (2015: 2,882,837) units		-	295,634,948
<b>Cherat Cement Company Limited</b>	16.5		
Issue of 37,533 units		3,754,429	-
Cash dividend		3,508,523	-
Outstanding 636,487 units at the year end - at net asset value		65,358,214	-
<b>Key Management Personnel of the Management Company</b>			
Issue of 50,278 (2015: 18,946) units		5,142,880	1,924,516
Redemption of 52,846 (2015: Nil) units		5,453,004	-
Cash Dividend		158,757	42,143
Outstanding 16,377 (2015: 18,946) units at the year end - at net asset value		1,639,542	1,942,935

**16.5** Holding being less than 10% in corresponding reporting period, disclosure is not required.

**16.6** The balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

**16.7** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Co. Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for Financial Year 2015-16.

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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 17. FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 June 2016				
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	Rupees			
<b>Assets</b>				
Bank balances	528,149,900	-	-	528,149,900
Investments	-	223,930,475	-	223,930,475
Profit receivable on bank deposits	229,745	-	-	229,745
Other receivables	453,482	-	-	453,482
	<b>528,833,127</b>	<b>223,930,475</b>	<b>-</b>	<b>752,763,602</b>

As at 30 June 2016			
	at fair value through profit or loss	At amortised cost	Total
	Rupees		
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	2,290,253	2,290,253
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	71,212	71,212
Accrued expenses and other liabilities	-	357,200	357,200
	<b>-</b>	<b>2,718,665</b>	<b>2,718,665</b>

As at 30 June 2015				
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	Rupees			
<b>Assets</b>				
Bank balances	1,041,938,687	-	-	1,041,938,687
Investments	-	-	-	-
Profit receivable on bank deposits	3,927,147	-	-	3,927,147
Receivable against issue of units	161,144,973	-	-	161,144,973
	<b>1,207,010,807</b>	<b>-</b>	<b>-</b>	<b>1,207,010,807</b>

As at 30 June 2015			
	at fair value through profit or loss	At amortised cost	Total
	Rupees		
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	4,012,011	4,012,011
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	231,970	231,970
Payable against redemption of units	-	595,443,630	595,443,630
Accrued expenses and other liabilities	-	397,639	397,639
	<b>-</b>	<b>600,085,250</b>	<b>600,085,250</b>

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**18.1** 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.

#### **18.2 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 2016, the Fund is exposed to such risk in respect of bank balances and treasury bills. 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 2016, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 5,281,499 (2015: Rs. 10,419,387). In case of 100 basis points decrease in market interest rates as at 30 June 2016, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.5,281,499 (2015: Rs.10,419,387).

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

Presently, the Fund holds treasury bills 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 2016, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 1,810 (2015: Nil). In case of 100 basis points decrease in market interest rates as at 30 June 2016 with all other variables held constant, the net income for the year and net assets would have been higher by Rs.1,860 (2015: Nil).

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 2016 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2016 can be determined as follows:

----- As at 30 June 2016 -----						
Effective yield / interest rate	Exposed to yield / profit 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			
Percentage	Rupees					
<b>Financial assets</b>						
Bank balances	5% - 6.4%	528,149,900	-	-	-	528,149,900
Investments	5.90% - 6.21%	223,930,475	-	-	-	223,930,475
Profit receivable on bank deposits		-	-	-	229,745	229,745
Receivable against sale of units		-	-	-	-	-
Other receivables		-	-	-	453,482	453,482
		<b>752,080,375</b>	<b>-</b>	<b>-</b>	<b>683,227</b>	<b>752,763,602</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	2,290,253	2,290,253
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	71,212	71,212
Accrued expenses and other liabilities		-	-	-	357,200	357,200
		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,718,665</b>	<b>2,718,665</b>
<b>Total interest rate sensitivity gap</b>		<b>752,080,375</b>	<b>-</b>	<b>-</b>	<b>(2,035,438)</b>	<b>750,044,937</b>

----- As at 30 June 2015 -----					
Effective yield/interest rate	Exposed to yield / profit 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		
Percentage	----- Rupees -----				
<b>Financial assets</b>					
Bank balances	5% - 7.10%	1,041,938,687	-	-	1,041,938,687
Investments		-	-	-	-
Receivable against sale of units		-	-	161,144,973	161,144,973
Profit receivable on bank deposits		-	-	3,927,147	3,927,147
		<b>1,041,938,687</b>	<b>-</b>	<b>165,072,120</b>	<b>1,207,010,807</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	4,012,011	4,012,011
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	231,970	231,970
Payable against redemption of units		-	-	595,443,630	595,443,630
Accrued expenses and other liabilities		-	-	397,639	397,639
		<b>-</b>	<b>-</b>	<b>600,085,250</b>	<b>600,085,250</b>
<b>Total interest rate sensitivity gap</b>		<b>1,041,938,687</b>	<b>-</b>	<b>(435,013,130)</b>	<b>606,925,557</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### (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. The Fund does not have any instrument as at 30 June 2016 which expose it to price risk.

### 18.3 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.

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 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 2016 -----					
2016	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	528,149,900	-	-	-	528,149,900
Investments	-	223,930,475	-	-	223,930,475
Profit receivable on bank deposits	229,745	-	-	-	229,745
Receivable against sale of units	-	-	-	-	-
Other receivables	-	453,482	-	-	453,482
	<b>528,379,645</b>	<b>224,383,957</b>	<b>-</b>	<b>-</b>	<b>752,763,602</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	1,250,253	260,000	-	780,000	2,290,253
Payable to the Central Depository Company of Pakistan Limited - Trustee	71,212	-	-	-	71,212
Accrued expenses and other liabilities	49,436	307,764	-	-	357,200
	<b>1,370,901</b>	<b>567,764</b>	<b>-</b>	<b>780,000</b>	<b>2,718,665</b>
<b>Net assets / (liabilities)</b>	<b>527,008,744</b>	<b>223,816,193</b>	<b>-</b>	<b>(780,000)</b>	<b>750,044,937</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

----- As at 30 June 2015 -----					
2015	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Financial assets</b>					
Bank balances	1,041,938,687	-	-	-	1,041,938,687
Investments	-	-	-	-	-
Receivable against sale of units	161,144,973	-	-	-	161,144,973
Profit receivable on bank deposits	3,927,147	-	-	-	3,927,147
	<b>1,207,010,807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,207,010,807</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	1,905,469	260,000	-	1,040,000	3,205,469
Payable to the Central Depository Company of Pakistan Limited - Trustee	231,970	-	-	-	231,970
Payable against redemption of units	595,443,630	-	-	-	595,443,630
Accrued expenses and other liabilities	-	397,639	-	-	397,639
	<b>597,581,069</b>	<b>657,639</b>	<b>-</b>	<b>1,040,000</b>	<b>599,278,708</b>
<b>Net assets / (liabilities)</b>	<b>609,429,738</b>	<b>(657,639)</b>	<b>-</b>	<b>(1,040,000)</b>	<b>607,732,099</b>

### 18.4 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 2016, 29.98% (2015: Nil) 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 2016 amounts to Rs 223,930,475 (2015: Nil).

#### 18.4.1 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. Banks with which the Fund has maintained balances are rated AA / AA+. The credit risk associated with government securities is limited as these are guaranteed by the Federal Government.

### 18.5 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 18.6 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.

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 2016, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique.

### 19. 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 18, 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.

### 20. UNIT HOLDING PATTERN OF THE FUND

Category	2016			2015		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	3	216,104	0.03	14	5,141,271	0.85
Associated companies / Directors	5	662,426,338	88.68	7	535,904,926	88.59
Insurance Companies	1	20,597,279	2.76	-	-	-
Retirement Funds	1	63,720,263	8.53	2.00	63,860,754	10.56
	<b>10</b>	<b>746,959,984</b>	<b>100.00</b>	<b>23</b>	<b>604,906,951</b>	<b>100.00</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 21. LIST OF TOP BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2016		2015	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	8.76%	Arif Habib Limited	59.43
Global Securities Pakistan Limited	71.24%	Global Securities Pakistan Limited	14.19
Invest Capital Markets Limited	20.00%	Invest Capital Markets Limited	26.38

### 22. THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	48 Years
Mr. Ali H. Shirazi	Director	Masters in Law	12.5 Years
Mr. M. Abdul Samad	Chief Operating Officer	MBA M.Com	16 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	12 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	8 Years
Mr. Fawad Javaid	Fund Manager	CMA	8 Years
Mr. Faran-ul-Haq	Fund Manager	B. A, CFA	5 Years

### 23. NAME AND QUALIFICATION OF FUND MANAGER

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

## 24. 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				
	07 Jul. 2015	31 Aug. 2015	28 Oct. 2015	26 Feb. 2016	28 Apr. 2016
Mr. Yusuf H. Shirazi	P	P	P	P	L
Mr. Azam Faruque	P	P	P	P	P
Mr. Shamshad Nabi	P*	P	P	P	P
Mr. Frahim Ali Khan	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. Arshad P. Rana	P*	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Ms. Qurrat-ul-ain Jafari (CFO and Company Secretary) (With effect from 1st August 2015)	N/A	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO and Company Secretary) (Resigned on 1st July 2015)	P	N/A	N/A	N/A	N/A
Mr. Azam Faruque (Director) (Resigned on 17th June 2016)					

\* Attended through video conference.

P Present

L Leave of absence

## 25. RATING OF THE FUND AND THE MANAGEMENT COMPANY

Pursuant to the updated Asset Manager Rating Methodology Rating Scale, the Pakistan Credit rating Agency Limited (PACRA) has harmonised the asset manager rating of the Management Company to the new scale whereby the Management Company has been assigned a rating of AM2 (AM Two) [2015: AM2-(AM Two minus)] on 8 June 2016.

PACRA has assigned a stability rating of "AA (f)" to the Fund on 31 December 2015.

## 26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 29 August 2016.

## 27. GENERAL

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

**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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# 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  
Bank Alfalah Limited  
Faysal Bank Limited  
Askari Bank Limited  
United Bank Limited



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## Fund Manager's Report

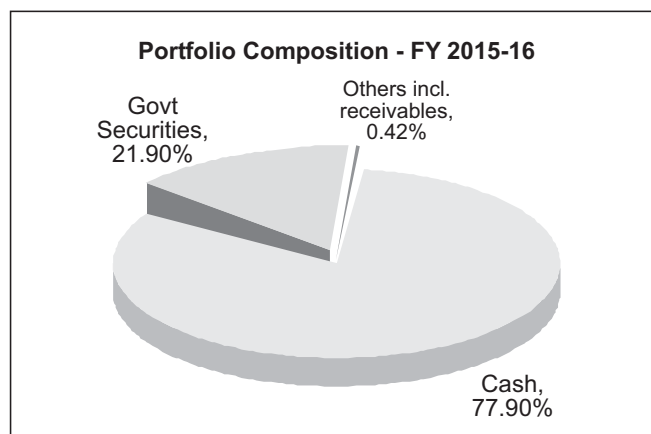
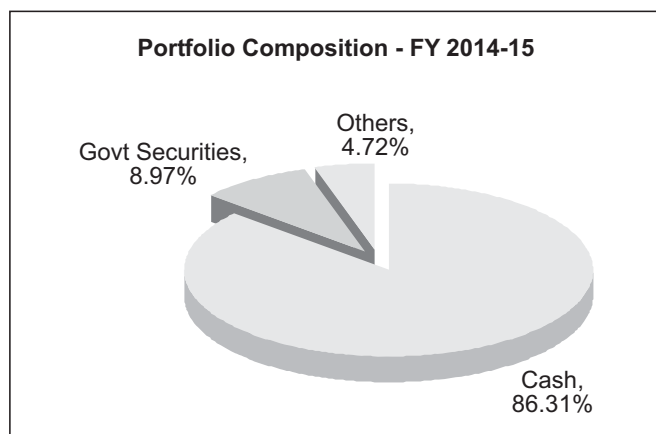
Atlas Money Market Fund (AMF) is an Open-ended Money Market Fund. The investment objective of AMF is to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in Authorized short term money 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 50% that would be an average of "3-Month deposit rates of three scheduled banks (AA and above rated)" for the period of return; and 50% that would be an average of "3 Month PKRV rate" for the period of return as available through Reuters and Financial Markets Association of Pakistan (FMA).

The Consumer Price Index (CPI) on average was recorded at 2.86% during financial year 2015-16, as compared to 4.53% for the financial year 2014-15. Prudent fiscal and monetary policies, stability in exchange rate, smooth supply of commodities in the market and monitoring of prices both at federal and provincial level along with fall in global commodity prices helped in moderating the headline inflation (CPI) and other inflationary indicators. The government has also passed on the benefits of lower oil prices to domestic consumers which helped in bringing the stability in prices of commodities of the CPI basket.

The SBP reduced Discount Rate (DR) by 25bps in May-16 to stand at historic low of 6.25% (Policy Rate 5.75%). This was the second time during the year after 50bps cut in Sep-15 review to 6.5% (Policy Rate 6.00%). The expansionary monetary policy stance by SBP has seen increased expansion in credit to private sector.

The Net Asset Value per unit of the Fund increased by 6.02% to Rs. 501.10 per unit as on 30 June 2016, which includes total payout of Rs.33.00 per unit. The benchmark 50% of average 3-Month deposit rates of three scheduled banks (AA and above rated) and 50% average 3 Month PKRV rate for the period of return stood at 5.36%. During the year the monthly average exposure of short-term Government Securities in AMF stood at 77.6%. The AMF's total exposure in Government Securities stood at 21.90% with remaining in short term deposits with banks/cash as at 30 June 2016. 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.3.27 billion, with 6.53 million units outstanding as of 30 June 2016.



Committee of the Board of Directors 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 an interim cash dividend of Rs.33.00 per unit (6.60% on the face value of Rs.500 per unit).

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Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	97	708,045,660	21.66%
Associated companies / Directors	8	1,046,398,621	32.00%
Insurance Companies	3	285,117,780	8.72%
Bank/DFI	1	51,425,854	1.57%
Retirement Funds	10	154,783,453	4.73%
Public Limited Companied	4	700,846,545	21.43%
Others	6	323,234,379	9.89%
<b>Total</b>	<b>129</b>	<b>3,269,852,292</b>	<b>100.00%</b>

The Scheme has maintained provisions against Workers' Welfare Fund WWF liability of Rs.35,840,884. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.5.49/1.10%. For details please read Note 10.1 of the latest Financial Statements of the Scheme.

The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. The Scheme has provided for Federal Excise Duty (FED) liability which amounted to Rs.20,428,502 (Rs.3.13 per unit) as on 30 June 2016.

The Total Expense Ratio (TER) of the Fund is 0.88% including expenses representing Government levy, WWF and SECP Fee of 0.24%.

The NAV before distribution stood at Rs.533.76 per unit and after adjustment for interim cash dividend stood at Rs.500.76 per unit.

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

Karachi: 29 August 2016

**Fawad Javaid**  
Fund Manager

## Performance Since Inception

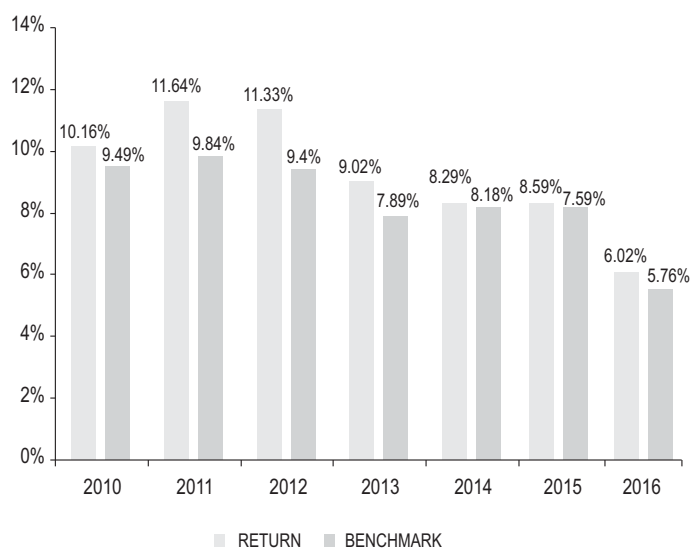
	2016	2015	2014	2013	2012	2011	2010*
Net assets (Rs. in "000")	3,269,852	3,699,654	6,049,597	3,821,637	4,532,025	3,316,616	1,410,417
Number of units in issue	6,525,388	7,345,095	12,038,054	7,607,048	9,015,663	6,415,479	2,746,118
Net asset value per unit (Rs.)	501.10	503.69	502.54	502.38	502.68	516.97	513.60
Net income (Rs. in "000")	56,325	97,766	496,778	348,581	467,312	283,224	62,542
Earnings per unit (Rs.)	8.63	13.31	41.27	45.82	51.83	44.15	22.77
Annual return of the Fund (%)	6.02	8.59	8.29	9.02	11.33	11.64	10.16
Offer price **	501.10	503.69	502.54	502.19	502.54	516.97	513.60
Redemption price **	501.10	503.69	502.54	502.19	502.54	516.97	513.60
Highest offer price (Rs.)	533.67	544.97	506.35	508.59	508.12	517.25	513.60
Lowest offer price (Rs.)	500.76	502.78	501.14	502.07	502.27	501.41	502.07
Highest repurchase price per unit (Rs.)	533.67	544.97	506.35	508.59	508.12	517.25	513.60
Lowest repurchase price per unit (Rs.)	500.76	502.78	501.14	502.07	502.27	501.41	502.07
Weighted average portfolio (No. of days)	9.30	6.95	47.49	44.61	55.12	78.82	50.81

\* Date of Launch: 20 January 2010

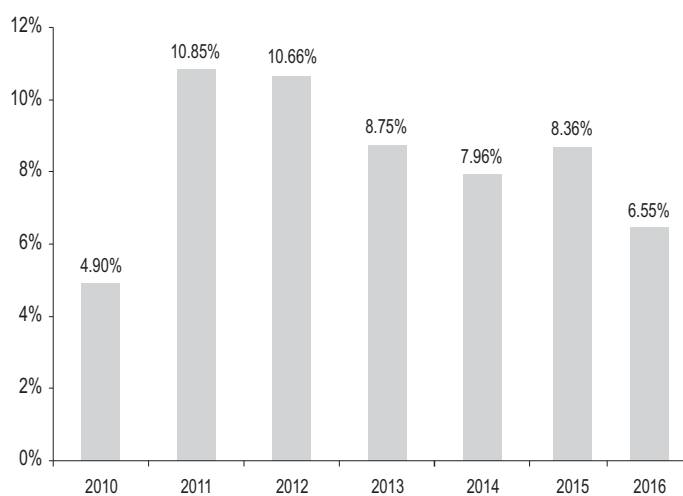
\*\*Relates to announced prices

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)



Payout History (% on opening Ex - NAV)



## Distribution History

Yearly Distribution	Date of distribution	Distribution per unit (Rs.)	Distribution as a % of Opening Ex-NAV of units
<b>2016</b> 1st Interim Distribution-Cash Dividend	24 June 2016	33	6.55%
<b>2015</b> 1st Interim Distribution-Cash Dividend	29 June 2015	42	8.36%

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.

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

## FOR THE YEAR ENDED 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of Listing Regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

Atlas Asset Management Limited (AAML), the Management Company, is not listed and hence, the Code is not applicable to it. However, Atlas Money Market Fund, being listed at the Pakistan Stock Exchange Limited, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. Shamshad Nabi
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Fahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and the same members were re-elected unopposed for the next term of three years during the year. Further, a casual vacancy occurred on the Board on 17 June 2016, was filled up by the directors within 4 days i.e 21 June 2016 and was approved by the Securities and Exchange Commission of Pakistan on 9 August 2016, as required by the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board Evaluation Committee (BEC) was formed in order to comply with the requirements of the CCG, 2012 requiring the Board of Directors to implement a mechanism for the annual evaluation of the Board's performance. The terms of reference of the BEC require the BEC members to carry out the assessment of the Board members' questionnaires submitted by them, to evaluate the findings therefrom, and apprise the Board in the subsequent Board meeting, with recommendations for improvement. The BEC comprises of three members - both the independent directors of which one is the Chairman of the BEC, and one member from the sponsor family. The CEO serves as the secretary to this committee.

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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

10. Five members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause 5.19.7 of the Pakistan Stock Exchange Regulations, whilst the remaining two Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.
11. The Board has approved the appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
14. The Directors, CEO and Executives do not hold units other than those disclosed in note 15 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 20 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
15. The Management Company has complied with the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
17. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
19. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
20. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
21. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
23. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
24. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 29 August 2016

**M. Habib-ur-Rahman**  
Chief Executive Officer

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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, 2016 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: September 5, 2016

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited



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## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of **Atlas Money Market Fund** (the Fund) for the year ended 30 June 2016 to comply with the requirements of Listing Regulation No.5.19 of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Atlas Asset Management Limited**) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2016.

Karachi: September 5, 2016

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

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# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS MONEY MARKET FUND** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management Company's responsibility for the financial statements

The Management Company (**Atlas Asset Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2016 and of its financial performance, its cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

Karachi: September 5, 2016

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

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>Assets</b>			
Cash and bank balances	4	2,605,426,781	3,451,660,808
Investments	5	733,944,796	358,587,875
Profit receivable on bank balances		1,586,995	5,804,368
Receivable against issue of units		-	182,965,575
Other receivables	6	3,434,075	-
<b>Total assets</b>		<b>3,344,392,647</b>	<b>3,999,018,626</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	7	24,941,284	23,025,320
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	302,185	301,844
Payable to the Securities and Exchange Commission of Pakistan	9	3,315,934	4,672,347
Payable against redemption of units		9,545	175,532,256
Unclaimed dividend / dividend payable		25,152	30,977,172
Accrued expenses and other liabilities	10	45,946,255	64,855,491
<b>Total liabilities</b>		<b>74,540,355</b>	<b>299,364,430</b>
<b>NET ASSETS</b>		<b>3,269,852,292</b>	<b>3,699,654,196</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>3,269,852,292</b>	<b>3,699,654,196</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>6,525,388</b>	<b>7,345,095</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>501.10</b>	<b>503.69</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>Income</b>			
Profit on savings and term deposits		68,080,182	81,038,018
Income from government securities		259,560,127	499,558,981
Capital (loss)/gain on sale of investments - net		(28,626,779)	9,599,055
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		120,093	573,727
		<b>(28,506,686)</b>	<b>10,172,782</b>
Element of loss / capital losses included in prices of units issued less those in units redeemed - net		(203,873,076)	(407,928,246)
<b>Total income</b>		<b>95,260,547</b>	<b>182,841,535</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	19,895,606	52,953,293
Sindh Sales Tax on remuneration of the Management Company	7.2	3,231,046	9,213,873
Federal Excise Duty on remuneration of the Management Company	7.3	3,183,297	8,472,527
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	4,065,934	5,423,035
Sindh Sales Tax on remuneration of the Trustee	8.2	569,231	-
Annual fees to the Securities and Exchange Commission of Pakistan	9.1	3,315,934	4,672,347
Accounting and operational charges	12	2,125,864	-
Sindh Sales Tax on accounting and operational charges		125,632	-
Auditors' remuneration	13	1,111,462	1,463,703
Annual rating fee		326,040	301,600
Annual listing fee		40,000	40,000
Securities transaction cost		318,391	305,622
Printing charges		48,284	140,000
Legal and professional charges		497,458	-
Bank charges		80,984	93,863
Provision for Workers' Welfare Fund	10.1	-	1,995,233
<b>Total expenses</b>		<b>38,935,163</b>	<b>85,075,096</b>
<b>Net income for the year before taxation</b>		<b>56,325,384</b>	<b>97,766,439</b>
<b>Taxation</b>	14	-	-
<b>Net income for the year after taxation</b>		<b>56,325,384</b>	<b>97,766,439</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>56,325,384</b>	<b>97,766,439</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>56,325,384</b>	<b>97,766,439</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	----- Rupees -----	
<b>Undistributed income brought forward</b> [includes unrealised gain on investments: Rs.10,374,125] (2015: includes unrealised gain on investments: Rs.873,289)	<b>22,395,832</b>	<b>13,939,197</b>
Net income for the year after taxation	56,325,384	97,766,439
Other comprehensive income	-	-
Total comprehensive income for the year	<b>56,325,384</b>	<b>97,766,439</b>
Interim cash distribution of Rs 33 per unit declared on 24 June 2016 (2015: Rs 42 per unit declared on 29 June 2015)	(73,249,267)	(89,309,804)
<b>Undistributed income carried forward</b> [includes unrealised gain on investments: Rs.6,171,570] (2015: includes unrealised gain on investments: Rs.10,374,125)	<b>5,471,949</b>	<b>22,395,832</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2016

	2016		2015	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the year</b> [Rs.503.69 per unit (2015: Rs.502.54 per unit)]	<b>7,345,095</b>	<b>3,699,654,196</b>	<b>12,038,054</b>	<b>6,049,597,383</b>
Issue of units	13,867,021	7,103,873,420	14,784,233	7,582,095,759
Redemption of units	(14,686,728)	(7,720,624,517)	(19,477,192)	(10,348,423,827)
	<b>(819,707)</b>	<b>(616,751,097)</b>	<b>(4,692,959)</b>	<b>(2,766,328,068)</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	203,873,076	-	407,928,246
Capital (loss) / gain on sale of investments - net	-	(28,626,779)	-	9,599,055
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	-	120,093	-	573,727
Other income (net of expenses) for the year	-	84,832,070	-	87,593,657
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>56,325,384</b>	<b>-</b>	<b>97,766,439</b>
Interim cash distribution of Rs.33 per unit declared on 24 June 2016 (2015: Rs.42 per unit declared on 29 June 2015)	-	(73,249,267)	-	(89,309,804)
<b>Net assets at the end of the year</b> [Rs.501.10 per unit (2015: Rs.503.69 per unit)]	<b>6,525,388</b>	<b>3,269,852,292</b>	<b>7,345,095</b>	<b>3,699,654,196</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year after taxation	56,325,384	97,766,439
<b>Adjustments for:</b>		
Profit on savings and term deposits	(68,080,182)	(81,038,018)
Income from government securities	(259,560,127)	(499,558,981)
Capital loss/(gain) on sale of investments - net	28,626,779	(9,599,055)
Net unrealised appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	(120,093)	(573,727)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	203,873,076	407,928,246
	<b>(95,260,547)</b>	<b>(182,841,535)</b>
<b>(Increase)/decrease in assets</b>		
Other receivables	(3,434,075)	-
<b>Increase/(decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	1,915,964	7,821,649
Payable to the Central Depository Company of Pakistan Limited - Trustee	341	(126,994)
Payable to the Securities and Exchange Commission of Pakistan	(1,356,413)	(2,950)
Accrued expenses and other liabilities	(18,909,236)	30,368,554
	<b>(18,349,344)</b>	<b>38,060,259</b>
	<b>(60,718,582)</b>	<b>(47,014,837)</b>
Interest received	331,857,682	580,736,570
Investments made during the year	(23,482,780,452)	(28,310,255,346)
Investments sold / matured during the year	23,078,916,845	32,059,987,182
	<b>(72,005,925)</b>	<b>4,330,468,406</b>
<b>Net cash (used in)/generated from operating activities</b>	<b>(132,724,507)</b>	<b>4,283,453,569</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	7,286,838,995	7,340,797,552
Net payments against redemption of units	(7,896,147,228)	(10,172,895,080)
Cash payout against distribution	(104,201,287)	-
<b>Net cash used in financing activities</b>	<b>(713,509,520)</b>	<b>(2,832,097,528)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(846,234,027)</b>	<b>1,451,356,041</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,451,660,808</b>	<b>2,000,304,767</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4 2,605,426,781</b>	<b>3,451,660,808</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**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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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Money Market Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 4 December 2009 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The offering document of the Fund has been revised through the First and Second Supplements, dated 24 March 2015 and 03 August 2015 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The registered office of AAML is situated at the Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2** The Fund is 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 (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated). 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), certificate of musharakas (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.

The 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 PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 – Separate Financial Statements – (Amended)
- IAS 28 – Investment in Associates and Joint Ventures – (Amended)

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements of the Fund for the year ended 30 June 2016.

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

The following revised standards, interpretations and amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 2 "Share-based Payments" – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
- IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investment in Associates – Investment Entities": Applying the Consolidation Exception (Amendment)	01 January 2016
- 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 finalised
- IFRS 11 "Joint Arrangements" - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
- IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (Amendment)	01 January 2016
- IAS 7 "Financial Instruments: Disclosures" - Disclosure Initiative - (Amendment)	01 January 2017
- IAS 12 "Income Taxes" – Recognition of deferred tax assets for unrealised losses (Amendments)	01 January 2017
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of acceptable method of depreciation and amortization	01 January 2016
- IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture Bearer Plants (Amendment)	01 January 2016
- IAS 27 "Separate Financial Statements" - Equity method in separate financial statements (Amendment)	01 January 2016

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the financial statements of the Fund in the period of initial application.

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
- IFRS 14 - Regulatory Deferral Accounts	01 January 2016
- IFRS 15 - Revenue from Contracts with Customers	01 January 2017
- IFRS 16 - Leases	01 January 2019

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 2.4 Critical accounting estimates and judgments

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 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.

The estimates and judgements that have a significant effect on the financial statements relate to classification and valuation of investments and provision there against (as disclosed in notes 3.2 and 5 to these financial statements).

### 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 presented unless otherwise stated.

### 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

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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 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.

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.

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 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.

### 3.3 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 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 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.

### 3.8 Distribution to unit holders

Distributions to the unit holders is recognised upon declaring 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.

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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called 'element of income / loss and capital gains / losses in prices of units issued less those in units redeemed' (the element) is created.

Upon sale and redemption of units, the amount representing net income / loss and capital gains / losses is accounted for in net asset value and included in the sale / redemption price is taken to the Income Statement.

The element is computed to the extent that it is represented by the increase / decrease in net income / loss and capital gains / losses earned / incurred during the year.

### 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 effective interest method at the rate of return implicit in the instrument.
- Capital gains / (losses) arising on sale of investments are included in the income statement on the date at 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 included in the income statement in the period in which they arise.
- Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

### 3.11 Taxation

#### Current

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 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.

#### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year as cash dividend.

### 3.12 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 the calculation of EPU is not practicable.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Note	Rupees	Rupees
<b>4. CASH AND BANK BALANCES</b>			
Balances with banks in savings accounts	4.1	2,596,235,781	3,426,660,808
Cheques in hand		9,191,000	25,000,000
		<b>2,605,426,781</b>	<b>3,451,660,808</b>

4.1 The rate of return on these accounts ranges between 5.00% and 6.40% (2015: 5.00% and 7.10%) per annum.

## 5. INVESTMENTS

### At fair value through profit or loss - held for trading

#### Investments in government securities

- Market Treasury Bills	5.1	733,944,796	358,587,875
- Pakistan Investment Bonds	5.2	-	-
		<b>733,944,796</b>	<b>358,587,875</b>

#### 5.1 Market Treasury Bills - held-for-trading (T-bills)

Particulars	Face value (Rupees)				Rupees		Percentage of	
	As at 1 July 2015	Purchased during the year	Sold / Matured during the year	As at 30 June 2016	Amortised cost	Market value	Total investments	Net assets
3 Months - T-bills	-	8,950,500,000	8,633,500,000	317,000,000	314,985,785	315,050,701	42.92	9.64
6 Months - T-bills	362,500,000	7,411,000,000	7,624,500,000	149,000,000	148,507,269	148,520,369	20.24	4.54
12 Months - T-bills	-	3,996,000,000	3,724,000,000	272,000,000	270,331,649	270,373,726	36.84	8.27
	<b>362,500,000</b>	<b>20,357,500,000</b>	<b>19,982,000,000</b>	<b>738,000,000</b>	<b>733,824,703</b>	<b>733,944,796</b>	<b>100.00</b>	<b>22.45</b>
<b>Total as on 30 June 2015</b>	<b>4,165,500,000</b>	<b>28,422,400,000</b>	<b>32,225,400,000</b>	<b>362,500,000</b>	<b>358,014,148</b>	<b>358,587,875</b>	<b>100.00</b>	<b>9.71</b>

5.1.1 The cost of investments as on 30 June 2016 is Rs.727,773,226 (30 June 2015: Rs.348,213,750).

5.1.2 Market treasury bills carry purchase yields ranging between 5.90% and 6.21% (2015: 8.12% and 8.38%) per annum and will mature between 21 July 2016 and 18 August 2016 (2015: 20 August 2015 and 3 September 2015).

#### 5.2 Pakistan Investment Bonds (PIBs)

Particulars	Face value (Rupees)				Rupees		Percentage of	
	As at 1 July 2015	Purchased during the year	Sold / Matured during the year	As at 30 June 2016	Amortised cost	Market value	Total investments	Net assets
3 Years - PIBs	-	3,192,000,000	3,192,000,000	-	-	-	-	-
	<b>-</b>	<b>3,192,000,000</b>	<b>3,192,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
<b>6. OTHER RECEIVABLES</b>			
Other receivables	6.1	<b>3,434,075</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 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. The amount of tax withheld during the year on profit on bank deposits aggregates to Rs.3.434 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 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 amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as other receivables as at 30 June 2016 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2016 Rupees	2015 Rupees
<b>7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (Related party)</b>			
Remuneration of the Management Company	7.1	1,221,596	2,700,533
Sindh Sales Tax payable on remuneration of the Management Company	7.2	3,291,186	3,079,582
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,428,502	17,245,205
		<b>24,941,284</b>	<b>23,025,320</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 1% of the average annual net assets in case of money market 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 2016, the Management Company has charged its remuneration at the rate of 0.45% (2015: 0.85%) per annum of the average net assets for the year. The fee is payable to the Management Company monthly in arrears.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7.2 During the year, an amount of Rs 3,231,046 (2015: Rs 9,213,873) 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 3,019,442 (2015: Rs 8,203,763) 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) 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 4 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. In this respect, the SHC issued a stay order against recovery proceedings till the date of the next hearing. Pending decision of the SHC, the Fund is not making payment in respect of FED.

In a recent order of the SHC, 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) have been set aside. However, as a matter of abundant caution full provision for FED on remuneration of the Management Company is being retained in the financial statements of the Fund from 13 June 2013 till 30 June 2016 as the management believes that the Federal government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.3.13 (2015: Rs.2.35) per unit.

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.

	Note	2016 Rupees	2015 Rupees
<b>8. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee	8.1	265,075	301,844
Sindh Sales Tax on trustee fee	8.2	37,110	-
		<b>302,185</b>	<b>301,844</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 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, an amount of Rs 569,231 (2015: Rs nil) 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.532,121 (2015: Rs.nil) was paid to the Trustee which acts as a collecting agent.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
<b>9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	9.1	<b>3,315,934</b>	<b>4,672,347</b>

**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.

	Note	2016 Rupees	2015 Rupees
<b>10. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		685,270	434,930
Printing charges payable		90,000	181,430
Payable to brokers		3,028	80,752
Withholding tax payable		9,038,072	5,307,979
Capital gain tax payable		1,247	23,009,516
Accounting and operational charges payable	12	271,466	-
Sindh Sales Tax payable on accounting and operational charges		16,288	-
Provision for Workers' Welfare Fund	10.1	35,840,884	35,840,884
		<b>45,946,255</b>	<b>64,855,491</b>

**10.1** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court challenging the applicability of WWF on CISs which is pending adjudication.

The Finance Act, 2015 introduced an amendment under which mutual funds and collective investment schemes have been excluded from the definition of industrial establishment. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable for tax year 2016. The provision made till 30 June 2015 has not been reversed as the law suit referred to in the previous paragraph is still pending in the SHC.

Although the Management Company is hopeful that the case will be decided in favour of the Funds, it has retained the provision in the financial statements as at 30 June 2016 in respect of the liability towards WWF amounting to Rs.35,840,884 (2015: Rs 35,840,884). Had the same not been made the net asset value per unit of the Fund would have been higher by Rs 5.49 (2015: Rs.4.88) per unit.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2016 and 30 June 2015.

### 12. ACCOUNTING AND OPERATIONAL CHARGES

The Management Company has outsourced its back office accounting function to IT Minds Limited (a subsidiary of the Central Depository Company of Pakistan Limited, the Trustee and a connected person of the Fund). Expenses invoiced by IT Minds Limited are charged to the Funds as, in accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged actual amount of accounting and operational charges to the Fund being lower than 0.1% per annum of the average annual net assets of the Fund for the period from 25 November 2015 to 30 June 2016.

### 13. AUDITORS' REMUNERATION

	2016	2015
	Rupees	
Annual audit fee	315,000	315,000
Half yearly review of condensed interim financial information	157,500	157,500
Certification charges	30,000	30,000
Review of Statement of Compliance with the Code of Corporate Governance	40,000	40,000
Professional charges for tax services	494,500	849,079
Sindh Sales Tax on services	32,550	27,125
Out of pocket expenses	41,912	44,999
	<b>1,111,462</b>	<b>1,463,703</b>

### 14. TAXATION

**14.1** The income of the Fund is exempt from income tax as per 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 to the unit holders as cash dividend. The management has already distributed more than 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements during the current year.

**14.2** 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 and 2013 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 296.16 million (including Rs.16.31 million relating to Workers' Welfare Fund) on the Fund. Similar amendments were made to returns filed by several mutual funds in the industry.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**14.2** This industry issue was examined by legal experts and tax advisors and there is unanimity of view that under the present regulations, including the provisions of Clause 99, tax department's contentions are primarily erroneous and not tenable under the law. This view is further supported by the fact that subsequently, through the Finance Act, 2015, an amendment has been made in Clause 99, whereby issuance of bonus units shall not be considered towards distribution of 90% of income, and only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption. Introduction of this amendment, applicable on distribution to be made from 1 July 2015, essentially strengthens the stand of the mutual fund industry as it establishes the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution. 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 orders. The tax assessing officer has filed an appeal in the Appellate Tribunal Inland Revenue against the order of the CIR - Appeals, the hearing of which is pending.

**14.3** On 16 March 2016, the Assistant Commissioner Inland Revenue (ACIR) issued an order against the Fund for the recovery of super tax amounting to Rs 17.417 million for Tax Year 2015 levied under section 4B(4) of the Income Tax Ordinance, 2001. The Management Company filed an appeal against the impugned order before the Commissioner Inland Revenue (Appeals) [CIR(A)] who decided the matter in favour of the ACIR. In response to this the Management Company filed an appeal before the Appellate Tribunal Inland Revenue and at the same time filed a constitutional petition in the High Court of Sindh (SHC) together with other Management Companies on whose Collective Investment Schemes under management similar notices were issued. The SHC passed an order restraining the tax authorities from taking any coercive action against the Fund in respect of recovery proceedings till the date of the next hearing. Pending resolution of this case, no provision has been made in these financial statements in respect of the demand raised as the management believes (based on the advice of the tax advisor who is handling the case) that the outcome of this matter will ultimately be in favour of the Fund.

### 15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**15.1** Connected persons include Atlas Asset Management Limited being the Management Company, 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 and directors and key management personnel of the Management Company.

**15.2** 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.

**15.3** 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

15.4 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:

	2016	2015
	Rupees	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	19,895,606	52,953,293
Remuneration paid	21,374,543	54,414,281
Sindh Sales Tax on remuneration of the Management Company	3,231,046	9,213,873
Federal Excise Duty on remuneration of the Management Company	3,183,297	8,472,527
Issue of 13,207 (2015: 30,398) units	7,000,000	15,600,000
Redemption of 13,207 (2015: 83,137) units	7,040,150	43,268,560
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	4,065,934	5,423,035
Sindh Sales Tax on remuneration of the Trustee	569,231	-
Remuneration paid	4,102,703	5,550,029
<b>Atlas Battery Limited (Group Company)</b>		
Redemption of nil (2015: 362,394) units	-	185,458,267
<b>Atlas Foundation (Group Company)</b>		
Issue of 100,233 (2015: Nil) units	52,025,748	-
Redemption of 14,339 (2015: 44,135) units	7,500,000	23,747,437
Outstanding 85,894 (2015: Nil) units	43,041,373	-
Cash dividend	2,700,998	-
<b>Atlas Fund of Funds (Fund under common management)</b>		
Issue of 30,508 (2015: 2,943) units	15,494,651	1,500,000
Redemption of 30,508 (2015: 27,322) units	16,262,540	14,824,634
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Issue of 236,155 (2015: Nil) units	121,291,190	-
Redemption of 116,404 (2015: 197,514) units	62,049,279	100,226,699
Outstanding 119,751 (2015: Nil) units	60,007,185	-
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 3,909,486 (2015: 1,984,888) units	2,000,000,000	999,768,406
Redemption of 4,098,110 (2015: 2,753,227) units	2,176,010,592	1,483,018,088
Outstanding 1,796,264 (2015: 1,984,888) units	900,107,776	999,768,406
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 540,579 (2015: 282,828) units	280,000,000	147,672,254
Redemption of 585,988 (2015: 329,860) units	306,830,835	177,040,007
Outstanding nil (2015: 45,409) units	-	22,872,254
<b>Atlas Honda Limited Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 7,942 (2015: Nil) units	3,976,707	-
Redemption of nil (2015: 28,215) units	-	15,000,000
Cash dividend	3,976,707	5,061,263
Dividend paid	5,061,263	-
Outstanding 128,448 (2015: 120,506) units	64,365,095	60,697,799
Dividend payable	-	5,061,263

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	Rupees	
<b>Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 737 (2015: Nil) units	369,172	-
Cash dividend	369,172	469,856
Dividend paid	469,856	-
Outstanding 11,924 (2015: 11,187) units	5,975,247	5,634,798
Dividend payable	-	469,856
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of nil (2015: 9,507) units	-	5,000,000
Redemption of nil (2015: 9,507) units	-	5,083,137
<b>Cherat Cement Company Limited (Company having common Director)</b>		
Redemption of nil (2015: 302,515) units	-	155,542,797
<b>Honda Atlas Cars (Pakistan) Limited</b>		
Issue of 480,699 (2015: Nil) units	250,000,000	-
Redemption of 480,699 (2015: Nil) units	256,236,462	-
<b>Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Redemption of Nil (2015: 45,332) units	-	24,627,661
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 893 (2015: 20,445) units	455,128	10,338,086
Redemption of 4,465 (2015: 15,980) units	2,306,439	8,370,000
Cash dividend	8,128	173,086
Outstanding 893 (2015: 4,465) units	447,557	2,248,869
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 24 (2015: Nil) units	12,263	-
Redemption of 663 (2015: Nil) units	350,000	-
Cash dividend	12,263	43,453
Dividend paid	43,453	-
Outstanding 396 (2015: 1,035) units	198,483	521,116
Dividend payable	-	43,453
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 1,230 (2015: Nil) units	615,849	-
Dividend paid	783,807	-
Outstanding 19,892 (2015: 18,662) units	9,967,835	9,399,903
Cash dividend	615,849	783,807
Dividend payable	-	783,807
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of nil (2015: 678,813) units	-	347,000,000
Redemption of nil (2015: 678,813) units	-	352,681,437

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		Rupees	
<b>Jubilee General Insurance Company Limited (Unit Holder with more than 10% holding)</b>	<b>15.5</b>		
(2015: Issue of 893,141 units)		N/A	450,000,000
(2015: Redemption of 799,907 units)		N/A	435,221,548
(2015: Outstanding 794,139 units)		N/A	400,000,000
<b>Colgate-Palmolive (Pakistan) Limited (Unit Holder with more than 10% holding)</b>			
Issue of 1,379,512 (2015: 2,639,243) units		700,000,000	1,350,000,000
Redemption of 1,389,744 (2015: 1,448,817) units		718,024,976	779,765,394
Outstanding 1,397,512 (2015: 1,389,744) units		700,293,478	700,000,000
<b>Mr. Amin Mohammad Lakhani (Unit Holder with more than 10% holding)</b>			
Issue of 69,458 (2015: 81,776) units		34,781,940	45,752,425
Cash dividend		38,646,600	45,752,425
Outstanding 1,240,567 (2015: 1,171,109) units		621,648,322	589,875,939
<b>Key Management Personnel of the Management Company</b>	<b>15.7</b>		
Issue of 10,042 (2015: 27,200) units		5,153,424	16,706,795
Redemption of 8,217 (2015: 60,979) units		4,290,975	31,540,278
Cash dividend		2,097,138	2,446,939
Outstanding 65,522 (2015: 63,697) units		32,833,159	32,083,486

**15.5** Holding being less than 10% in FY 2015-16, disclosure is not applicable.

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

**15.7** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2015-16.

## 16. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2016			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	Rupees			
<b>Financial assets</b>				
Cash and bank balances	2,605,426,781	-	-	2,605,426,781
Investments	-	733,944,796	-	733,944,796
Profit receivable on bank balances	1,586,995	-	-	1,586,995
	<b>2,607,013,776</b>	<b>733,944,796</b>	<b>-</b>	<b>3,340,958,572</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 16. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

As at 30 June 2016			
	at fair value through profit or loss	At amortised cost	Total
	Rupees		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	24,941,284	24,941,284
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	302,185	302,185
Payable against redemption of units	-	9,545	9,545
Unclaimed dividend	-	25,152	25,152
Accrued expenses and other liabilities	-	1,049,764	1,049,764
	<b>-</b>	<b>26,327,930</b>	<b>26,327,930</b>

As at 30 June 2015			
	Loans and receivables	At fair value through profit or loss	Available for sale
	Rupees		
<b>Financial assets</b>			
Cash and bank balances	3,451,660,808	-	-
Investments	-	358,587,875	-
Profit receivable on bank deposits	5,804,368	-	-
Receivable against issue of units	182,965,575	-	-
	<b>3,640,430,751</b>	<b>358,587,875</b>	<b>-</b>
			<b>3,999,018,626</b>

As at 30 June 2015			
	at fair value through profit or loss	At amortised cost	Total
	Rupees		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	23,025,320	23,025,320
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	301,844	301,844
Payable against redemption of units	-	175,532,256	175,532,256
Dividend payable	-	30,977,172	30,977,172
Accrued expenses and other liabilities	-	697,112	697,112
	<b>-</b>	<b>230,533,704</b>	<b>230,533,704</b>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 17. 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.

#### 17.1 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 2016, the Fund is exposed to such risk in respect of bank balances and investments in treasury bills. 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 2016, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.25,962,358 (2015: Rs.34,261,566). In case of 100 basis points decrease in market interest rates as at 30 June 2016, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.25,962,358 (2015: Rs.34,261,566).

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

Presently, the Fund holds treasury bills which expose the Fund to fair value interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2016 with all other variables held constant, the net income for the year and net assets would have been lower by Rs.685,070 (2015: Rs.555,284). In case of 100 basis points decrease in market interest rates as at 30 June 2016 with all other variables held constant, the net income for the year and net assets would have been higher by Rs.685,973 (2015: Rs.556,939).

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 2016 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2016 can be determined as follows:

as follows:

----- As at 30 June 2016 -----						
Effective yield / interest rate	Exposed to yield / profit 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			
Percentage	----- Rupees -----					
<b>Financial assets</b>						
Cash and bank balances	5% - 6.40%	2,596,235,781	-	-	9,191,000	2,605,426,781
Investments	5.90% - 6.21%	733,944,796	-	-	-	733,944,796
Profit receivable on bank balances		-	-	-	1,586,995	1,586,995
		<b>3,330,180,577</b>	<b>-</b>	<b>-</b>	<b>10,777,995</b>	<b>3,340,958,572</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	24,941,284	24,941,284
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	302,185	302,185
Payable against redemption of units		-	-	-	9,545	9,545
Unclaimed dividend		-	-	-	25,152	25,152
Accrued expenses and other liabilities		-	-	-	1,049,764	1,049,764
		<b>-</b>	<b>-</b>	<b>-</b>	<b>26,327,930</b>	<b>26,327,930</b>
<b>On-balance sheet gap</b>		<b>3,330,180,577</b>	<b>-</b>	<b>-</b>	<b>(15,549,935)</b>	<b>3,314,630,642</b>
<b>Total interest rate sensitivity gap</b>		<b>3,330,180,577</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>3,330,180,577</b>	<b>3,330,180,577</b>	<b>3,330,180,577</b>		

----- As at 30 June 2015 -----					
Effective yield / interest rate	Exposed to yield / profit 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		
Percentage	----- Rupees -----				
<b>Financial assets</b>					
Cash and bank balances	5% - 7.10%	3,451,660,808	-	-	3,451,660,808
Investments	8.12% - 8.38%	358,587,875	-	-	358,587,875
Profit receivable on bank balances		-	-	5,804,368	5,804,368
Receivable against issue of units		-	-	182,965,575	182,965,575
		<b>3,810,248,683</b>	<b>-</b>	<b>188,769,943</b>	<b>3,999,018,626</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	23,025,320	23,025,320
Payable to the Central Depository Company - of Pakistan Limited - Trustee		-	-	301,844	301,844
Payable against redemption of units		-	-	175,532,256	175,532,256
Dividend payable		-	-	30,977,172	30,977,172
Accrued expenses and other liabilities		-	-	697,112	697,112
		-	-	<b>230,533,704</b>	<b>230,533,704</b>
<b>On-balance sheet gap</b>		<b>3,810,248,683</b>	<b>-</b>	<b>(41,763,761)</b>	<b>3,768,484,922</b>
<b>Total interest rate sensitivity gap</b>		<b>3,810,248,683</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>3,810,248,683</b>	<b>3,810,248,683</b>	<b>3,810,248,683</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### (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

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 2016 which expose it to price risk.

### 17.2 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 the 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 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 2016 -----				
	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	2,605,426,781	-	-	-	2,605,426,781
Investments	-	733,944,796	-	-	733,944,796
Profit receivable on bank deposits	1,586,995	-	-	-	1,586,995
	<b>2,607,013,776</b>	<b>733,944,796</b>	-	-	<b>3,340,958,572</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	24,941,284	-	-	-	24,941,284
Payable to the Central Depository Company of Pakistan Limited - Trustee	302,185	-	-	-	302,185
Payable against redemption of units	9,545	-	-	-	9,545
Unclaimed dividend	25,152	-	-	-	25,152
Accrued expenses and other liabilities	274,494	775,270	-	-	1,049,764
	<b>25,552,660</b>	<b>775,270</b>	-	-	<b>26,327,930</b>
<b>Net assets / (liabilities)</b>	<b>2,581,461,116</b>	<b>733,169,526</b>	-	-	<b>3,314,630,642</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

	----- As at 30 June 2015 -----				
	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	3,451,660,808	-	-	-	3,451,660,808
Investments	-	358,587,875	-	-	358,587,875
Profit receivable on bank deposits	5,804,368	-	-	-	5,804,368
Receivable against sale of units	182,965,575	-	-	-	182,965,575
	<b>3,640,430,751</b>	<b>358,587,875</b>	<b>-</b>	<b>-</b>	<b>3,999,018,626</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	23,025,320	-	-	-	23,025,320
Payable to the Central Depository Company of Pakistan Limited - Trustee	301,844	-	-	-	301,844
Payable against redemption of units	175,532,256	-	-	-	175,532,256
Dividend payable	30,977,172	-	-	-	30,977,172
Accrued expenses and other liabilities	80,752	616,360	-	-	697,112
	<b>229,917,344</b>	<b>616,360</b>	<b>-</b>	<b>-</b>	<b>230,533,704</b>
<b>Net assets / (liabilities)</b>	<b>3,410,513,407</b>	<b>357,971,515</b>	<b>-</b>	<b>-</b>	<b>3,768,484,922</b>

### 17.3 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, interest accrued and receivable against sale of units. 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 2016, 22.45% (2015: 9.69%) of Fund's net assets are invested in government guaranteed securities. The Fund's maximum exposure to credit risk (excluding government securities) as of 30 June 2016 amounts to Rs. 2,607,013,776 (2015: Rs.3,640,430,751).

#### 17.3.1 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. Banks with which the Fund has maintained balances are rated AA / AAA. The credit risk associated with government securities is limited as these are guaranteed by the Federal Government.

## 18. 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.

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.

The Fund carries investments in government securities at fair values which are categorised as financial assets at fair value through profit or loss. The fair values of these securities are determined by reference to the quotation obtained from the brokers on the Reuters page. The fair values of all other financial assets and liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 18.1 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.

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 2016, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique.

### 19. 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 17, 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.

### 20. UNIT HOLDING PATTERN OF THE FUND

Category	2016			2015		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	97	708,045,660	21.66%	118	693,924,306	18.76%
Associated Companies/ Directors	8	1,046,398,621	32.00%	6	1,054,725,084	28.51%
Insurance Companies	3	285,117,780	8.72%	4	572,342,892	15.47%
Banks/ DFIs	1	51,425,854	1.57%	-	-	-
Retirement Funds	10	154,783,453	4.73%	11	175,527,216	4.74%
Public Limited Companies	4	700,846,545	21.43%			
Others	6	323,234,379	9.89%	10	1,203,134,698	32.52%
	<b>129</b>	<b>3,269,852,292</b>	<b>100.00%</b>	<b>149</b>	<b>3,699,654,196</b>	<b>100.00%</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 21. LIST OF TOP BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2016		2015	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest Capital Markets Limited	31.11	Global Securities Pakistan Limited	35.19
BMA Capital Management Ltd	22.70	Invest Capital Markets Limited	29.63
Global Securities Pakistan Limited	22.29	Invest and Finance Securities Limited	14.68
Next Capital Limited	7.26	JS Global Capital Limited	11.00
JS Global Capital Limited	6.24	Arif Habib Limited	8.79
Invest and Finance Securities Limited	5.67	KASB Securities Limited	0.71
Arif Habib Limited	4.73		

### 22. THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	48 Years
Mr. Ali H. Shirazi	Director	Masters in Law	12.5 Years
Mr. M. Abdul Samad	Chief Operating Officer	MBA M.Com	16 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	12 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	8 Years
Mr. Fawad Javaid	Fund Manager	CMA	8 Years
Mr. Faran-ul-Haq	Fund Manager	B. A, CFA	5 Years

### 23. NAME AND QUALIFICATION OF FUND MANAGER

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 24. 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				
	07 Jul. 2015	31 Aug. 2015	28 Oct. 2015	26 Feb. 2016	28 Apr. 2016
Mr. Yusuf H. Shirazi	P	P	P	P	L
Mr. Azam Faruque	P	P	P	P	P
Mr. Shamshad Nabi	P*	P	P	P	P
Mr. Frahim Ali Khan	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. Arshad P. Rana	P*	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Ms. Qurrat-ul-ain Jafari (CFO and Company Secretary) (With effect from 1st August 2015)	N/A	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO and Company Secretary) (Resigned on 1st July 2015)	P	N/A	N/A	N/A	N/A
Mr. Azam Faruque (Director) (Resigned on 17th June 2016)					

\* Attended through video conference.

P Present

L Leave of absence

Ms. Lilly R. Dossabhoy resigned from the post of Chief Financial Officer and Company Secretary on 1 July 2015 and Ms. Qurrat-ul-ain was appointed in her place as the new Chief Financial Officer and Company Secretary.

### 25. RATING OF THE FUND AND THE MANAGEMENT COMPANY

Pursuant to the updated Asset Manager Rating Methodology and Rating Scale, the Pakistan Credit Rating Agency Limited (PACRA) has harmonised the asset manager rating of the Management Company to the new scale whereby the Management Company has been assigned a rating of AM2 (AM Two) [2015: AM2- (AM Two minus)] on 8 June 2016.

PACRA has maintained a stability rating of "AA (f)" [2015: "AA (f)"] to the Fund on 31 December 2015.

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

### **26. 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 were made in these financial statements during the current year.

### **27. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on 29 August 2016.

### **28. GENERAL**

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

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

### Legal Advisers

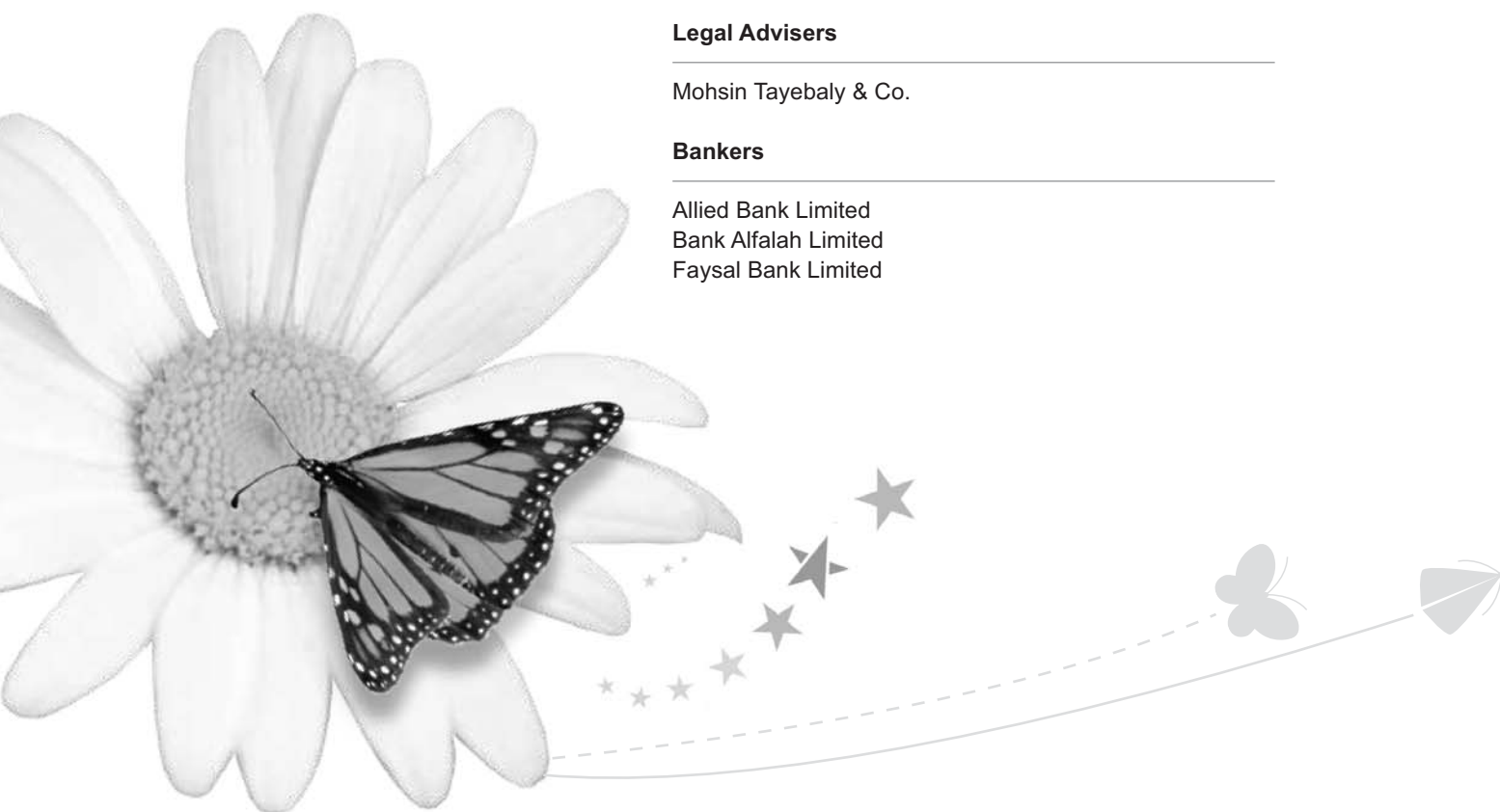
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Mohsin Tayebaly & Co.

### Bankers

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Allied Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited



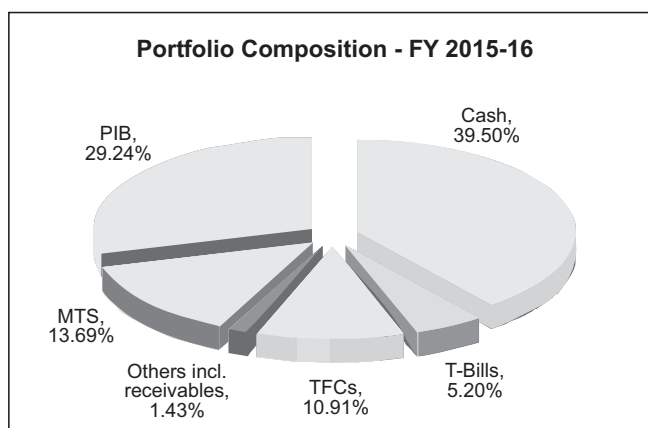
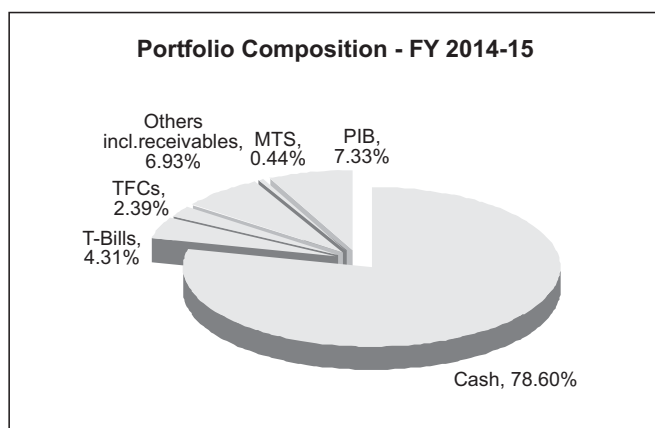
## Fund Manager's Report

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's performance benchmark is average Six Months KIBOR (offer) rate.

The Consumer Price Index (CPI) on average was recorded at 2.86% during financial year 2015-16, as compared to 4.53% for the financial year 2014-15. Prudent fiscal and monetary policies, stability in exchange rate, smooth supply of commodities in the market and monitoring of prices both at federal and provincial level along with fall in global commodity prices helped in moderating the headline inflation (CPI) and other inflationary indicators. The government has also passed on the benefits of lower oil prices to domestic consumers which helped in bringing the stability in prices of commodities of the CPI basket.

The SBP reduced Discount Rate (DR) by 25bps in May-16 to stand at historic low of 6.25% (Policy Rate 5.75%). This was the second time during the year after 50bps cut in Sep-15 review to 6.5% (Policy Rate 6.00%). The expansionary monetary policy stance by SBP has seen increased expansion in credit to private sector.



AIF's Net Asset Value per unit increased by 8.02% to Rs. 511.25 as on June 30, 2016, which includes total payout of Rs. 40 per unit. The benchmark average six months KIBOR rate stood at 6.53% during the period under review. Outperformance of benchmark was on the back of gains in medium to long term PIBs as a result of decline in interest rate during the fiscal year. During the year the monthly average exposure of PIBs in AIF stood at 34.0%. AIF's current asset allocation is 39.50% in cash/deposits, 29.24% in Pakistan Investment Bonds, 5.20% in Treasury bills, 13.69% in MTS, 10.91% in TFC and 1.43% in others. The Net Assets of the Fund stood at Rs 7.81 billion with 15.27 million units outstanding as of June 30, 2016.

Committee of the Board of Directors 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 an interim cash dividend of Rs 40.00 per unit (8.00% 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	-	-	11,785
Agritech Limited-II	29,976	29,976	-	-	23,239
Agritech Limited-PPTFC	7,494	7,494	-	-	5,946
Agritech Limited-IV	11,015	11,015	-	-	-
Azgard Nine Limited	7,872	7,872	-	-	4,743
Azgard Nine Limited – V	5,375	5,375	-	-	-
Bunny's Limited	803	803	-	-	185
Telecard Limited	4,669	4,669	-	-	102
Agritech Limited-Equity Share	-	-	2,599	0.03%	-
<b>Total</b>	<b>82,428</b>	<b>82,428</b>	<b>2,599</b>	<b>0.03%</b>	<b>46,000</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	2011-12	2012-13	2013-14	2014-15	2015-16
Income Multiplier	85%	15%	8.60%	15.80%	11.70%	13.30%	7.60%
Balanced	50%	50%	14.50%	30.40%	19.30%	16.00%	6.50%
Growth	15%	85%	20.40%	44.90%	26.80%	18.60%	5.50%

### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	291	445,002,685	5.70%
Associated companies / Directors	14	6,825,524,337	87.41%
Insurance Companies	1	100,040,427	1.28%
Retirement Funds	24	413,100,612	5.29%
Public Limited Companied	1	1,761,042	0.02%
Others	8	22,898,365	0.29%
<b>Total</b>	<b>339</b>	<b>7,808,327,468</b>	<b>100.00%</b>

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The Scheme has maintained provisions against Workers' Welfare Fund WWF liability of Rs.18,852,977. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.1.23/0.24%. For details please read Note 12.1 of the latest Financial Statements of the Scheme.

The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. The Scheme has provided for Federal Excise Duty (FED) liability which amounted to Rs.23,582,971 (Rs.1.54 per unit) as on 30 June 2016.

The Total Expense Ratio (TER) of the Fund is 1.20% including expenses representing Government levy, WWF and SECP Fee of 0.29%.

The NAV before distribution stood at Rs.550.80 per unit and after adjustment for interim cash dividend stood at Rs.510.80 per unit.

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

Karachi: 29 August 2016

**Muhammad Umar Khan**  
Fund Manager

## Performance Since Inception

	2016	2015	2014	2013	2012	2011	2010
Net assets (Rs. in "000 ")	7,808,327	5,576,232	3,896,867	1,939,998	931,487	786,935	1,282,287
Number of units in issue	15,273,112	10,928,688	7,734,075	3,851,364	1,855,552	1,530,383	2,509,323
Net asset value per unit (Rs.)	511.25	510.24	503.86	503.72	502.00	514.21	511.01
Net income (Rs. in "000 ")	444,672	168,149	184,945	139,186	53,314	63,171	161,118
Earnings per unit (Rs.)	29.11	15.39	23.91	36.14	28.73	41.28	64.21
Annual Return of the Fund (%)	8.02	10.19	8.45	9.58	6.06	7.24	9.98
Offer price **	511.25	510.24	503.86	508.56	507.02	519.35	516.04
Redemption price **	511.25	510.24	503.86	503.52	502.00	514.21	510.93
Highest offer price (Rs.)	550.09	565.53	518.68	523.74	535.51	524.74	525.88
Lowest offer price (Rs.)	510.77	504.10	502.10	507.30	483.57	500.55	507.89
Highest repurchase price per unit (Rs.)	550.09	565.53	518.11	518.55	530.21	519.54	520.67
Lowest repurchase price per unit (Rs.)	510.77	504.10	502.10	502.28	478.78	495.59	501.32
Weighted average portfolio (No. of days)	845.19	98.20	329.65	59.05	87.24	67.57	70.58

	2009	2008	2007	2006	2005	2004*
Net assets (Rs. in "000 ")	1,748,265	4,150,406	3,853,940	2,675,604	1,153,856	371,324
Number of units in issue	3,403,895	7,930,536	6,988,480	4,796,790	2,101,528	742,343
Net asset value per unit (Rs.)	513.61	523.34	551.47	557.79	549.06	500.21
Net income (Rs. in "000 ")	154,107	433,326	357,866	276,820	103,093	13,941
Earnings per unit (Rs.)	45.27	54.64	51.21	57.71	49.06	18.78
Annual Return of the Fund (%)	6.91	9.44	10.23	11.46	9.79	6.17
Offer price **	518.75	533.81	557.60	566.65	554.55	505.21
Redemption price **	513.61	523.34	546.67	555.54	549.06	500.21
Highest offer price (Rs.)	528.18	547.01	557.60	566.79	556.84	529.24
Lowest offer price (Rs.)	474.68	513.92	513.33	511.77	510.90	520.91
Highest repurchase price per unit (Rs.)	517.82	536.28	546.67	555.54	545.92	518.86
Lowest repurchase price per unit (Rs.)	466.39	503.84	503.26	500.45	500.88	510.70
Weighted average portfolio (No. of days)	58.63	76.47	26.19	47.17	21.47	33.70

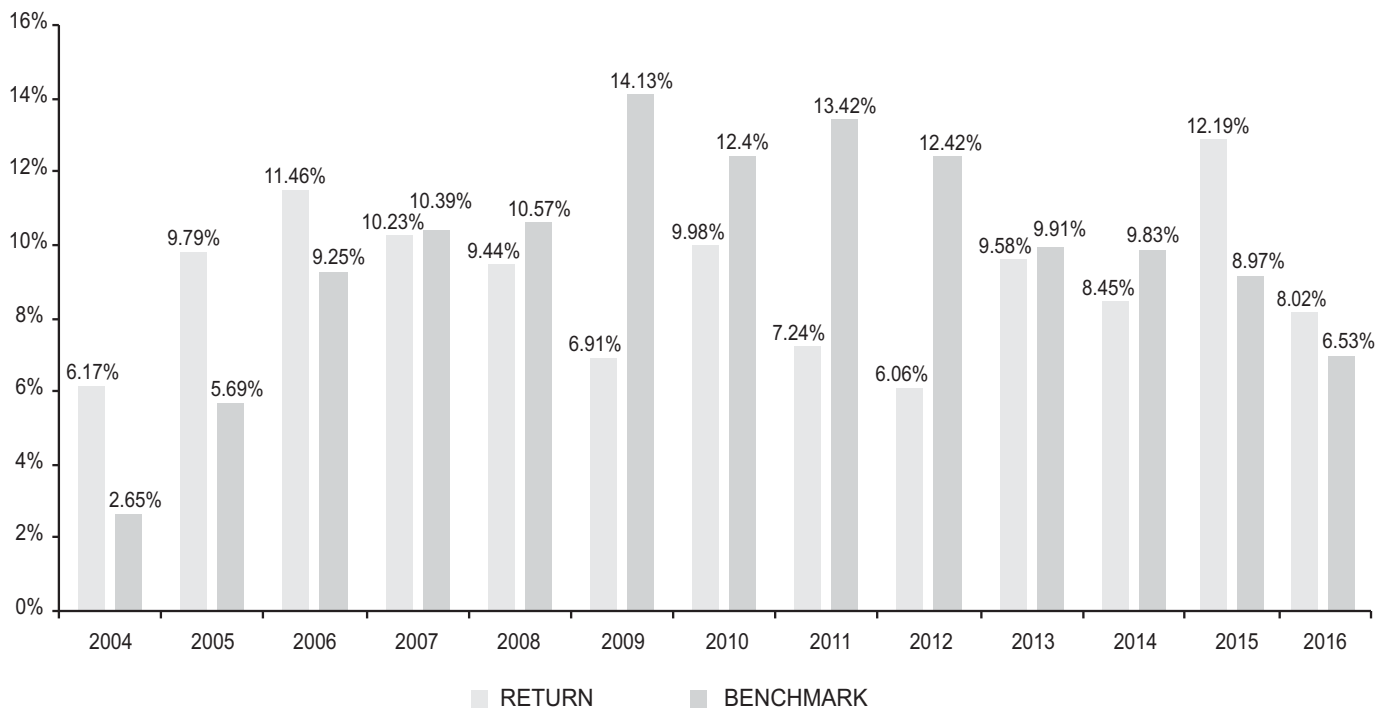
Date of Launch: 22 March 2004.

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

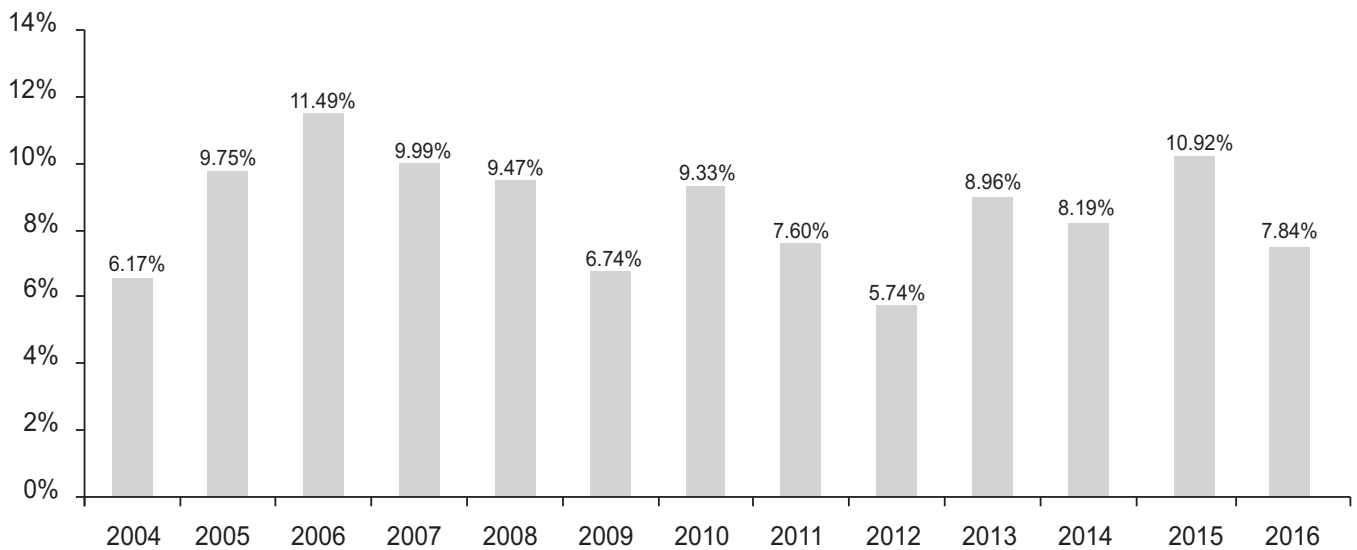
\*\* Relates to announced prices.

**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)



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



## Distribution History

Distribution detail	2016	2015
Interim distribution cash dividend	40.00	55.00
Interim distribution as a % of opening Ex-NAV of units	7.84	10.92
Date of distribution	24 June 2016	29 June 2015

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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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 5.19 of Listing Regulations of the Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

Atlas Asset Management Limited (AAML), the Management Company, is not listed and hence, the Code is not applicable to it. However, Atlas Income Fund, being listed at the Pakistan Stock Exchange Limited, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. Shamshad Nabi
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and the same members were re-elected unopposed for the next term of three years during the year. Further, a casual vacancy occurred on the Board on 17 June 2016, was filled up by the directors within 4 days i.e 21 June 2016 and was approved by the Securities and Exchange Commission of Pakistan on 9 August 2016, as required by the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board Evaluation Committee (BEC) was formed in order to comply with the requirements of the CCG, 2012 requiring the Board of Directors to implement a mechanism for the annual evaluation of the Board's performance. The terms of reference of the BEC require the BEC members to carry out the assessment of the Board members' questionnaires submitted by them, to evaluate the findings therefrom, and apprise the Board in the subsequent Board meeting, with recommendations for improvement. The BEC comprises of three members - both the independent directors of which one is the Chairman of the BEC, and one member from the sponsor family. The CEO serves as the secretary to this committee.



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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

10. Five members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause 5.19.7 of the Pakistan Stock Exchange Regulations, whilst the remaining two Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.
11. The Board has approved the appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
14. The Directors, CEO and Executives do not hold units other than those disclosed in note 19 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 24 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
15. The Management Company has complied with the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
17. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
19. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
20. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
21. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
23. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
24. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 29 August 2016

**M. Habib-ur-Rahman**  
Chief Executive Officer

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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, 2016 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: September 5, 2016

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

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## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Asset Management Limited, the Management Company of **Atlas Income Fund** (the Fund) for the year ended June 30, 2016 to comply with the Listing Regulation No.5.19 of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company (**Atlas Asset Management Limited**) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended June 30, 2016.

Karachi: September 5, 2016

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

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# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS INCOME FUND** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management Company's responsibility for the financial statements

The Management Company (**Atlas Asset Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

Karachi: September 5, 2016

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

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>Assets</b>			
Cash and bank balances	4	3,151,610,471	4,538,006,515
Investments	5	3,614,270,530	813,205,063
Receivable against issue of units	6	610,369	372,394,019
Receivable against Margin Trading System		1,090,153,567	25,154,719
Interest / profit accrued	7	98,642,061	27,326,250
Deposits, prepayment and other receivables	8	8,488,145	455,105
<b>Total assets</b>		<b>7,963,775,143</b>	<b>5,776,541,671</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	9	31,786,602	24,624,369
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	881,873	455,984
Payable to the Securities and Exchange Commission of Pakistan	11	5,716,771	3,908,481
Payable against redemption of units		18,310	44,151,513
Unclaimed dividend / dividend payable		40,464	58,414,639
Accrued expenses and other liabilities	12	117,003,655	68,754,246
<b>Total liabilities</b>		<b>155,447,675</b>	<b>200,309,232</b>
<b>NET ASSETS</b>		<b>7,808,327,468</b>	<b>5,576,232,439</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>7,808,327,468</b>	<b>5,576,232,439</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>15,273,112</b>	<b>10,928,688</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>511.25</b>	<b>510.24</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>Income</b>			
Interest/profit income	14	599,104,405	534,007,482
Capital gain on sale of investments - net		31,552,720	124,876,624
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		39,770,002	15,192,966
		<b>71,322,722</b>	<b>140,069,590</b>
Element of loss/capital losses included in prices of units issued less those in units redeemed - net		(134,064,111)	(395,794,812)
<b>Total income</b>		<b>536,363,016</b>	<b>278,282,260</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	9.1	45,734,144	65,141,346
Sindh Sales Tax on remuneration of the Management Company	9.2	7,427,225	11,334,594
Federal Excise Duty on remuneration of the Management Company	9.3	7,317,463	10,422,615
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	6,935,652	5,177,781
Sindh Sales Tax on remuneration of the Trustee	10.2	970,991	-
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	5,716,770	3,908,481
Securities transaction cost	15	11,856,586	7,912,769
Auditors' remuneration	16	639,861	638,630
Accounting and operational charges	17	4,069,299	-
Sindh Sales Tax on accounting and operational charges		240,168	-
Impairment loss on investments classified as 'available-for-sale'		-	1,603,615
Annual rating fee		326,228	301,774
Annual listing fee		40,000	40,000
Printing charges		48,673	140,000
Legal and professional charges		224,368	-
Bank charges		143,568	80,500
Provision for Workers' Welfare Fund	12.1	-	3,431,603
<b>Total expenses</b>		<b>91,690,996</b>	<b>110,133,708</b>
<b>Net income for the year before taxation</b>		<b>444,672,020</b>	<b>168,148,552</b>
<b>Taxation</b>	18	-	-
<b>Net income for the year after taxation</b>		<b>444,672,020</b>	<b>168,148,552</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>444,672,020</b>	<b>168,148,552</b>
<b>Income that may be re-classified subsequently to Income Statement</b>		
- Net unrealised appreciation in the value of investments classified as 'available-for-sale'	269,286	-
- Impairment loss on revaluation of investments classified as 'available-for-sale' transferred to income statement	-	819,962
<b>Total comprehensive income for the year</b>	<b>444,941,306</b>	<b>168,968,514</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2016 ----- Rupees -----	2015 ----- Rupees -----
Undistributed income brought forward [includes unrealised loss on investments: Rs.82,830,391] (2015: includes unrealised loss on investments: Rs.102,956,351)	88,641,115	19,735,971
Net income for the year after taxation	444,672,020	168,148,552
Interim cash distribution of Rs.40 per unit declared on 24 June 2016 (2015: Rs.55 per unit declared on 29 June 2015)	(429,545,336)	(99,243,408)
Undistributed income carried forward [includes unrealised loss on investments: Rs.46,917,489] (2015: includes unrealised loss on investments: Rs.82,830,391)	<u>103,767,799</u>	<u>88,641,115</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director



## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2016

	2016		2015	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the year</b> [Rs.510.24 per unit (2015: Rs.503.86 per unit)]	<b>10,928,688</b>	<b>5,576,232,439</b>	<b>7,734,075</b>	<b>3,896,867,229</b>
Issue of units	16,137,231	8,499,223,658	19,924,633	10,537,062,302
Redemption of units	(11,792,806)	(6,416,588,710)	(16,730,020)	(9,323,217,010)
	<b>4,344,425</b>	<b>2,082,634,948</b>	<b>3,194,613</b>	<b>1,213,845,292</b>
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	134,064,111	-	395,794,812
Capital gain on sale of investments - net	-	31,552,720	-	124,876,624
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	39,770,002	-	15,192,966
Other income (net of expenses) for the year	-	373,349,298	-	28,078,962
Other comprehensive income for the year	-	269,286	-	819,962
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>444,941,306</b>	<b>-</b>	<b>168,968,514</b>
Interim cash distribution of Rs.40 per unit declared on 24 June 2016 (2015: Rs.55 per unit declared on 29 June 2015)	-	(429,545,336)	-	(99,243,408)
<b>Net assets at the end of the year</b> [Rs.511.25 (2015: Rs.510.24) per unit]	<b>15,273,112</b>	<b>7,808,327,468</b>	<b>10,928,688</b>	<b>5,576,232,439</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year after taxation		444,672,020	168,148,552
<b>Adjustments for:</b>			
Interest/profit income		(599,104,405)	(534,007,482)
Capital gain on sale of investments - net		(31,552,720)	(124,876,624)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(39,770,002)	(15,192,966)
Impairment loss on investments classified as 'available-for-sale'		-	1,603,615
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		134,064,111	395,794,812
		<b>(536,363,016)</b>	<b>(276,678,645)</b>
<b>(Increase)/decrease in assets</b>			
Receivable against Margin Trading System		(1,064,998,848)	514,934,682
Deposits, prepayment and other receivables		(8,033,040)	(3,050)
		<b>(1,073,031,888)</b>	<b>514,931,632</b>
<b>Increase in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		7,162,233	13,907,743
Payable to the Central Depository Company of Pakistan Limited - Trustee		425,889	153,279
Payable to the Securities and Exchange Commission of Pakistan		1,808,290	2,155,713
Accrued expenses and other liabilities		48,249,409	52,729,569
		<b>57,645,821</b>	<b>68,946,304</b>
		<b>(1,107,077,063)</b>	<b>475,347,843</b>
<b>Interest received</b>		<b>344,613,534</b>	<b>593,062,868</b>
Investments made during the year		(28,498,741,849)	(12,328,893,141)
Investments sold/redeemed/matured during the year		25,952,443,450	14,269,033,884
<b>Net cash (used in)/generated from operating activities</b>		<b>(3,308,761,928)</b>	<b>3,008,551,454</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		8,871,007,308	10,123,839,514
Net payments against redemption of units		(6,460,721,913)	(9,279,082,057)
Cash payout against distribution		(487,919,511)	-
<b>Net cash generated from financing activities</b>		<b>1,922,365,884</b>	<b>844,757,457</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,386,396,044)</b>	<b>3,853,308,911</b>
Cash and cash equivalents at the beginning of the year		4,538,006,515	684,697,604
<b>Cash and cash equivalents at the end of the year</b>	4	<b>3,151,610,471</b>	<b>4,538,006,515</b>

The annexed notes from 1 to 32 form an integral part of these financial statements.

**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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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Income Fund (the Fund) is an open ended mutual fund constituted by 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 First Supplemental Trust Deed dated 11 June 2005, Second Supplemental Trust Deed dated 29 October 2007, Third Supplemental Trust Deed dated 23 June 2010 and the Fourth Supplemental Trust Deed dated 12 November 2010 with the approval of the SECP. Also, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth 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 and 13 April 2016 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 is 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 (formerly Karachi Stock Exchange Limited in which Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited have amalgamated). The units of the Fund 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.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in 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 Securities and Exchange Commission of Pakistan. The investment objectives and policies are explained in the Fund's offering document.

The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

#### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 – Separate Financial Statements – (Amended)
- IAS 28 – Investment in Associates and Joint Ventures – (Amended)

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any significant effect on the financial statements of the Fund for the year ended 30 June 2016.

There were certain new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2015 but were considered not to be relevant or did not have any significant effect on the Fund's operations and have, therefore, not been detailed in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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

The following revised standards, interpretations and amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

Standard, interpretation or amendment	Effective date (accounting periods beginning)
- IFRS 2 "Share-based Payments" – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
- IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investment in Associates – Investment Entities": Applying the Consolidation Exception (Amendment)	01 January 2016
- 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 finalised
- IFRS 11 "Joint Arrangements" - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
- IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (Amendment)	01 January 2016
- IAS 7 "Financial Instruments: Disclosures" - Disclosure Initiative - (Amendment)	01 January 2017
- IAS 12 "Income Taxes" – Recognition of deferred tax assets for unrealised losses (Amendments)	01 January 2017
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of acceptable method of depreciation and amortization (Amendment)	01 January 2016
- IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture Bearer Plants (Amendment)	01 January 2016
- IAS 27 "Separate Financial Statements" - Equity method in separate financial statements (Amendment)	01 January 2016

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
- IFRS 14 - Regulatory Deferral Accounts	01 January 2016
- IFRS 15 - Revenue from Contracts with Customers	01 January 2017
- IFRS 16 - Leases	01 January 2019

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 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 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. The estimates and judgements that have a significant effect on the financial statements relate to classification, valuation and impairment of investments (as disclosed in notes 3.2 and 5).

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that 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 presented unless otherwise stated.

### 3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

### 3.2 Financial assets

#### 3.2.1 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 profits 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.

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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2016

#### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### 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 recognised 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 debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities.

###### 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.

###### Basis of valuation of equity securities

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange is valued at the closing price determined by such exchange in accordance with its regulations.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

Net gains and losses arising from changes in the fair value of available-for-sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the Income Statement.

##### 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 a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

##### a) Available-for-sale financial assets

###### Impairment loss on equity securities

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 in determining whether the security is impaired. If the evidence of impairment exists, 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 the Income Statement is reclassified from 'unit holders' fund' to the Income Statement. Impairment losses recognised in the Income Statement on equity securities are not reversed through the Income Statement.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### **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 pursuant to the requirements of the SECP guidelines. 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 and placed by the Management Company on its website.

### **b) Loans and receivables**

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is an 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 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, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

### **3.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **3.5 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 percent exposure is automatically released at expiry of every 15th day from the day of contract.

### **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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### **3.7 Net asset 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 Fund by the number of units in circulation at the year end.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 3.8 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.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company/distributors receive 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.

### 3.9 Distribution to unit holders

Distributions to the unit holders are 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 Directors 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 Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called 'element of income / loss and capital gains / losses in prices of units issued less those in units redeemed' (the element) is created.

Upon sale and redemption of units, the amount representing net income / loss and capital gains/losses is accounted for in net asset value and included in the sale/ redemption price is taken to the Income Statement.

The element is computed to the extent that it is represented by the increase / decrease in net income / loss and capital gains / losses earned / incurred during the year and is transferred to the Income Statement.

### 3.11 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 term finance certificates and 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, term deposits and MTS transactions is recognised on an accrual basis.
- Element of income/(loss) and capital gains/(losses) in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

### 3.12 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.

### 3.13 Taxation

#### Current

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 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.

#### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year as cash dividend.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 3.14 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 EPU is not practicable.

	Note	2016 Rupees	2015 Rupees
<b>4. CASH AND BANK BALANCES</b>			
Balances with banks in:			
Savings accounts	4.1	3,145,614,591	4,532,317,039
Current account		5,000	5,679,476
Cheques in hand		5,990,880	10,000
		<b>3,151,610,471</b>	<b>4,538,006,515</b>

4.1 The rate of return on these accounts ranges between 5.00% and 6.40% (2015: 5.00% and 7.10%) per annum.

	Note	2016 Rupees	2015 Rupees
<b>5. INVESTMENTS</b>			
<b>Available-for-sale</b>			
Quoted equity security	5.1	2,599,068	2,329,782
<b>At fair value through profit or loss - held for trading</b>			
Term finance certificates - listed	5.2 & 5.7	767,294,778	92,279,482
Term finance certificates - unlisted	5.3 & 5.7	101,938,800	46,050,500
Sukuk certificates - unlisted	5.4 & 5.7	-	-
Government securities - Market Treasury Bills	5.5	413,945,275	248,955,500
Government securities - Pakistan Investment Bonds	5.6	2,328,492,609	423,589,799
		<b>3,611,671,462</b>	<b>810,875,281</b>
		<b>3,614,270,530</b>	<b>813,205,063</b>

### 5.1 Quoted equity security

Ordinary shares have a face value of Rs.10

	Number of shares				Rupees		Percentage of		
	As at 01 July 2015	Acquired during the year	Sales during the year	As at 30 June 2016	Carrying value as at 30 June 2016	Market value as at 30 June 2016	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of Paid-up Capital of Investee Company
<b>CHEMICAL</b>									
AgriTech Limited	302,569	-	-	302,569	2,329,782	2,599,068	0.07	0.03	0.00
					<b>2,329,782</b>	<b>2,329,782</b>	<b>0.29</b>	<b>0.04</b>	<b>0.06</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**5.1.1** This represents shares allocated to the Fund as part of the settlement agreement finalised between Azgard Nine Limited and its creditors in FY 2012-13. As part of the settlement, 302,569 shares of Agritech Limited have been allocated to the Fund against its receivable balance of Rs 10.589 million from Azgard Nine Limited. The Fund's gross receivable against Azgard Nine Limited amounted to Rs 18.724 million out of which Rs 10.589 million has been settled as part of this agreement. The balance receivable amounting to Rs 8.135 million remains fully provided.

**5.1.2** As at 30 June 2016, impairment loss on this investment amounting to Rs nil (2015: Rs 1,603,615) has been recognised in the Income Statement.

### 5.2 Term finance certificates - listed

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

		Number of certificates			Rupees		Percentage of			
	Note	As at 01 July 2015	Purchased during the year	Disposed / matured during the year	As at 30 June 2016	Carrying value as at 30 June 2016	Market value as at 30 June 2016	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of Paid-up Capital of Investee Company
BANKS										
Bank Alfalah Limited - V		8,450	-	-	8,450	42,262,581	43,057,507	1.19	0.55	0.85
Habib Bank Limited Tier - II (face value of Rs.100,000 per certificate)		-	6,750	-	6,750	675,225,000	675,101,250	18.68	8.65	6.75
Soneri Bank Limited		10,000	-	-	10,000	49,990,000	49,136,021	1.36	0.63	1.67
TELECOMMUNICATION										
Telecard Limited	5.7.1	4,000	-	-	4,000	-	-	-	-	-
PERSONAL GOODS										
Azgard Nine Limited	5.7.1	5,000	-	-	5,000	-	-	-	-	-
						767,477,581	767,294,778	21.23	9.83	9.27

**5.2.1** The terms and conditions of listed term finance certificates outstanding as at 30 June 2016 are as follows:

	Rating	Tenure	Profit payments/ Principal redemptions	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	9.5 years	Quarterly	May 2015	6month KIBOR + 3.75%
<b>PERSONAL GOODS</b>					
Azgard Nine Limited	NPA	7 years	Semi-annually	Sept 2012	6 month KIBOR + 2.40%

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 5.3 Term finance certificates - unlisted

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

Note	Number of certificates				Rupees		Percentage of		
	As at 01 July 2015	Purchased during the year	Disposed / matured during the year	As at 30 June 2016	Carrying cost (Net of impairment)	Market value as at 30 June 2016	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of Paid-up Capital of Investee Company
<b>BANKS</b>									
Askari Bank Limited - V	-	20,000	-	20,000	101,139,280	101,938,800	2.82	1.31	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	-	-	-	-	-
Engro Fertilizers Limited - II		10,000	10,000	-	-	-	-	-	-
<b>PERSONAL GOODS</b>									
Azgard Nine Limited - V	5.7.1	1,075	-	1,075	-	-	-	-	-
<b>MISCELLANEOUS</b>									
Bunny's Limited	5.7.1	424	210	214	-	-	-	-	-
					<b>101,139,280</b>	<b>101,938,800</b>	<b>2.82</b>	<b>1.31</b>	<b>2.50</b>

5.3.1 The terms and conditions of unlisted term finance certificates outstanding as at 30 June 2016 are as follows:

	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%
<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
<b>MISCELLANEOUS</b>					
Bunny's Limited	NPA	5 years	Semi-annually	Nov 2013	6month KIBOR + 2.50%

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 5.4 Sukuk certificates - unlisted

(Certificates having a face value of Rs 5,000 each)

Note	Number of certificates				Rupees		Percentage of	
	As at 01 July 2015	Purchased during the year	Disposed / matured during the year	As at 30 June 2016	Carrying cost (Net of impairment)	Market value as at 30 June 2016	Market Value as a percentage of total Investments	Market Value as a percentage of net assets
<b>CHEMICALS</b>								
Agritech Limited	5.7.1	4,060	-	-	4,060	-	-	-

#### 5.4.1 The terms and conditions of these sukuk certificates are as follows:

	Rating	Tenure	Profit payments/ Principal redemptions	Maturity date	Rate of return
<b>CHEMICALS</b>					
Agritech Limited	NPA	7 years	Semi -annually	Aug 2015	6 month KIBOR + 2.00%

Note	2016		2015	
	Rupees		Rupees	
<b>5.5 Government Securities - Market Treasury Bills</b>				
Market Treasury Bills	5.5.1	<b>413,945,275</b>	<b>248,955,500</b>	

#### 5.5.1. Market Treasury Bills

	Face value (Rupees)				Rupees		Percentage of	
	As at 01 July 2015	Purchased during the year	Disposed / Matured during the year	As at 30 June 2016	Carrying value	Market value	Total investments	Net assets
<b>Treasury bills</b>								
3 months - T Bills	-	8,240,015,000	8,240,015,000	-	-	-	-	-
6 months - T Bills	250,000,000	5,242,990,000	5,492,990,000	-	-	-	-	-
12 months - T Bills	-	4,755,000,000	4,330,000,000	425,000,000	413,580,796	413,945,275	11.45	5.30
	<b>250,000,000</b>	<b>18,238,005,000</b>	<b>18,063,005,000</b>	<b>425,000,000</b>	<b>413,580,796</b>	<b>413,945,275</b>	<b>11.45</b>	<b>5.30</b>

**5.5.2** Market treasury bills carry purchase yields ranging between 6.17% to 6.21% (2015: 6.68% to 8.70%) per annum and will mature on various dates between 4 August 2016 and 2 March 2017 (2015: 23 July 2015). The cost of these investments as on 30 June 2016 is Rs.406,637,600 (2015: Rs.243,141,800).

**5.5.3** These include treasury bills amounting to Rs.149,182,950 (face value: Rs.150,000,000) [2015: Rs.49,791,100 (face value: Rs.50,000,000)] which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades which are due to mature on 4 August 2016 (2015: 23 July 2015).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
<b>5.6 Government Securities</b>			
Pakistan Investment Bonds	5.6.1	<u>2,328,492,609</u>	<u>423,589,799</u>

### 5.6.1. Pakistan Investment Bonds (PIBs)

Pakistan Investment Bonds (PIBs)	Face value (Rupees)				Rupees		Percentage of	
	As at 01 July 2015	Purchased during the year	Disposed / Matured during the year	As at 30 June 2016	Carrying value	Market value	Total investments	Net assets
3 Year - PIBs	297,500,000	4,357,500,000	4,350,000,000	305,000,000	316,492,868	315,725,440	8.74	4.04
5 Year - PIBs	52,900,000	4,396,800,000	3,086,200,000	1,363,500,000	1,453,143,810	1,473,501,633	40.77	18.87
10 Year - PIBs	49,000,000	550,000,000	174,000,000	425,000,000	520,067,125	539,265,536	14.92	6.91
	<u>399,400,000</u>	<u>9,304,300,000</u>	<u>7,610,200,000</u>	<u>2,093,500,000</u>	<u>2,289,703,803</u>	<u>2,328,492,609</u>	<u>64.43</u>	<u>29.82</u>

**5.6.2** Pakistan Investment Bonds carry purchase yields ranging between 7.00% to 12.00% (2015: 9.60% to 11.50%) per annum and will mature on various dates between 18 August 2016 and 17 July 2024 (2015: 19 July 2015 and 17 July 2017). The cost of these investments as on 30 June 2016 is Rs.2,281,363,876 (2015: Rs.406,561,362).

### 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
					%	%
<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	-	-	-
		<u>12,540,501</u>	<u>12,540,501</u>	-	-	-
<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	-	-	-
Bunny's Limited	Term finance certificate	802,500	802,500	-	-	-
		<u>54,662,500</u>	<u>54,662,500</u>	-	-	-
<b>Unlisted</b>						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
<b>Total - 30 June 2016</b>		<u>82,428,001</u>	<u>82,428,001</u>	-	-	-
<b>Total - 30 June 2015</b>		<u>83,215,501</u>	<u>83,215,501</u>	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**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.82.43 million (30 June 2015: Rs.83.21 million), has been made in accordance with the provisioning requirements specified by the SECP.

	2016	2015
	----- Rupees -----	----- Rupees -----
<b>5.8 Movement in provision against debt securities for the year</b>		
Provision at the beginning of the year	83,215,501	83,215,501
Less: Provision written off during the year	(787,500)	-
<b>Provision at the end of the year</b>	<b>82,428,001</b>	<b>83,215,501</b>

### 6. RECEIVABLE AGAINST ISSUE OF UNITS

This denotes units issued to unitholders based on their requests for transfer of units received on or before 30 June 2016 in respect of which amounts were received subsequent to that date.

	2016	2015
	----- Rupees -----	----- Rupees -----
<b>7. INTEREST / PROFIT ACCRUED</b>		
<b>Interest / profit accrued on:</b>		
Bank balances and term deposits	3,652,589	5,134,500
Margin Trading System	5,031,219	235,442
Term finance certificates	21,835,922	4,071,107
Government securities - Pakistan Investment Bonds	68,122,331	17,885,201
	<b>98,642,061</b>	<b>27,326,250</b>

### 8. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
National Clearing Company of Pakistan Limited (NCCPL)	250,000	250,000
Prepaid annual fee to the NCCPL	124,209	105,105
Other receivables	8,013,936	-
	<b>8,488,145</b>	<b>455,105</b>

**8.1** 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 withholder. The amount of tax withheld during the year on profit on bank deposits and debt securities amounts to Rs.2.64 million and Rs 5.37 million respectively.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**8.1** 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 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 received by the Fund on bank deposits and debt securities has been shown as other receivables as at 30 June 2016 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2016 ----- Rupees -----	2015 -----
<b>9. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>			
Management fee payable	9.1	4,106,082	5,096,181
Sindh Sales Tax payable on remuneration of the Management Company	9.2	4,097,549	3,262,680
Federal Excise Duty payable on remuneration of the Management Company	9.3	23,582,971	16,265,508
		<b>31,786,602</b>	<b>24,624,369</b>

**9.1** 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 1.5% 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. During the year ended 30 June 2016, the Management Company has charged its remuneration at the rate of 0.60% (2015: 1.25%) per annum of the average net assets for the year. The fee is payable to the Management Company monthly in arrears.

**9.2** During the year, an amount of Rs 7,427,225 (2015: Rs 11,334,594) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 6,592,356 (2015: Rs. 9,550,070) has been paid to the Management Company which acts as a collecting agent.

**9.3** 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 9.2 above, the Management Company is of the view that further levy of FED is not justified.

On 4 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. In this respect, the SHC issued a stay order against recovery proceedings till the date of the next hearing. Pending decision of the SHC, the Fund is not making payment in respect of FED.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**9.3** In a recent order of the SHC, 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) have been set aside. However, as a matter of abundant caution full provision for FED on remuneration of the Management Company is being retained in the financial statements of the Fund from 13 June 2013 till 30 June 2016 as the management believes that the Federal government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the provision not been maintained the net asset value of the Fund would have been higher by Rs.1.54 per unit (2015: Rs.1.49 per unit).

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.

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY</b>			
Trustee fee payable	10.1	610,190	395,984
Sindh Sales Tax payable on trustee fee	10.2	85,427	-
Settlement charges payable		163,382	60,000
Sindh Sales Tax payable on settlement charges		22,874	-
		<b>881,873</b>	<b>455,984</b>

**10.1** 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.0.6 million or 0.17% per annum of net assets, whichever is higher.
- 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.

**10.2** During the year, an amount of Rs 970,991 (2015: Rs nil) 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 945,099 (2015: Rs nil) was paid to the Trustee which acts as a collecting agent.

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	11.1	<b>5,716,771</b>	<b>3,908,481</b>

**11.1** 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Note	Rupees	Rupees
<b>12. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		442,482	437,890
NCCPL charges payable		20,000	20,000
Printing charges payable		90,000	181,042
Brokerage payable		103,128	634,284
Sales Tax payable		14,438	91,136
Zakat payable		32,736	2,385
Withholding tax payable		95,928,691	48,534,532
Accounting and operational charges payable	17	684,346	-
Sindh Sales Tax payable on accounting and operational charges		41,061	-
Capital gain tax payable		733,800	-
Provision for Workers' Welfare Fund	12.1	18,852,977	18,852,977
Other payable		59,996	-
		<b>117,003,655</b>	<b>68,754,246</b>

**12.1** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court challenging the applicability of WWF on CISs which is pending adjudication.

The Finance Act, 2015 introduced an amendment under which mutual funds and collective investment schemes have been excluded from the definition of industrial establishment. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable for tax year 2016. The provision made till 30 June 2015 has not been reversed as the law suit referred to in the previous paragraph is still pending in the SHC.

Although the Management Company is hopeful that the case will be decided in favour of the Funds, it has retained the provision in the financial statements as at 30 June 2016 in respect of the liability towards WWF amounting to Rs.18,852,977 (2015: Rs.18,852,977). Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.1.23 (30 June 2015: Rs.1.72) per unit.

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

There were no contingencies outstanding as at 30 June 2016 and 30 June 2015.

### 13.2 Commitments

Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled as at 30 June 2016

	2016	2015
Note	Rupees	Rupees
	<b>281,674,516</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
14. INTEREST / PROFIT INCOME			
Interest / profit on:			
Savings and term deposits		62,132,365	19,578,576
Income from Margin Trading System		78,432,737	77,401,449
Term Finance Certificates	14.1	34,099,568	11,682,374
Government Securities - Market Treasury Bills		183,175,060	139,256,915
Government Securities - Pakistan Investment Bonds		241,264,675	286,088,168
		<b>599,104,405</b>	<b>534,007,482</b>

14.1 This includes mark-up received on non-performing term finance certificates amounting to Rs 0.100 million. Furthermore, in accordance with the requirements specified by the SECP, mark-up on non-performing securities amounting to Rs.49.08 million (2015: Rs 42.22 million) based on outstanding principal has not been recognised during the year.

### 15. SECURITIES TRANSACTION COST

This represents brokerage, BATS charges, MTS transaction charges to the NCCPL and settlement charges to the CDC.

	2016 ----- Rupees -----	2015 ----- Rupees -----
16. AUDITORS' REMUNERATION		
Audit fee	322,000	322,000
Half yearly review of condensed interim financial information	161,000	161,000
Review of Statement of Compliance with the Code of Corporate Governance	45,000	45,000
Sindh Sales Tax on services	33,480	26,400
Out of pocket expenses	78,381	84,230
	<b>639,861</b>	<b>638,630</b>

### 17. ACCOUNTING AND OPERATIONAL CHARGES

The Management Company has outsourced its back office accounting function to IT Minds Limited (a subsidiary of the Central Depository Company of Pakistan Limited, the Trustee and a connected person of the Fund). Expenses invoiced by IT Minds Limited are charged to the Funds as, in accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged actual amount of accounting and operational charges to the Fund being lower than 0.1% per annum of the average annual net assets of the Fund for the period from 25 November 2015 to 30 June 2016.

### 18. TAXATION

The income of the Fund is exempt from income tax as per 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 to the unit holders as cash dividend. The management has already distributed 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements during the current year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 19. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 19.1** Connected persons include Atlas Asset Management Limited being the Management Company, 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 and directors and key management personnel of the Management Company.
- 19.2** 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.
- 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:

	2016	2015
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration charged	45,734,144	65,141,346
Remuneration paid	46,724,243	63,440,740
Sindh Sales Tax on remuneration of the Management Company	7,427,225	11,334,594
Federal Excise Duty on remuneration of the Management Company	7,317,463	10,422,615
Issue of 115,973 (2015: 171,294) units	60,000,000	91,835,945
Redemption of 193,940 (2015: 104,629) units	102,604,690	55,000,000
Cash dividend	-	8,447,927
Outstanding 88,056 (2015: 166,023) units at the year end	45,018,492	84,711,365
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	6,935,652	5,177,781
Sindh Sales Tax on remuneration of the Trustee	970,991	-
Remuneration paid	6,721,446	5,044,076
Settlement charges incurred	1,043,468	807,667
Sindh Sales Tax on settlement charges	146,086	-
<b>Atlas Battery Limited (Group Company)</b>		
Issue of 2,765,339 (2015: 1,086,857) units	1,440,000,000	580,506,402
Redemption of 1,533,270 (2015: 1,309,582) units	841,350,784	725,809,823
Outstanding 1,780,683 (2015: 548,614) units at the year end	910,373,943	279,924,915
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Issue of 388,557 (2015: 539,715) units	204,357,346	277,392,380
Redemption of 3,326 (2015: 441,169) units	1,800,000	248,576,803
Cash dividend	23,249,794	-
Outstanding 665,280 (2015: 280,049) units at the year end	340,124,612	142,892,380

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 19. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

	2016	2015
	----- Rupees -----	
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Redemption of nil (2015: 159,290) units	-	89,645,813
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 1,147,352 (2015: 8,029,961) units	598,418,704	4,254,670,251
Redemption of 141,681 (2015: 5,689,345) units	75,000,000	3,196,519,184
Cash dividend	197,891,606	-
Outstanding 5,237,851 (2015: 4,232,180) units at the year end	2,677,851,548	2,159,427,355
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 311,005 (2015: 861,272) units	167,700,000	454,800,000
Redemption of 594,205 (2015: 1,134,101) units	321,245,011	622,410,178
Outstanding nil (2015: 283,200) units at the year end	-	144,500,000
<b>Atlas Metals (Private) Limited (Group Company)</b>		
Issue of 1,363 (2015: 23,200) units	696,010	11,837,735
Redemption of nil (2015: 30,998) units	-	16,937,032
Cash dividend	928,013	-
Outstanding 24,563 (2015: 23,200) units at the year end	12,557,790	11,837,735
<b>Aamir Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Redemption of nil (2015: 44,438) units	-	23,136,271
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 23,902 (2015: 185,528) units	12,477,022	95,738,220
Redemption of 15,613 (2015: 149,072) units	8,218,553	83,621,123
Cash dividend	5,969,362	-
Outstanding 157,999 (2015: 149,710) units at the year end	80,776,868	76,388,220
<b>Cherat Cement Company Limited (Company having common Director)</b>		
Issue of nil (2015: 620,656) units	-	330,218,707
Redemption of 353,966 (2015: 266,690) units	183,389,901	150,000,000
Cash dividend	-	19,468,142
Dividend paid	19,468,142	-
Dividend payable	-	19,468,142
Outstanding nil (2015: 353,966) units at the year end	-	180,607,726
<b>Cherat Cement Company Limited Employees Provident Fund (Trust established by a Company having common Director)</b>		
Issue of 10 (2015: 4,970) units	5,182	2,640,045
Redemption of 4,797 (2015: Nil) units	2,500,000	-
Cash dividend	6,909	246,721
Outstanding 183 (2015: 4,970) units at the year end	93,486	2,535,695
<b>Honda Atlas Cars (Pakistan) Limited</b>		
Issue of 1,467,595 (2015: nil) units	750,000,000	-
Outstanding 1,467,595 (2015: nil) units at the year end	750,308,195	-
<b>Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Redemption of nil (2015: 423) units	-	238,799

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 19. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

	2016	2015
	----- Rupees -----	
<b>Shirazi Capital (Private) Limited (Group company)</b>		
Issue of 251,086 (2015: 758,781) units	133,570,283	395,593,330
Redemption of nil (2015: 331,932) units	-	186,046,278
Cash dividend	31,373,711	-
Outstanding 830,408 (2015: 579,322) units at the year end	424,546,256	295,593,330
<b>Shirazi Investments (Private) Limited (Group company)</b>		
Issue of 155,179 (2015: 4,662,794) units	79,265,463	2,428,983,654
Redemption of 112,666 (2015: 3,726,154) units	61,110,000	2,089,829,963
Cash dividend	105,687,284	-
Outstanding 2,797,361 (2015: 2,754,848) units at the year end	1,430,150,888	1,405,633,654
<b>Shirazi Investments (Private) Limited - Employees Provident Fund</b>		
Issue of 15,762 (2015: 5,906) units	8,187,172	3,208,189
Redemption of 2,579 (2015: Nil) units	1,395,000	-
Cash dividend	685,172	293,189
Outstanding 19,089 (2015: 5,906) units at the year end	9,759,131	3,013,282
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 1,711 (2015: 10,870) units	874,113	6,000,000
Cash dividend	874,113	1,201,905
Dividend paid	1,201,905	-
Dividend payable	-	1,201,905
Outstanding 23,564 (2015: 21,853) units at the year end	12,047,141	11,150,186
<b>Atlas Insurance Limited - Staff Provident Fund Trust (Retirement benefit plan of group company)</b>		
Issue of nil (2015: 6,917) units	-	3,858,834
Redemption of 7,228 (2015: 53,099) units	3,823,479	28,000,000
Cash dividend	-	358,834
Outstanding nil (2015: 7,228) units at the year end	-	3,687,956
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 93,763 (2015: 195,026) units	48,532,194	106,646,792
Redemption of 15,162 (2015: 174,388) units	8,000,000	95,500,000
Cash dividend	8,532,194	8,327,400
Dividend paid	8,327,400	-
Dividend payable	-	8,327,400
Outstanding 230,008 (2015: 151,407) units at the year end	117,591,809	77,254,045
<b>Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)</b>		
Issue of 73,269 (2015: Nil) units	37,458,720	-
Redemption of 68,008 (2015: Nil) units	37,458,721	-
Cash dividend	-	3,740,431
Dividend paid	3,740,431	-
Dividend payable	-	3,740,431
Outstanding 73,269 (2015: 68,008) units at the year end	37,458,720	34,700,323

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 19. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

	2016	2015
	----- Rupees -----	
<b>Atlas Group of Companies - Management Staff Gratuity Fund</b>		
<b>(Retirement benefit plan of group company)</b>		
Issue of 16,261 (2015: 24,110) units	8,649,260	13,000,000
Redemption of 24,889 (2015: 978) units	13,500,000	535,000
Cash dividend	1,079,260	1,966,991
Dividend paid	1,966,991	-
Dividend payable	-	1,966,991
Outstanding 27,137 (2015: 35,763) units at the year end	13,873,566	18,247,957
<b>Atlas Engineering Limited - Employees Provident Fund</b>		
<b>(Retirement benefit plan of group company)</b>		
Issue of 929 (2015: nil) units	474,681	-
Redemption of 19,479 (2015: 26,000) units	9,961,950	14,041,820
Cash dividend	474,681	1,724,031
Dividend paid	1,724,031	-
Dividend payable	-	1,724,031
Outstanding 12,796 (2015: 31,346) units at the year end	6,542,115	15,993,995
<b>Atlas Honda Limited - Non-management Staff Gratuity Fund</b>		
<b>(Retirement benefit plan of group company)</b>		
Issue of 1,449 (2015: 31,413) units	740,210	17,151,937
Redemption of nil (2015: 22,180) units	-	12,000,000
Cash dividend	740,210	1,233,374
Dividend paid	1,233,374	-
Dividend payable	-	1,233,374
Outstanding 19,954 (2015: 18,505) units at the year end	10,201,675	9,442,122
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund</b>		
<b>(Retirement benefit plan of group company)</b>		
Issue of 7,807 (2015: nil) units	3,991,348	-
Redemption of 7,246 (2015: nil) units	3,991,349	-
Cash dividend	-	398,555
Dividend paid	398,555	-
Dividend payable	-	398,555
Outstanding 7,807 (2015: 7,246) units at the year end	3,991,348	3,697,433
<b>Atlas Powers Limited - Staff Provident Fund</b>		
<b>(Retirement benefit plan of group company)</b>		
Issue of 20 (2015: Nil) units	10,214	-
Redemption of 554 (2015: Nil) units	300,000	-
Cash dividend	10,214	44,496
Dividend paid	44,496	-
Dividend payable	-	44,496
Outstanding 275 (2015: 809) units at the year end	140,774	412,797
<b>Key Management Personnel of Management Company - (note 19.6)</b>		
Issue of 81,780 (2015: 42,544 ) units	43,641,799	21,864,501
Redemption of 61,412 (2015: 147,325) units	31,445,893	12,324,832
Cash dividend	9,713,109	11,617,558
Outstanding 261,898 (2015: 241,531) units at the year end	133,895,169	123,238,777

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

**19.6** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2015-16.

### 20. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2016			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
	Rupees			
<b>Financial assets</b>				
Cash and bank balances	3,151,610,471	-	-	3,151,610,471
Investments	-	3,611,671,462	2,599,068	3,614,270,530
Receivable against issue of units	610,369	-	-	610,369
Receivable against Margin Trading System	1,090,153,567	-	-	1,090,153,567
Interest / profit accrued	98,642,061	-	-	98,642,061
Deposits	350,000	-	-	350,000
	<b>4,341,366,468</b>	<b>3,611,671,462</b>	<b>2,599,068</b>	<b>7,955,636,998</b>

	As at 30 June 2016		Total
	A fair value through profit or loss	Others	
	Rupees		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	31,786,602	31,786,602
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	881,873	881,873
Payable against redemption of units	-	18,310	18,310
Unclaimed dividend	-	40,464	40,464
Accrued expenses and other liabilities	-	1,399,952	1,399,952
	<b>-</b>	<b>34,127,201</b>	<b>34,127,201</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 20. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

	As at 30 June 2015			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
Financial Assets	Rupees			
Bank balances and term deposits	4,538,006,515	-	-	4,538,006,515
Investments	-	810,875,281	2,329,782	813,205,063
Receivable against sale of units	372,394,019	-	-	372,394,019
Receivable against Margin Trading System	25,154,719	-	-	25,154,719
Interest / profit accrued	27,326,250	-	-	27,326,250
Deposits	350,000	-	-	350,000
	<b>4,963,231,503</b>	<b>810,875,281</b>	<b>2,329,782</b>	<b>5,776,436,566</b>

	As at 30 June 2015		Total
	A fair value through profit or loss	Others	
Financial Liabilities	Rupees		
Payable to Atlas Asset Management Limited - Management Company	-	24,624,369	24,624,369
Payable to Central Depository Company of Pakistan Limited - Trustee	-	455,984	455,984
Payable against redemption of units	-	44,151,513	44,151,513
Dividend payable	-	58,414,639	58,414,639
Accrued and other liabilities	-	1,273,216	1,273,216
	<b>-</b>	<b>128,919,721</b>	<b>128,919,721</b>

### 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 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.



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 21.1 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 2016, 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 certificates and balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase in KIBOR rates as at 30 June 2016, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher by Rs.34.563 million (2015: Rs 46.745 million). In case of 100 basis points decrease in KIBOR rates as at 30 June 2016, with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs 34.563 million (2015: Rs 46.745 million).

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

As at 30 June 2016, the Fund holds market treasury bills and Pakistan Investment Bonds 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 for market treasury bills and Pakistan Investment Bonds with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs.80.598 million (2015: Rs. 6.553 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.84.939 million (2015: Rs. 6.464 million).

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 2016 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2016 can be determined as follows:

as follows:

----- As at 30 June 2016 -----						
Effective interest rate	Exposed to yield / profit 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			
Percentage	----- Rupees -----					
<b>Financial assets</b>						
Cash and bank balances	5.00% - 6.40%	3,145,614,591	-	-	5,995,880	3,151,610,471
Investments	6.15% - 12%	202,467,164	264,762,325	3,144,441,973	2,599,068	3,614,270,530
Receivable against issue of units		-	-	-	610,369	610,369
Receivable against Margin Trading System		-	-	-	1,090,153,567	1,090,153,567
Interest / profit accrued		-	-	-	98,642,061	98,642,061
Deposits		-	-	-	350,000	350,000
		<b>3,348,081,755</b>	<b>264,762,325</b>	<b>3,144,441,973</b>	<b>1,198,350,945</b>	<b>7,955,636,998</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	31,786,602	31,786,602
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	881,873	881,873
Payable against redemptions of units		-	-	-	18,310	18,310
Unclaimed dividend		-	-	-	40,464	40,464
Accrued expenses and other liabilities		-	-	-	1,399,952	1,399,952
		-	-	-	<b>34,127,201</b>	<b>34,127,201</b>
		<b>3,348,081,755</b>	<b>264,762,325</b>	<b>3,144,441,973</b>	<b>1,164,223,744</b>	<b>7,921,509,797</b>

----- As at 30 June 2015 -----						
Effective interest rate	Exposed to yield / profit 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			
Percentage	----- Rupees -----					
<b>Financial Assets</b>						
Cash and bank balances	5.00% - 7.10%	4,532,317,039	-	-	5,689,476	4,538,006,515
Investments	6.68% - 11.50%	412,337,142	50,090,077	348,448,062	2,329,782	813,205,063
Receivable against sale of units		-	-	-	372,394,019	372,394,019
Receivable against Margin Trading System		-	-	-	25,154,719	25,154,719
Interest / profit accrued		-	-	-	27,326,250	27,326,250
Deposits		-	-	-	350,000	350,000
		<b>4,944,654,181</b>	<b>50,090,077</b>	<b>348,448,062</b>	<b>433,244,246</b>	<b>5,776,436,566</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	24,624,369	24,624,369
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	455,984	455,984
Payable against redemptions of units		-	-	-	44,151,513	44,151,513
Dividend Payable		-	-	-	58,414,639	58,414,639
Accrued and other liabilities		-	-	-	1,273,216	1,273,216
		-	-	-	<b>128,919,721</b>	<b>128,919,721</b>
		<b>4,944,654,181</b>	<b>50,090,077</b>	<b>348,448,062</b>	<b>304,324,525</b>	<b>5,647,516,845</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### (ii) Foreign 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.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'available-for-sale'. Being an Income Fund, the Fund does not generally have any investment in equity securities and is, thus, not exposed to equity price risk other than on its investments in shares of Agritech Limited received as part of settlement agreement finalised between Azgard Nine Limited and its creditors, which carried a market value of Rs 2.599 million on 30 June 2016 (2015: Rs. 2.330 million).

In case of 5% increase / decrease in PSX 100 index on 30 June 2016, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs 129,953 (2015: Rs 116,489) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale.

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 2016 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 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 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, 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 THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

----- As at 30 June 2016 -----

	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	3,151,610,471	-	-	-	-	-	3,151,610,471
Investments	-	202,467,164	264,762,325	1,779,000,366	1,365,441,607	2,599,068	3,614,270,530
Receivable against issue of units	610,369	-	-	-	-	-	610,369
Receivable against Margin Trading System	1,090,153,567	-	-	-	-	-	1,090,153,567
Interest / profit accrued	50,184,539	38,206,412	10,251,110	-	-	-	98,642,061
Deposits	-	-	-	-	-	350,000	350,000
	<b>4,292,558,946</b>	<b>240,673,576</b>	<b>275,013,435</b>	<b>1,779,000,366</b>	<b>1,365,441,607</b>	<b>2,949,068</b>	<b>7,955,636,998</b>
<b>Financial liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	31,786,602	-	-	-	-	-	31,786,602
Payable to Central Depository Company of Pakistan Limited - Trustee	881,873	-	-	-	-	-	881,873
Payable against redemption of units	18,310	-	-	-	-	-	18,310
Unclaimed dividend	40,464	-	-	-	-	-	40,464
Accrued expenses and other liabilities	807,474	592,478	-	-	-	-	1,399,952
	<b>33,534,723</b>	<b>592,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,127,201</b>
<b>Net assets / (liabilities)</b>	<b>4,259,024,223</b>	<b>240,081,098</b>	<b>275,013,435</b>	<b>1,779,000,366</b>	<b>1,365,441,607</b>	<b>2,949,068</b>	<b>7,921,509,797</b>

----- As at 30 June 2015 -----

	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	4,538,006,515	-	-	-	-	-	4,538,006,515
Investments	274,007,160	-	50,090,077	394,498,562	92,279,482	2,329,782	813,205,063
Receivable against Margin Trading System	25,154,719	-	-	-	-	-	25,154,719
Interest / profit accrued	21,660,082	5,111,998	554,170	-	-	-	27,326,250
Receivable against sale of units	372,394,019	-	-	-	-	-	372,394,019
Deposits	-	-	-	-	-	350,000	350,000
	<b>5,231,222,495</b>	<b>5,111,998</b>	<b>50,644,247</b>	<b>394,498,562</b>	<b>92,279,482</b>	<b>2,679,782</b>	<b>5,776,436,566</b>
<b>Financial Liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	24,624,369	-	-	-	-	-	24,624,369
Payable to Central Depository Company of Pakistan Limited - Trustee	455,984	-	-	-	-	-	455,984
Payable against redemption of units	4,151,513	-	-	-	-	-	44,151,513
Dividend payable	58,414,639	-	-	-	-	-	58,414,639
Accrued and other liabilities	654,284	618,932	-	-	-	-	1,273,216
	<b>128,300,789</b>	<b>618,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,919,721</b>
<b>Net assets</b>	<b>5,102,921,706</b>	<b>4,493,066</b>	<b>50,644,247</b>	<b>394,498,562</b>	<b>92,279,482</b>	<b>2,679,782</b>	<b>5,647,516,845</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 21.3 Credit risk

**21.3.1** 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:

	2016	2015
	Rupees	
Bank balances and term deposits	3,151,610,471	4,538,006,515
Investments in debt instruments	869,233,578	138,329,982
Receivable against issue of units	610,369	372,394,019
Receivable against Margin Trading System	1,090,153,567	25,154,719
Interest / profit accrued	30,519,730	9,441,049
Deposits	350,000	350,000
	<b>5,142,477,715</b>	<b>5,083,676,284</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2016 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.

### 21.3.2 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:

	% of financial assets exposed to credit risk	
Rating	2016	2015
AAA	16.82	0.00
AA	78.35	97.05
AA-	3.61	0.90
A+	1.22	2.05
	<b>100.00</b>	<b>100.00</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 21.3.3 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	
	2016	2015
Banks	100.00	66.71
Chemicals	-	33.29
	<b>100.00</b>	<b>100.00</b>

## 22. 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.

### 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 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 2016, the Fund held the following financial instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
<b>2016</b>			
At fair value through profit or loss	-	3,611,671,462	-
Available-for-sale	2,599,068	-	-
	<b>2,599,068</b>	<b>3,611,671,462</b>	<b>-</b>
<b>2015</b>			
At fair value through profit or loss	-	810,875,281	-
Available-for-sale	2,329,782	-	-
	<b>2,329,782</b>	<b>810,875,281</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 23. 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 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 investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

### 24. UNIT HOLDING PATTERN OF THE FUND

Category	2016			2015		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	291	445,002,685	5.70	248	364,633,290	6.54
Associated Companies / Directors	14	6,825,524,337	87.41	14	4,904,737,542	87.96
Insurance Companies	1	100,040,427	1.28	1	29,621,953	0.53
Retirement Funds	24	413,100,612	5.29	22	250,845,035	4.50
Public Limited Companies	1	1,761,042	0.02	1	1,660,070	0.03
NBFCs	-	-	-	1	9,215	-
Others	8	22,898,365	0.30	8	24,725,334	0.44
	<b>339</b>	<b>7,808,327,468</b>	<b>100.00%</b>	<b>295</b>	<b>5,576,232,439</b>	<b>100.00%</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

2016		2015	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest Capital Markets Limited	31.54	Invest Capital Markets Limited	47.80
JS Global Capital Limited	24.27	Global Securities Pakistan Limited	27.20
Global Securities Pakistan Limited	18.89	KASB Securities Limited	12.86
Next Capital Limited	8.40	Next Capital Limited	3.48
Invest & Finance Securities Limited	6.72	Invest & Finance Securities Limited	2.93
BMA Capital Management Limited	6.31	BMA Capital Management Limited	2.13
Arif Habib Limited	3.87	JS Global Capital Limited	2.33

### 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. Habib-ur-Rahman	Chief Executive Officer	FCA	48 Years
Mr. Ali H. Shirazi	Director	Masters in Law	12.5 Years
Mr. M. Abdul Samad	Chief Operating Officer	MBA M.Com	16 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	12 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	8 Years
Mr. Fawad Javaid	Fund Manager	CMA	8 Years
Mr. Faran-ul-Haq	Fund Manager	B. A, CFA	5 Years

### 27. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	Atlas Gold Fund



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 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				
	07 Jul. 2015	31 Aug. 2015	28 Oct. 2015	26 Feb. 2016	28 Apr. 2016
Mr. Yusuf H. Shirazi	P	P	P	P	L
Mr. Azam Faruque	P	P	P	P	P
Mr. Shamshad Nabi	P*	P	P	P	P
Mr. Frahim Ali Khan	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. Arshad P. Rana	P*	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Ms. Qurrat-ul-ain Jafari (CFO and Company Secretary) (With effect from 1st August 2015)	N/A	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO and Company Secretary) (Resigned on 1st July 2015)	P	N/A	N/A	N/A	N/A
Mr. Azam Faruque (Director) (Resigned on 17th June 2016)					

\* Attended through video conference.

P Present

L Leave of absence

Ms. Lilly R. Dossabhoy resigned from the post of Chief Financial Officer and Company Secretary on 1 July 2015 and Ms. Qurrat-ul-ain was appointed in her place as the new Chief Financial Officer and Company Secretary.

### 25. RATING OF THE FUND AND THE MANAGEMENT COMPANY

Pursuant to the updated Asset Manager Rating Methodology and Rating Scale, the Pakistan Credit Rating Agency Limited (PACRA) has harmonised the asset manager rating of the Management Company to the new scale whereby the Management Company has been assigned a rating of AM2 (AM Two) [2015: AM2- (AM Two minus)] on 8 June 2016 .

PACRA has maintained the stability rating of "AA- (f)" (Double A minus) to the Fund [2015: "AA- (f)" (Double A minus)] on 31 December 2015.

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

### **30. CORRESPONDING FIGURES**

Corresponding figures have been re-classified, re-arranged or additionally incorporated 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 were made in these financial statements during the current year.

### **31. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on 29 August 2016.

### **32. GENERAL**

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

**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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# 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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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



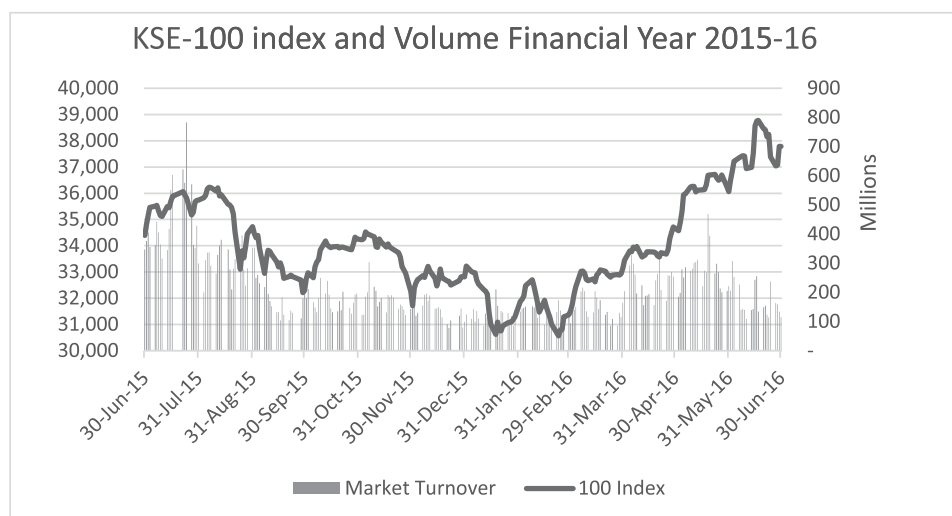
## Fund Manager's Report

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's 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.

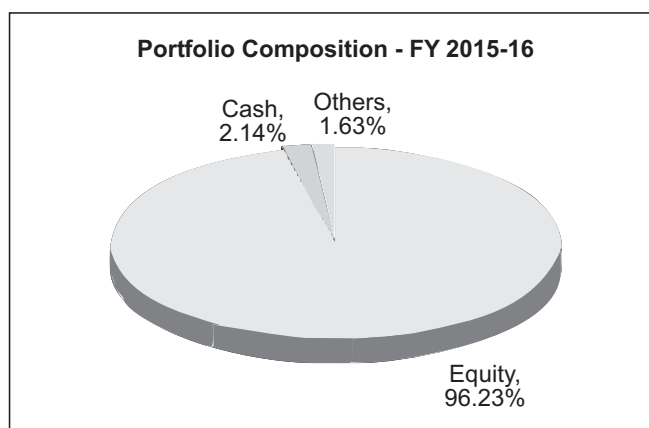
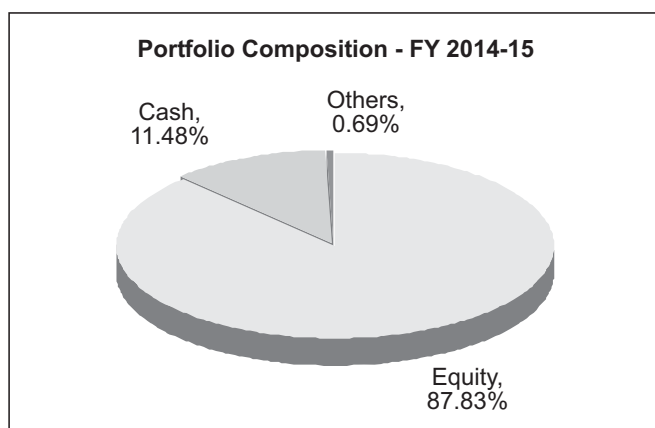
The KSE-100 index has increased from 34,398.86 points as on 30 June 2015 to 37,783.54 points as on 30 June 2016, increasing by 9.84%. The average volumes during the year decreased by 5.28% to 208 million shares from 220 million shares traded last year. Net Foreign portfolio outflow during the year was recorded at US\$ 282mn compared to inflow of US\$ 39mn last year. On the local front NBFCs were the most active participant investing US\$ 188mn during the period. Moreover, Individual investors and Mutual Funds invested US\$ 126mn and USD43mn in the stock market, respectively. Companies, on the other hand, reduced their exposure in the equity market by US\$ 83mn.

During the period, the sectors that outperformed the market were Pharmaceuticals, Cements and General Industries that posted 37%, 24% and 16% return, respectively.



The Net Asset Value per unit of Atlas Stock Market Fund increased by 5.05% to Rs.503.43 as on 30 June 2016. The benchmark KSE-100 index has increased by 9.84% during the same period. The KSE-100 index has increased from 34,398.86 points as on June 30, 2015 to 37,783.54 points as on June 30, 2016. Major underperformance of the fund came from FML, HUBC and DAWH that increased by 432%, 46% and 49%, while the fund was underweight in the respective scrips.

The main drivers of return for the index were FML, HUBC, LUCK, DAWH, ENGRO, SEARL and DGKC as they contributed approximately 3,000 points to the index and were able to beat the broader index by a huge margin. It is pertinent to highlight that KSE-30 index yielded 0.37% return as against KSE- All index that yielded 5.31% return during the same period.



The ASMF's equity portfolio exposure was mainly in Oil & Gas Exploration, Commercial Bank, Cement 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.4.02 billion, with 7.98 million units outstanding as of 30 June 2016.

#### 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	2011-12	2012-13	2013-14	2014-15	2015-16
Income Multiplier	85%	15%	8.60%	15.80%	11.70%	13.30%	7.60%
Balanced	50%	50%	14.50%	30.40%	19.30%	16.00%	6.50%
Growth	15%	85%	20.40%	44.90%	26.80%	18.60%	5.50%

#### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	313	375,173,459	9.34%
Associated companies / Directors	14	2,979,845,895	74.18%
Insurance Companies	2	69,141,717	1.72%
Bank/DFI	1	53,604,253	1.33%
Retirement Funds	25	539,404,119	13.43%
Others	1	18,491	0.00%
<b>Total</b>	<b>356</b>	<b>4,017,187,934</b>	<b>100.00%</b>

The Scheme has maintained provisions against Workers' Welfare Fund WWF liability of Rs.34,031,289. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.4.26/0.85%. For details please read Note 10.1 of the latest Financial Statements of the Scheme.

The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. The Scheme has provided for Federal Excise Duty (FED) liability which amounted to Rs.20,301,988 (Rs.2.54 per unit) as on 30 June 2016.

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Stock Market Fund, in their meeting held on 11 July 2016, approved a final cash dividend of Rs 5.00 per unit (1.00% on the face value of Rs.500 per unit).

The Total Expense Ratio (TER) of the Fund is 3.25% including expenses representing Government levy, WWF and SECP Fee of 0.83%.

The NAV before distribution stood at Rs.503.43 per unit and after adjustment for final cash dividend stood at Rs.498.43 per unit.

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

Karachi: 29 August 2016

**Faran-UI-Haq**  
Fund Manager

## 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

	Resolution	For	Against	Abstain
Number	12	12	Nil	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

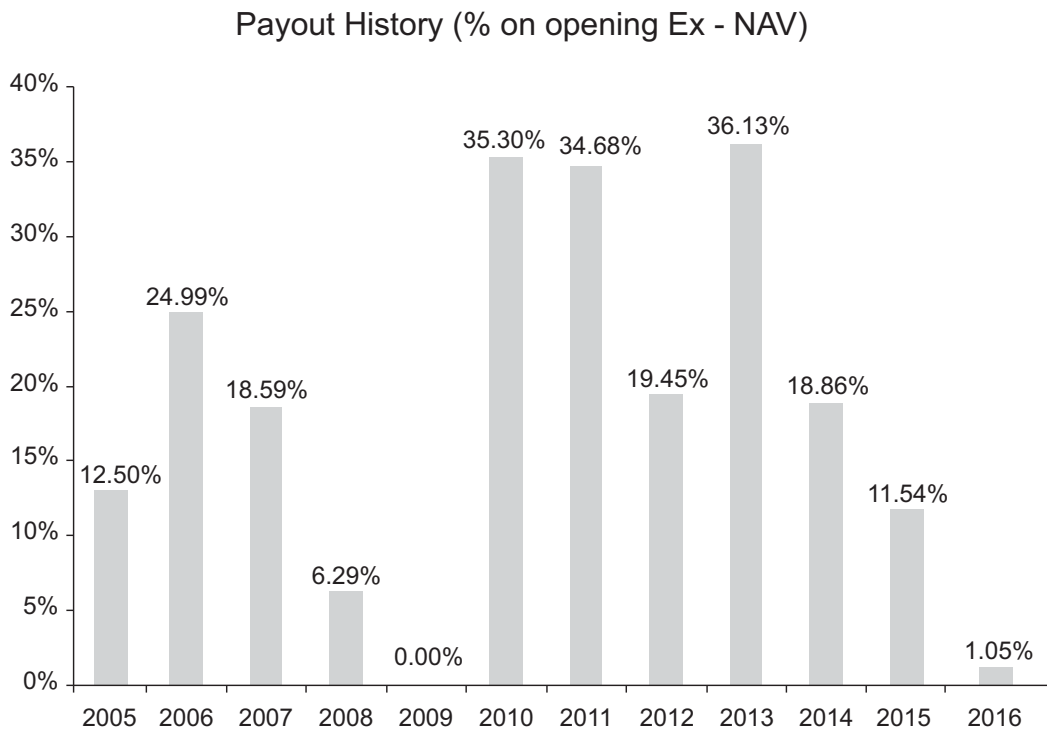
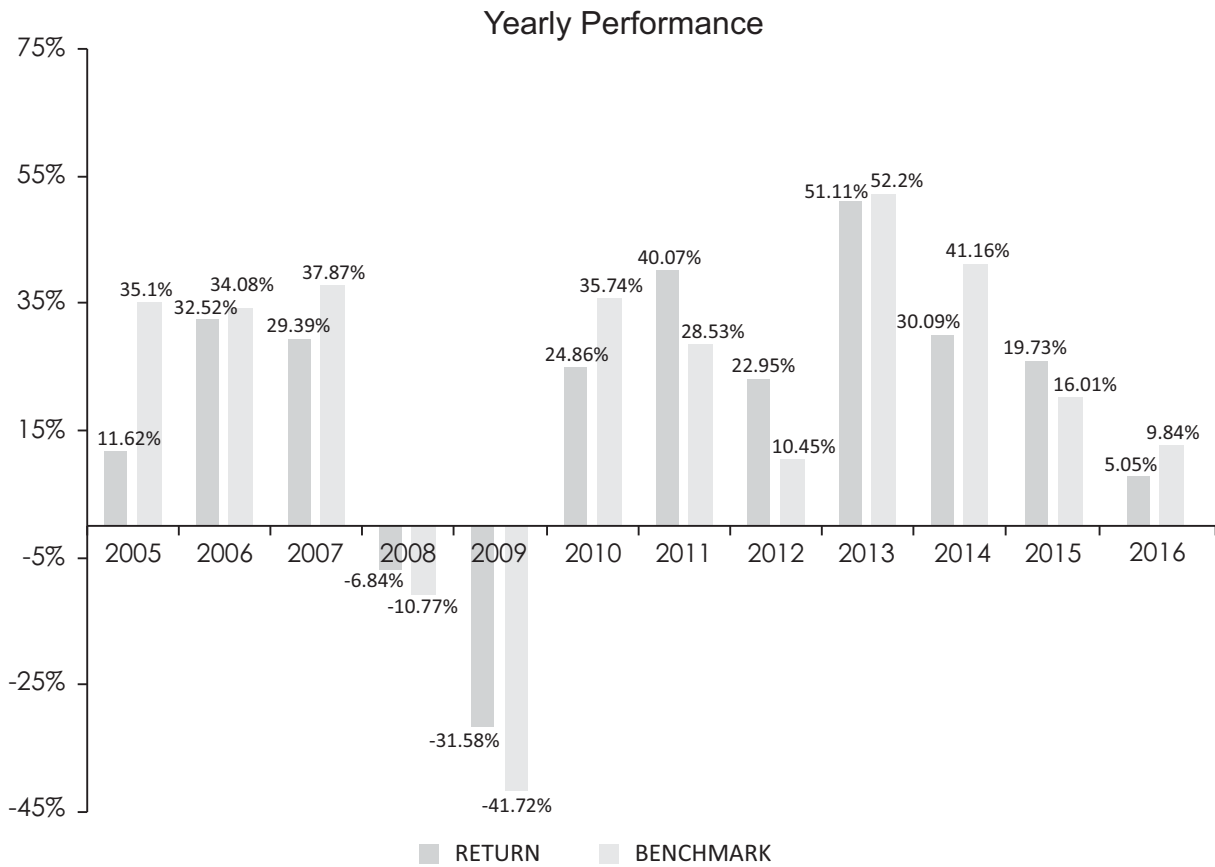
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005*
Net assets (Rs. In "000)	4,017,187	3,304,662	1,049,717	1,035,727	710,617	650,259	645,129	689,228	1,320,643	1,522,066	1,534,739	918,413
Number of units in issue	7,979,640	6,257,738	2,379,851	1,981,235	1,729,144	1,463,694	1,458,982	1,946,267	2,379,248	2,187,372	2,315,580	1,632,318
Net asset value per unit (Rs.)	503.43	528.09	441.08	522.77	410.96	444.26	442.18	354.13	555.07	695.84	662.79	562.64
Net income / (loss) (Rs. In "000")	202,191	544,472	254,583	350,292	132,635	186,008	199,544	(325,703)	(78,623)	334,451	371,585	103,097
Earnings / (loss) per unit (Rs.)	25.34	87.01	106.97	176.80	76.71	127.08	136.77	(167.35)	(33.05)	152.90	160.47	63.16
Annual return of the Fund (%)	5.05	19.73	30.09	51.11	22.95	40.07	24.86	(31.58)	(6.84)	29.39	32.52	11.62
Offer price **	503.43	528.09	441.08	533.32	419.21	453.15	451.02	361.21	566.17	709.77	675.85	574.66
Redemption price **	503.43	528.09	441.08	522.86	410.99	444.26	442.18	354.13	555.07	695.85	662.60	563.39
Distribution per unit	5.00	50.00	75.00	125.00	65.00	110.00	125.00	-	37.50	100.00	125.00	62.50
Distribution as a % of opening Ex - NAV of units	1.05	11.34	18.86	36.13	19.45	34.68	35.30	-	6.29	18.59	24.99	12.50
Date of distribution	11-Jul-16	7-Jul-15	24-Jun-14	4-Jul-13	5-Jul-12	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07	19-Jul-06	15-Jul-05
Highest offer price	519.23	536.44	523.17	561.36	437.30	469.09	525.81	509.76	698.28	710.81	793.44	676.57
Lowest offer price	420.92	420.61	423.67	368.11	308.05	328.38	377.77	211.57	515.74	535.97	507.03	503.86
Highest repurchase price per unit	519.23	536.44	523.17	550.35	428.73	459.89	515.50	499.76	684.59	696.87	777.88	663.30
Lowest repurchase price per unit	420.92	420.61	418.01	360.89	302.01	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.

**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.



# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 5.19 of Listing Regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

Atlas Asset Management Limited (AAML), the Management Company, is not listed and hence, the Code is not applicable to it. However, Atlas Stock Market Fund, being listed at the Pakistan Stock Exchange Limited, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. Shamshad Nabi
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and the same members were re-elected unopposed for the next term of three years during the year. Further, a casual vacancy occurred on the Board on 17 June 2016, was filled up by the directors within 4 days i.e 21 June 2016 and was approved by the Securities and Exchange Commission of Pakistan on 9 August 2016, as required by the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board Evaluation Committee (BEC) was formed in order to comply with the requirements of the CCG, 2012 requiring the Board of Directors to implement a mechanism for the annual evaluation of the Board's performance. The terms of reference of the BEC require the BEC members to carry out the assessment of the Board members' questionnaires submitted by them, to evaluate the findings therefrom, and apprise the Board in the subsequent Board meeting, with recommendations for improvement. The BEC comprises of three members - both the independent directors of which one is the Chairman of the BEC, and one member from the sponsor family. The CEO serves as the secretary to this committee.



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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

10. Five members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause 5.19.7 of the Pakistan Stock Exchange Regulations, whilst the remaining two Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.
11. The Board has approved the appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
14. The Directors, CEO and Executives do not hold units other than those disclosed in note 16 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 21 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
15. The Management Company has complied with the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
17. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
19. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
20. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
21. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
23. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
24. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 29 August 2016

**M. Habib-ur-Rahman**  
Chief Executive Officer

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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, 2016 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: September 5, 2016

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

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## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Asset Management Limited, the Management Company of **Atlas Stock Market Fund** (the Fund) for the year ended June 30, 2016 to comply with the Listing Regulation No.5.19 of the Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company (**Atlas Asset Management Limited**) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code of Corporate Governance. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2016.

Karachi: September 5, 2016

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

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# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS STOCK MARKET FUND** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2016, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management Company's responsibility for the financial statements

The Management Company (**Atlas Asset Management Limited**) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

Karachi: September 5, 2016

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

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
<b>ASSETS</b>			
Cash and bank balances	4	87,995,286	406,778,750
Investments	5	3,951,512,733	3,111,663,166
Receivable against issue of units		-	12,528,469
Dividend receivable		7,625,450	8,289,539
Profit receivable on bank balances		505,983	953,496
Receivable against sale of investments		46,155,287	-
Advances, deposits and other receivables	6	12,641,445	2,794,777
<b>Total assets</b>		<b>4,106,436,184</b>	<b>3,543,008,197</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	30,743,464	15,258,429
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	511,785	359,273
Payable to the Securities and Exchange Commission of Pakistan	9	3,361,379	1,568,152
Payable against purchase of investments		16,516,818	178,738,386
Payable against redemption of units		884,179	4,535,483
Unclaimed dividend		618,890	-
Accrued expenses and other liabilities	10	36,611,735	37,886,786
<b>Total liabilities</b>		<b>89,248,250</b>	<b>238,346,509</b>
<b>NET ASSETS</b>		<b>4,017,187,934</b>	<b>3,304,661,688</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>4,017,187,934</b>	<b>3,304,661,688</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>7,979,640</b>	<b>6,257,738</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>503.43</b>	<b>528.09</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>INCOME</b>			
Profit on bank balances		10,870,004	5,994,524
Dividend income		167,722,180	93,583,239
Capital (loss) / gain on sale of investments - net		(57,718,475)	202,428,264
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		202,102,512	49,241,441
		<b>144,384,037</b>	<b>251,669,705</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(5,883,006)	261,701,841
<b>Total income</b>		<b>317,093,215</b>	<b>612,949,309</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	70,765,870	33,013,573
Sindh Sales Tax on remuneration of the Management Company	7.2	11,492,377	5,744,362
Federal Excise Duty on remuneration of the Management Company	7.3	11,322,539	5,282,172
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	4,538,743	2,650,690
Sindh Sales Tax on remuneration of the Trustee		635,424	-
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	3,361,379	1,568,152
Accounting and operational charges	12	1,880,219	-
Sindh Sales Tax on accounting and operational charges		111,203	-
Auditors' remuneration	13	571,588	1,102,522
Annual listing fee		40,000	40,000
Annual rating fee		140,360	127,600
Legal and professional charges		143,248	-
Securities transaction cost	14	9,773,666	7,658,179
Printing charges		48,284	140,000
Bank charges		77,712	38,169
Provision for Workers' Welfare Fund	10.1	-	11,111,678
<b>Total expenses</b>		<b>114,902,612</b>	<b>68,477,097</b>
<b>Net income for the year before taxation</b>		<b>202,190,603</b>	<b>544,472,212</b>
<b>Taxation</b>	15	-	-
<b>Net income for the year after taxation</b>		<b>202,190,603</b>	<b>544,472,212</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	----- Rupees -----	-----
Net income for the year after taxation	202,190,603	544,472,212
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>202,190,603</b>	<b>544,472,212</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2016 ----- Rupees -----	2015 -----
<b>Undistributed income / (accumulated loss) brought forward</b> [includes unrealised gain on investments of Rs.77,101,829] (2015: unrealised gain of Rs.101,382,674)	<b>509,325,429</b>	<b>(35,146,783)</b>
Cash dividend declared for the year ended 30 June 2015 at the rate of Rs.50 per unit declared on 7 July 2015 (2015: Rs nil)	(312,886,890)	-
Net income for the year after taxation	202,190,603	544,472,212
<b>Undistributed income carried forward</b> [includes unrealised gain on investments of Rs.202,102,807] (2015: unrealised gain of Rs.77,101,829)	<b>398,629,142</b>	<b>509,325,429</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2016

	2016		2015	
	Units	Rupees	Units	Rupees
<b>Net assets at beginning of the year</b> [Rs.528.09 (2015: Rs.441.08) per unit]	<b>6,257,738</b>	<b>3,304,661,688</b>	<b>2,379,851</b>	<b>1,049,716,606</b>
Issue of units	2,415,188	1,144,650,908	4,776,645	2,413,932,835
Redemption of units	(693,286)	(327,311,381)	(898,758)	(441,758,124)
	<b>1,721,902</b>	<b>817,339,527</b>	<b>3,877,887</b>	<b>1,972,174,711</b>
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	-	5,883,006	-	(261,701,841)
Cash payout against final distribution for the year ended 30 June 2015 at the rate of Rs.50 per unit declared on 7 July 2015 (2015: Rs nil)	-	(312,886,890)	-	-
Capital (loss) / gain on sale of investments - net	-	(57,718,475)	-	202,428,264
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	202,102,512	-	49,241,441
Other income (net of expenses) for the year	-	57,806,566	-	292,802,507
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>202,190,603</b>	<b>-</b>	<b>544,472,212</b>
<b>Net assets at the end of the year</b> [Rs.503.43 (2015: Rs.528.09) per unit]	<b>7,979,640</b>	<b>4,017,187,934</b>	<b>6,257,738</b>	<b>3,304,661,688</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year after taxation		202,190,603	544,472,212
<b>Adjustments:</b>			
Profit on bank balances		(10,870,004)	(5,994,524)
Dividend income		(167,722,180)	(93,583,239)
Capital loss / (gain) on sale of investments - net		57,718,475	(202,428,264)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(202,102,512)	(49,241,441)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net		5,883,006	(261,701,841)
		<b>(114,902,612)</b>	<b>(68,477,097)</b>
<b>(Increase) / decrease in assets</b>			
Receivable against sale of securities		(46,155,287)	8,745,000
Advances, deposits and other receivables		(9,846,668)	-
		<b>(56,001,955)</b>	<b>8,745,000</b>
<b>Increase / (decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		15,485,035	8,901,329
Payable to the Central Depository Company of Pakistan Limited - Trustee		152,512	168,191
Payable to the Securities and Exchange Commission of Pakistan		1,793,227	522,135
Payable against purchase of securities		(162,221,568)	-
Accrued expenses and other liabilities		(1,275,051)	14,313,406
		<b>(146,065,845)</b>	<b>23,905,061</b>
Profit received on bank balances		11,317,517	5,948,834
Dividend received		168,386,269	86,377,450
Investments made during the year		(5,363,356,323)	(4,285,223,236)
Investments sold during the year		4,667,890,793	2,634,355,668
<b>Net cash used in operating activities</b>		<b>(515,761,744)</b>	<b>(1,594,368,320)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		1,157,179,377	2,401,404,366
Net payments against redemption of units		(330,962,685)	(437,468,446)
Cash payout against distribution		(312,268,000)	-
<b>Net cash generated from financing activities</b>		<b>513,948,692</b>	<b>1,963,935,920</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(318,783,464)</b>	<b>369,567,600</b>
Cash and cash equivalents at the beginning of the year		406,778,750	37,211,150
<b>Cash and cash equivalents at the end of the year</b>	4	<b>87,995,286</b>	<b>406,778,750</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

**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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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Stock Market Fund (the Fund) is an open ended Mutual Fund constituted by a trust deed entered into on 29 May 2004 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 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, and 4 December 2009 respectively, with the approval of the SECP. The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009, 14 October, 2013, 24 March 2015 and 03 August 2015 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2** The Fund is an open-end collective investment scheme categorised as an 'equity scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009. The Fund is listed on the Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated). 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** The 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 PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The Fund has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 – Separate Financial Statements – (Amended)
- IAS 28 – Investment in Associates and Joint Ventures – (Amended)

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements of the Fund for the year ended 30 June 2016.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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

The following revised standards, interpretations and amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
- IFRS 2 "Share-based Payments" – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
- IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investment in Associates – Investment Entities": Applying the Consolidation Exception (Amendment)	01 January 2016
- 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 finalised
- IFRS 11 "Joint Arrangements" - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
- IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (Amendment)	01 January 2016
- IAS 7 "Financial Instruments: Disclosures" - Disclosure Initiative - (Amendment)	01 January 2017
- IAS 12 "Income Taxes" – Recognition of deferred tax assets for unrealised losses (Amendments)	01 January 2017
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of acceptable method of depreciation and amortization (Amendment)	01 January 2016
- IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture Bearer Plants (Amendment)	01 January 2016
- IAS 27 "Separate Financial Statements" - Equity method in separate financial statements (Amendment)	01 January 2016

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the financial statements of the Fund in the period of initial application.

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

Standard	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
- IFRS 14 - Regulatory Deferral Accounts	01 January 2016
- IFRS 15 - Revenue from Contracts with Customers	01 January 2018
- IFRS 16 - Leases	01 January 2019

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 2.4 Critical accounting estimates and judgments

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 relate to classification and valuation of investments and provision there against (as disclosed in notes 3.2 and 5 to these financial statements).

### 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 presented unless otherwise stated.

### 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

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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 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 equity securities

The investments of the Fund in equity securities are valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange shall be valued at the closing price determined by such exchange in accordance with its regulations.

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.

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.

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 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 only 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 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 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.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to the 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 Distribution to unit holders

Distributions to the unit holders is recognised upon declaring 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.

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.

### 3.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called 'element of income / loss and capital gains / losses in prices of units issued less those in units redeemed' (the element) is created.

Upon sale and redemption of units, the amount representing net income / loss and capital gains / losses is accounted for in net asset value and included in the sale / redemption price is taken to the Income Statement.

The element is computed to the extent that it is represented by the increase / decrease in net income / loss and capital gains / losses earned / incurred during the year.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 3.10 Revenue recognition

- Gains or losses on sale of investments are included in the Income Statement in the period in which these arise.
- 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.
- Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

### 3.11 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.

### 3.12 Taxation

#### Current

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 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.

#### Deferred

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and the amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year as cash dividend.

### 3.13 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 the calculation of EPU is not practicable.

	Note	2016 ----- Rupees -----	2015 -----
<b>4. CASH AND BANK BALANCES</b>			
<b>Balances with banks</b>			
- in savings accounts	4.1	87,990,286	403,746,659
- in current account		5,000	2,032,091
Cheques in hand		-	1,000,000
		<b>87,995,286</b>	<b>406,778,750</b>

4.1 The rate of return on these accounts ranges between 5.00% and 6.40% (30 June 2015: 5.00% and 7.10%) per annum.

## 5. INVESTMENTS

### At fair value through profit or loss - held for trading

Investments in listed equity securities	5.1	3,951,512,733	3,090,288,166
Investment through book building of 225,000 shares of Al Shaheer Corporation Limited		-	21,375,000
		<b>3,951,512,733</b>	<b>3,111,663,166</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 5.1 Listed equity securities

At fair value through profit or loss - equity securities

Shares of listed companies- fully paid ordinary shares with a face value of Rs 10 each unless stated other wise

Name of Investee Company	Note	Number of shares				Rupees		Percentage of			
		As at 01 July 2015	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2016	Carrying value	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
INVESTMENT COMPANIES											
JS Investments Limited		-	200,000	-	200,000	-	-	-	-	-	-
		-	200,000	-	200,000	-	-	-	-	-	-
COMMERCIAL BANKS											
Allied Bank Limited		500,000	623,500	-	1,073,500	50,000	4,992,735	4,498,000	0.11	0.12	0.00
Bank Alfalah Limited		338,500	4,284,000	-	1,672,500	2,950,000	78,298,083	75,431,500	1.91	1.88	0.18
Bank AL Habib Limited	5.3	5,225,000	1,326,000	-	1,981,000	4,570,000	199,159,040	197,058,400	4.99	4.91	0.41
Faysal Bank Limited		-	777,500	-	777,500	-	-	-	-	-	-
Habib Bank Limited		-	1,375,000	-	125,000	1,250,000	236,648,384	246,950,000	6.25	6.15	0.09
Habib Metropolitan Bank Limited		1,250,000	1,100,000	-	2,350,000	-	-	-	-	-	-
MCB Bank Limited		-	622,900	-	238,600	384,300	82,720,556	84,553,686	2.14	2.10	0.03
United Bank Limited	5.3	1,675,000	200,000	-	675,000	1,200,000	203,700,697	212,304,000	5.37	5.28	0.10
		8,988,500	10,308,900	-	8,893,100	10,404,300	805,519,495	820,795,586	20.77	20.44	
INSURANCE											
Adamjee Insurance Company Limited		1,600,000	2,079,000	-	3,679,000	-	-	-	-	-	-
Century Insurance Company Limited		565,500	-	-	565,500	-	-	-	-	-	-
IGI Insurance Limited		-	75,000	-	75,000	-	-	-	-	-	-
Pakistan Reinsurance Company Limited		2,852,000	193,000	-	3,045,000	-	-	-	-	-	-
		5,017,500	2,347,000	-	7,364,500	-	-	-	-	-	-
REAL ESTATE INVESTMENT TRUST											
Dolmen City REIT		4,000,000	-	-	4,000,000	-	-	-	-	-	-
		4,000,000	-	-	4,000,000	-	-	-	-	-	-
TEXTILE COMPOSITE											
Gul Ahmed Textile Mills Limited		-	1,000,000	-	-	1,000,000	37,822,910	36,190,000	0.92	0.90	0.34
Kohinoor Textile Mills Limited		-	462,000	-	462,000	-	-	-	-	-	-
Nishat (Chunian) Limited		1,395,000	1,600,000	-	2,995,000	-	-	-	-	-	-
Nishat Mills Limited		1,000,000	1,850,000	-	1,400,000	1,450,000	146,404,904	156,455,000	3.96	3.89	0.41
		2,395,000	4,912,000	-	4,857,000	2,450,000	184,227,814	192,645,000	4.88	4.79	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 5.1 Listed equity securities (Continued...)

Name of Investee Company	Note	Number of shares				Rupees		Percentage of			
		As at 01 July 2015	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2016	Carrying value	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
CEMENT											
Attock Cement Pakistan Limited		252,400	49,300	-	301,700	-	-	-	-	-	-
Cherat Cement Company Limited		-	708,500	-	400,000	308,500	35,370,484	36,887,345	0.93	0.93	0.17
D.G. Khan Cement Company Limited		500,000	1,250,000	-	550,000	1,200,000	173,667,134	228,588,000	5.78	5.69	0.27
Fauji Cement Company Limited		1,500,000	2,800,000	-	1,800,000	2,500,000	86,544,005	89,500,000	2.26	2.23	0.18
Kohat Cement Company Limited		100,000	360,000	-	260,000	200,000	46,176,311	52,384,000	1.33	1.30	0.13
Lucky Cement Limited		315,000	144,600	-	224,600	235,000	121,551,720	152,399,850	3.86	3.79	0.07
Maple Leaf Cement Factory Limited		-	100,000	-	100,000	-	-	-	-	-	-
Pioneer Cement Limited		109,000	1,498,500	-	907,500	700,000	61,150,540	75,180,000	1.90	1.87	0.31
		2,776,400	6,910,900	-	4,543,800	5,143,500	524,460,194	634,939,195	16.06	15.81	
REFINERY											
Attock Refinery Limited		-	353,200	-	353,200	-	-	-	-	-	-
National Refinery Limited		-	432,200	-	292,900	139,300	36,493,406	66,223,220	1.68	1.65	0.17
		-	785,400	-	646,100	139,300	36,493,406	66,223,220	1.68	1.65	
POWER GENERATION AND DISTRIBUTION											
K-Electric Limited		1,500,000	7,717,000	-	2,217,000	7,000,000	51,517,539	56,420,000	1.43	1.40	0.07
Lalpir Power Limited		1,900,500	3,100,000	-	5,000,500	-	-	-	-	-	-
Nishat Chunian Power Limited		-	836,500	-	-	836,500	43,118,770	43,966,440	1.11	1.09	0.23
Pakgen Power Limited		1,431,500	268,500	-	1,700,000	-	-	-	-	-	-
The Hub Power Company Limited		-	726,600	-	426,600	300,000	35,309,580	36,018,000	0.91	0.90	0.03
		4,832,000	12,648,600	-	9,344,100	8,136,500	129,945,889	136,404,440	3.45	3.39	
OIL AND GAS MARKETING COMPANIES											
Attock Petroleum Limited		100,000	43,300	-	143,300	-	-	-	-	-	-
Hi-Tech Lubricants Limited		-	650,000	-	-	650,000	39,258,575	38,460,500	0.97	0.96	0.56
Pakistan State Oil Company Limited		665,000	146,500	-	161,500	650,000	245,959,547	244,049,000	6.18	6.08	0.24
Shell Pakistan Limited		-	50,000	-	50,000	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited		2,100,000	2,420,000	-	4,520,000	-	-	-	-	-	-
Sui Southern Gas Company Limited		-	1,200,000	-	1,200,000	-	-	-	-	-	-
		2,865,000	4,509,800	-	6,074,800	1,300,000	285,218,122	282,509,500	7.15	7.04	
OIL AND GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited		150	314,850	-	30,000	285,000	185,388,670	258,842,700	6.55	6.44	0.26
Oil & Gas Development Company Limited		1,155,400	1,214,600	-	820,000	1,550,000	231,737,497	214,008,500	5.42	5.33	0.04
Pakistan Oilfields Limited	5.3	330,000	723,000	-	485,000	568,000	183,465,115	197,368,640	4.99	4.91	0.24
Pakistan Petroleum Limited	5.3	1,397,000	-	-	297,000	1,100,000	180,686,000	170,555,000	4.32	4.25	0.06
		2,882,550	2,252,450	-	1,632,000	3,503,000	781,277,282	840,774,840	21.28	20.93	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 5.1 Listed equity securities (Continued...)

Name of Investee Company	Note	Number of shares				Rupees		Percentage of			
		As at 01 July 2015	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2016	Carrying value	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
ENGINEERING											
Amreli Steels Limited		-	830,000	-	100,000	730,000	38,966,680	34,324,600	0.87	0.85	0.25
Crescent Steel & Allied Products Limited		-	550,000	87,500	637,500	-	-	-	-	-	-
International Industries Limited		-	1,630,500	-	350,000	1,280,500	103,892,902	103,554,035	2.62	2.58	1.07
Mughal Iron and Steel Industries Limited		500,000	731,000	90,225	819,000	502,225	31,421,746	33,744,498	0.85	0.84	0.40
		500,000	3,741,500	177,725	1,906,500	2,512,725	174,281,328	171,623,133	4.34	4.27	
AUTOMOBILE ASSEMBLER											
Honda Atlas Cars (Pakistan) Limited		-	245,000	-	245,000	-	-	-	-	-	-
Indus Motor Company Limited		-	71,050	-	13,000	58,050	56,997,766	54,540,297	1.38	1.36	0.07
Millat Tractors Limited		50,000	65,550	-	67,550	48,000	28,026,439	27,372,000	0.69	0.68	0.11
Pak Suzuki Motor Company Limited		-	160,300	-	160,300	-	-	-	-	-	0.00
		50,000	541,900	-	485,850	106,050	85,024,205	81,912,297	2.07	2.04	
AUTOMOBILE PARTS AND ACCESSORIES											
Agriauto Industries Limited		-	75,000	-	-	75,000	15,351,295	14,643,750	0.37	0.36	0.52
Thal Limited (Par value of Rs 5 per share)		-	70,000	-	70,000	-	-	-	-	-	-
		-	145,000	-	70,000	75,000	15,351,295	14,643,750	0.37	0.36	
CABLE AND ELECTRICAL GOODS											
Pak Elektron Limited		300,000	1,682,500	-	1,982,500	-	-	-	-	-	-
		300,000	1,682,500	-	1,982,500	-	-	-	-	-	
TRANSPORT											
Pakistan International Bulk Terminal Limited		-	1,000,000	-	-	1,000,000	32,433,770	32,070,000	0.81	0.80	0.08
		-	1,000,000	-	-	1,000,000	32,433,770	32,070,000	0.81	0.80	
TECHNOLOGY AND COMMUNICATION											
Netsol Technologies Limited		-	300,000	-	300,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited		1,000,000	6,000,000	-	4,500,000	2,500,000	39,412,930	37,575,000	0.95	0.94	0.07
Systems Limited		538,500	1,088,000	-	1,626,500	-	-	-	-	-	-
		1,538,500	7,388,000	-	6,426,500	2,500,000	39,412,930	37,575,000	0.95	0.94	
FERTILIZER											
Dawood Hercules Corporation Limited		-	500,000	-	500,000	-	-	-	-	-	-
Engro Corporation Limited		1,050,000	547,000	-	997,000	600,000	179,476,612	199,782,000	5.06	4.97	0.11
Engro Fertilizers Limited		1,355,000	3,402,000	-	1,820,000	2,937,000	216,315,923	189,377,760	4.79	4.71	0.22
Fatima Fertilizer Company Limited		-	1,000,000	-	1,000,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited		400,000	1,100,000	-	800,000	700,000	36,680,715	37,107,000	0.94	0.92	0.07
Fauji Fertilizer Company Limited		200,000	2,000,000	-	1,600,000	600,000	69,410,357	68,832,000	1.74	1.71	0.05
		3,005,000	8,549,000	-	6,717,000	4,837,000	501,883,607	495,098,760	12.53	12.31	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 5.1 Listed equity securities (Continued...)

Name of Investee Company	Number of shares					Rupees		Percentage of		
	As at 01 July 2015	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2016	Carrying value	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
PHARMACEUTICALS										
Abbott Laboratories (Pakistan) Limited	-	27,200	-	7,900	19,300	13,554,625	14,552,200	0.37	0.36	0.02
Ferozsons Laboratories Limited	-	178,450	-	178,450	-	-	-	-	-	-
Highnoon Laboratories Limited	-	70,000	-	70,000	-	-	-	-	-	-
The Searle Company Limited	-	75,000	-	75,000	-	-	-	-	-	-
	-	350,650	-	331,350	19,300	13,554,625	14,552,200	0.37	0.36	
CHEMICAL										
Ghani Gases Limited	-	563,520	-	563,520	-	-	-	-	-	-
	-	563,520	-	563,520	-	-	-	-	-	
PAPER AND BOARD										
Packages Limited	-	90,000	-	90,000	-	-	-	-	-	-
Security Papers Limited	42,500	-	-	42,500	-	-	-	-	-	-
	42,500	90,000	-	132,500	-	-	-	-	-	
FOODS AND PERSONAL CARE PRODUCTS										
Al Shaheer Corporation Limited	-	575,000	131,250	50,000	656,250	43,133,501	34,262,812	0.87	0.85	0.53
Engro Foods Limited	-	100,000	-	-	100,000	15,782,000	16,333,000	0.41	0.42	0.01
Nestle Pakistan Limited	-	5,500	-	-	5,500	41,340,220	40,150,000	1.02	1.00	0.01
	-	680,500	131,250	50,000	761,750	100,255,721	90,745,812	2.30	2.27	
GLASS AND CERAMICS										
Ghani Glass Limited	700,000	-	-	700,000	-	-	-	-	-	-
	700,000	-	-	700,000	-	-	-	-	-	
MISCELLANEOUS										
Shifa International Hospitals Limited	-	130,000	-	-	130,000	40,070,538	39,000,000	0.99	0.97	0.24
Synthetic Products Enterprises Limited	-	171,500	-	171,500	-	-	-	-	-	-
Tri-Pack Films Limited	-	96,000	-	96,000	-	-	-	-	-	-
	-	397,500	-	267,500	130,000	40,070,538	39,000,000	0.99	0.97	-
Total as at 30 June 2016						3,749,410,221	3,951,512,733	100.00	98.37	
Total as at 30 June 2015						3,041,046,725	3,090,288,166			

5.2 The cost of listed equity securities as at 30 June 2016 is Rs.3,749,409,926 (30 June 2015: Rs.3,013,186,337).

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:

	Number of shares		Market value	
	2016	2015	2016	2015
			----- Rupees -----	
Bank AL Habib Limited	425,000	425,000	18,326,000	18,678,750
United Bank Limited	100,000	100,000	17,692,000	17,092,000
Pakistan Oilfields Limited	-	65,000	-	26,248,300
Pakistan Petroleum Limited	297,000	147,000	46,049,850	24,146,220
			<b>82,067,850</b>	<b>86,165,270</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		Rupees	Rupees
<b>6. ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
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
Other receivables	6.1	10,041,445	194,777
		<b>12,641,445</b>	<b>2,794,777</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 withholder. The amount of tax withheld during the year on dividend and profit on bank deposits aggregates to Rs.9.400 million and 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 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 from dividend and profit received on bank deposits by the Fund has been shown as other receivables as at 30 June 2016 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2016	2015
		Rupees	Rupees
<b>7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED</b>			
<b>- MANAGEMENT COMPANY - RELATED PARTY</b>			
Remuneration of the Management Company	7.1	6,554,764	4,256,602
Sindh sales tax payable on remuneration of the Management Company	7.2	3,886,712	2,022,378
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,301,988	8,979,449
		<b>30,743,464</b>	<b>15,258,429</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. During the year ended 30 June 2016, the Management Company has charged its remuneration at the rate of 2% (2015: 2%) per annum of the average annual net assets of the Fund. 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. The fee is payable to the Management Company monthly in arrears.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**7.2** During the year, an amount of Rs 11,492,377 (2015: Rs 5,744,362) 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.9,628,043 (2015: Rs.4,598,825) 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 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 4 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. In this respect, the SHC issued a stay order against recovery proceedings till the date of the next hearing. Pending decision of the SHC, the Fund is not making payment in respect of FED.

In a recent order of the SHC, 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) have been set aside. However, as a matter of abundant caution full provision for FED on remuneration of the Management Company is being retained in the financial statements of the Fund from 13 June 2013 till 30 June 2016 as the management believes that the Federal government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.2.54 (2015: Rs.1.43) per unit.

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.

	Note	2016	2015
		Rupees	
8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY			
Trustee fee payable	8.1	409,706	295,021
Sindh sales tax on trustee fee		57,359	-
Settlement charges payable		39,228	64,252
Sind sales tax on settlement charges		5,492	-
		511,785	359,273

**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
- 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 635,424 (2015: Rs nil) 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 578,065 (2015: Rs nil) was paid to the Trustee which acts as a collecting agent.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Note	Rupees	Rupees
<b>9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			

Annual fee payable	9.1	<b>3,361,379</b>	<b>1,568,152</b>
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**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.

		2016	2015
	Note	Rupees	Rupees
<b>10. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			

Auditors' remuneration payable		389,094	385,955
Printing charges payable		90,000	181,431
NCCPL charges payable		58,487	40,000
Transaction charges payable		1,646,380	2,221,720
Withholding and capital gain tax payable		49,081	1,024,236
Zakat payable		-	2,155
Accounting and operational charges payable	12	327,738	-
Sindh Sales Tax payable on operational charges		19,666	-
Provision for Workers' Welfare Fund	10.1	34,031,289	34,031,289
		<b>36,611,735</b>	<b>37,886,786</b>

**10.1** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court challenging the applicability of WWF on CISs which is pending adjudication.

The Finance Act, 2015 introduced an amendment under which mutual funds and collective investment schemes have been excluded from the definition of industrial establishment. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable for tax year 2016. The provision made till 30 June 2015 has not been reversed as the law suit referred to in the previous paragraph is still pending in the SHC.

Although the Management Company is hopeful that the case will be decided in favour of the Funds, it has retained the provision in the financial statements as at 30 June 2016 in respect of the liability towards WWF amounting to Rs.34,031,289 (2015: 34,031,289). Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.4.26 (2015: Rs.5.44) per unit.

## 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2016 and 30 June 2015.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 12. ACCOUNTING AND OPERATIONAL CHARGES

The Management Company has outsourced its back office accounting function to IT Minds Limited (a subsidiary of the Central Depository Company of Pakistan Limited, the Trustee and a connected person of the Fund). Expenses invoiced by IT Minds Limited are charged to the Funds as, in accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual, whichever is less. Accordingly, the Management Company has charged actual amount of accounting and operational charges to the Fund being lower than 0.1% per annum of the average annual net assets of the Fund for the period from 25 November 2015 to 30 June 2016.

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>13. AUDITORS' REMUNERATION</b>			
Annual audit fee		255,000	255,000
Half yearly review of condensed interim financial information		127,500	127,500
Certification charges		40,000	40,000
Review of Statement of Compliance with the Code of Corporate Governance		50,000	50,000
Professional charges for tax services		-	566,053
Sindh Sales Tax on services		28,350	23,625
Out of pocket expenses		70,738	40,344
		<b>571,588</b>	<b>1,102,522</b>

### 14. SECURITIES TRANSACTION COST

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

### 15. TAXATION

**15.1** The income of the Fund is exempt from income tax as per 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 as cash dividend amongst the unit holders. Subsequent to the year end, the management has distributed more than 90% of the Fund's net accounting income earned during the year as final cash dividend to the unit holders. Accordingly, no provision has been made for taxation in these financial statements.

**15.2** 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 Year 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 the Clause 99 of Part I 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 demand amounting 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 until 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 shall not be considered towards distribution of 90% of income, and only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption. Appropriate appellate and executive remedies were adopted to resolve the matter.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- 15.2** 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. The Fund has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR - Appeals with respect to the levy of WWF, which is pending. The tax assessing officer has also filed an appeal in the ATIR against the order of the CIR - Appeals, which is pending.

### 16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1** Connected persons include Atlas Asset Management Limited being the Management Company, 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 and directors and key management personnel of the Management Company.
- 16.2** 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.
- 16.3** 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.
- 16.4** 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:

	2016	2015
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	70,765,870	33,013,573
Remuneration paid	68,467,708	30,539,953
Sindh Sales Tax on remuneration of the Management Company	11,492,377	5,744,362
Federal Excise Duty on remuneration of the Management Company	11,322,539	5,282,172
Issue of 70,176 (2015: 97,496) units	34,225,101	44,421,133
Cash dividend	4,874,800	-
Outstanding 167,672 (2015: 97,496) units at the year end	84,411,260	51,486,651
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	4,538,743	2,650,690
Sindh Sales Tax on remuneration of the Trustee	635,424	-
Remuneration paid	4,424,058	2,527,010
Settlement charges incurred	391,229	290,860
Sindh Sales Tax on settlement charges	54,772	-
Settlement charges paid	416,253	246,349
<b>Atlas Battery Limited (Group Company)</b>		
Issue of 73,089 (2015: 298,564) units	35,000,000	154,967,076
Cash dividend	24,419,543	-
Dividend paid	24,419,543	-
Outstanding 561,480 (2015: 488,391) units at the year end	282,665,672	257,914,332

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

	2016	2015
	Rupees	
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 218,972 (2015: nil) units	99,679,865	-
Outstanding 218,972 (2015: nil) units at the year end	110,237,174	-
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 301,666 (2015: 526,919) units	140,206,903	254,400,000
Redemption of 271,450 (2015: 300,000) units	126,006,812	141,735,715
Cash dividend	28,807,889	-
Outstanding 606,374 (2015: 576,158) units at the year end	305,266,948	304,263,161
<b>Atlas Metals (Private) Limited (Group Company)</b>		
Issue of 1,031 (2015: 11,616) units	508,189	4,999,657
Cash dividend	580,788	-
Dividend paid	580,788	-
Outstanding 12,647 (2015: 11,616) units at the year end	6,366,907	6,134,169
<b>Atlas Foundation (Group Company)</b>		
Issue of 334,533 (2015: 290,128) units	154,273,104	152,438,475
Cash dividend	14,506,400	-
Outstanding 624,661 (2015: 290,128) units at the year end	314,473,082	153,213,743
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 17,389 (2015: 15,246) units	8,215,285	7,755,000
Cash dividend	762,285	-
Outstanding 32,635 (2015: 15,246) units at the year end	16,429,159	8,051,107
<b>Shirazi Capital (Private) Limited (Group Company)</b>		
Issue of 120,220 (2015: 484,188) units	56,483,222	249,799,864
Cash dividend	24,209,397	-
Outstanding 604,408 (2015: 484,188) units at the year end	304,277,272	255,694,807
<b>Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 65,600 (2015: 47,905) units	30,680,000	23,500,000
Cash dividend	3,630,611	-
Dividend paid	3,630,611	-
Outstanding 138,212 (2015: 72,612) units at the year end	69,580,156	38,345,782
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of nil (2015: 22,543) units	-	12,000,000
Redemption nil (2015: 36,267) units	-	19,151,938
Cash dividend	1,127,149	-
Dividend paid	1,127,149	-
Outstanding 22,543 (2015: 22,543) units at the year end	11,348,811	11,904,721

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

	2016	2015
	Rupees	
<b>Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of nil (2015: 80,650) units	-	43,000,000
Redemption of nil (2015: 82,123) units	-	43,383,772
Cash dividend	4,032,485	-
Dividend paid	4,032,485	-
Outstanding 80,650 (2015: 80,650) units at the year end	40,601,478	42,590,300
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Cash dividend	800,459	-
Dividend paid	800,459	-
Outstanding 16,009 (2015: 16,009) units at the year end	8,059,504	8,454,291
<b>Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)</b>		
Issue of 2,453 (2015: 33,821) units	1,172,932	16,000,000
Redemption nil (2015: 10,362) units	-	5,000,000
Cash dividend	1,172,932	-
Outstanding 25,912 (2015: 23,459) units at the year end	13,044,887	12,388,277
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Cash dividend	605,134	-
Dividend paid	605,134	-
Outstanding 12,103 (2015: 12,103) units at the year end	6,092,849	6,391,301
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 483,400 (2015: 2,009,190) units	237,902,058	1,029,502,981
Cash dividend	100,459,495	-
Outstanding 2,492,590 (2015: 2,009,190) units at the year end	1,254,844,701	1,061,033,093
<b>Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Redemption of nil (2015: 39,695) units	-	20,896,972
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 75,101 (2015: 68,147) units	36,484,529	34,224,176
Cash dividend	5,582,319	-
Outstanding 186,747 (2015: 111,646) units at the year end	94,014,030	58,959,338
<b>Key Management Personnel of Management Company</b>	16.6	
Issue of 125,168 (2015: 120,545) units	60,786,199	59,398,448
Redemption of 3,281 (2015: 60,796) units	1,582,327	30,693,769
Cash dividend	14,510,167	-
Dividend paid	305,269	-
Outstanding 412,090 (2015: 290,203) units at the year end	207,458,637	153,253,475

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**16.6** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2015-16.

### 17. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2016			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	Rupees			
<b>Financial assets</b>				
Cash and bank balances	87,995,286	-	-	87,995,286
Investments	-	3,951,512,733	-	3,951,512,733
Dividend receivable	7,625,450	-	-	7,625,450
Profit receivable on bank balances	505,983	-	-	505,983
Receivable against sale of investments	46,155,287	-	-	46,155,287
Deposits	2,600,000	-	-	2,600,000
	<b>144,882,006</b>	<b>3,951,512,733</b>	<b>-</b>	<b>4,096,394,739</b>

	As at 30 June 2016		
	Liabilities at fair value through profit or loss	At amortised cost	Total
	Rupees		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	30,743,464	30,743,464
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	511,785	511,785
Payable against purchase of investments	-	16,516,818	16,516,818
Payable against redemption of units	-	884,179	884,179
Unclaimed dividend	-	618,890	618,890
Accrued expenses and other liabilities	-	2,511,699	2,511,699
	<b>-</b>	<b>51,786,835</b>	<b>51,786,835</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 17. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

	As at 30 June 2015			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
	Rupees			
<b>Financial assets</b>				
Cash and bank balances	406,778,750	-	-	406,778,750
Investments	-	3,111,663,166	-	3,111,663,166
Dividend receivable	8,289,539	-	-	8,289,539
Receivable against issue of units	12,528,469	-	-	12,528,469
Profit receivable on bank balances	953,496	-	-	953,496
Deposits	2,600,000	-	-	2,600,000
	<b>431,150,254</b>	<b>3,111,663,166</b>	<b>-</b>	<b>3,542,813,420</b>

	As at 30 June 2015			Total
	Liabilities at fair value through profit or loss	At amortised cost		
	Rupees			
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	-	15,258,429		15,258,429
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	359,273		359,273
Payable against purchase of investments	-	178,738,386		178,738,386
Payable against redemption of units	-	4,535,483		4,535,483
Accrued expenses and other liabilities	-	2,829,106		2,829,106
	<b>-</b>	<b>201,720,677</b>		<b>201,720,677</b>

### 18. 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, credit risk and liquidity risk arising from the financial instruments it holds.

#### 18.1 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.

##### (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 2016, 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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 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 2016, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.879,903 (2015: Rs.4,037,467). In case of 100 basis points decrease in market interest rates as at 30 June 2016, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.879,903 (2015: Rs.4,037,467).

### 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.

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 2016 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

As stated above out of the total financial assets of Rs.4,096,394,739 (2015: Rs.3,542,813,420), assets aggregating to Rs.87,990,286 (2015: Rs.403,746,659) are subject to yield / interest rate risk. These represents bank balances having effective yield of 5.00% to 6.40% (2015: 5.00% to 7.10%).

### (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 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 2016, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs 197,575,637 (2015: Rs 40,134,448) 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 2016 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the PSX 100 Index.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 18.2 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.

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, 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 2016					
	Within 1 month	1 to 3 months	3 to 12 months	More than one year	Financial instruments without maturity	Total
	Rupees					
Financial assets						
Cash and bank balances	87,995,286	-	-	-	-	87,995,286
Investments	-	-	-	-	3,951,512,733	3,951,512,733
Dividend receivable	7,625,450	-	-	-	-	7,625,450
Profit receivable on bank balances	505,983	-	-	-	-	505,983
Receivable against sale of investments	46,155,287	-	-	-	-	46,155,287
Deposits	-	-	-	-	2,600,000	2,600,000
	142,282,006	-	-	-	3,954,112,733	4,096,394,739
Financial liabilities						
Payable to Atlas Asset Management Limited - Management Company	30,743,464	-	-	-	-	30,743,464
Payable to the Central Depository Company of Pakistan Limited - Trustee	511,785	-	-	-	-	511,785
Payable against purchase of investments	16,516,818	-	-	-	-	16,516,818
Payable against redemption of units	884,179	-	-	-	-	884,179
Unclaimed dividend	618,890	-	-	-	-	618,890
Accrued expenses and other liabilities	2,032,605	479,094	-	-	-	2,511,699
	51,307,741	479,094	-	-	-	51,786,835
Net assets / (liabilities)	90,974,265	(479,094)	-	-	3,954,112,733	4,044,607,904



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued...)

----- As at 30 June 2015 -----					
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	406,778,750	-	-	-	406,778,750
Investments	-	-	-	3,111,663,166	3,111,663,166
Dividend receivable	8,289,539	-	-	-	8,289,539
Profit receivable on bank balances	953,496	-	-	-	953,496
Receivable against sale of investments	12,528,469	-	-	-	12,528,469
Deposits	-	-	-	2,600,000	2,600,000
	<b>428,550,254</b>	<b>-</b>	<b>-</b>	<b>3,114,263,166</b>	<b>3,542,813,420</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	15,258,429	-	-	-	15,258,429
Payable to the Central Depository Company of Pakistan Limited - Trustee	359,273	-	-	-	359,273
Payable against purchase of investments	178,738,386	-	-	-	178,738,386
Payable against redemption of units	4,535,483	-	-	-	4,535,483
Accrued expenses and other liabilities	2,261,720	567,386	-	-	2,829,106
	<b>201,153,291</b>	<b>567,386</b>	<b>-</b>	<b>-</b>	<b>201,720,677</b>
<b>Net assets / (liabilities)</b>	<b>227,396,963</b>	<b>(567,386)</b>	<b>-</b>	<b>3,114,263,166</b>	<b>3,341,092,743</b>

#### 18.3 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 2016 amounts to Rs.144,882,006 (2015: Rs.431,150,254).

##### 18.3.1 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 banks with which amounts are placed	% of financial assets exposed to credit risk	
	2016	2015
AA	100.00	94.00
Others	-	6.00
	<b>100.00</b>	<b>100.00</b>



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The maximum exposure to credit risk before any credit enhancement as at 30 June 2016 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

### **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.

## **19. 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.

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.

### **19.1 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.

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 only invests in listed equity securities the fair values of which are based on level 1 valuation technique.

## **20. 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 18, 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 21. UNIT HOLDING PATTERN OF THE FUND

Category	2016			2015		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	313	375,173,459	9.34	302	342,099,521	10.35
Associated Companies/Directors	14	2,979,845,895	74.18	13	2,301,388,167	69.64
Insurance Companies	2	69,141,717	1.72	2	65,451,498	1.98
Retirement Funds	25	539,404,119	13.43	27	539,472,841	16.32
Banks and DFIs	1	53,604,253	1.33	-	-	-
Others	1	18,491	-	2	56,249,661	1.71
	<b>356</b>	<b>4,017,187,934</b>	<b>100.00</b>	<b>346</b>	<b>3,304,661,688</b>	<b>100.00</b>

### 22. LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2016		2015	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Shajar Capital Pakistan (Private) Limited	8.64	Taurus Securities Limited	9.43
Optimus Capital Management (Private) Limited	8.54	Optimus Capital Management (Private) Limited	9.24
JS Global Limited	6.66	Shajar Capital Pakistan (Private) Limited	9.11
Next Capital (Private) Limited	6.45	Habib Metropolitan Financial Services Limited	7.31
Taurus Securities Limited	6.36	Invest and Finance Securities Limited	6.69
Global Securities Pakistan Limited	5.96	Al-Hooqani Securities & Investment Corporation (Private) Limited	5.39
IGI Finex Securities Limited	5.39	Next Capital (Private) Limited	4.80
Al-Hooqani Securities & Investment Corporation (Private) Limited	5.10	Arif Habib Limited	4.79
Habib Metropolitan Financial Services Limited	5.08	Cedar Capital (Private) Limited	4.70
Summit Capital (Private) Limited	4.84	Global Securities Pakistan Limited	4.66

### 23. MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	48 Years
Mr. Ali H. Shirazi	Director	Masters in Law	12.5 Years
Mr. M. Abdul Samad	Chief Operating Officer	MBA M.Com	16 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	12 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	8 Years
Mr. Fawad Javaid	Fund Manager	CMA	8 Years
Mr. Faran-ul-Haq	Fund Manager	B. A, CFA	5 Years

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 24. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Fund Manager	B.A, CFA	Atlas Islamic Stock Fund

### 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				
	07 Jul. 2015	31 Aug. 2015	28 Oct. 2015	26 Feb. 2016	28 Apr. 2016
Mr. Yusuf H. Shirazi	P	P	P	P	L
Mr. Azam Faruque	P	P	P	P	P
Mr. Shamshad Nabi	P*	P	P	P	P
Mr. Frahim Ali Khan	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. Arshad P. Rana	P*	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Ms. Qurrat-ul-ain Jafari (CFO and Company Secretary) (With effect from 1st August 2015)	N/A	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO and Company Secretary) (Resigned on 1st July 2015)	P	N/A	N/A	N/A	N/A
Mr. Azam Faruque (Director) (Resigned on 17th June 2016)					

\* Attended through video conference.

P Present

L Leave of absence

Ms. Lilly R. Dossabhoy resigned from the post of Chief Financial Officer and Company Secretary on 1 July 2015 and Ms. Qurrat-ul-ain was appointed in her place as the new Chief Financial Officer and Company Secretary.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 26. RATING OF THE FUND AND THE MANAGEMENT COMPANY

Pursuant to the updated Asset Manager Rating Methodology and Rating Scale, the Pakistan Credit Rating Agency Limited (PACRA) has harmonised the asset manager rating of the Management Company to the new scale whereby the Management Company has been assigned a rating of AM2 (AM Two) [2015: AM2- (AM Two minus)] on 8 June 2016 .

Furthermore, PACRA has assigned a "3 Star" rating for one year, "3 Star" rating for three years and "4 Star" rating for five years to the Fund for the year ended 30 June 2015 on 13 August 2015.

### 27. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of Management Company, in the meeting held on 11 July 2016, approved a final cash dividend of Rs.5 per unit on the face value of Rs 500 each (i.e. 1%) amounting to Rs 39,898,200. The financial statements of the Fund for the year ended 30 June 2016 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2017.

### 28. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated 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 were 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 29 August 2016.

### 30. GENERAL

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

**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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# Atlas Gold 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

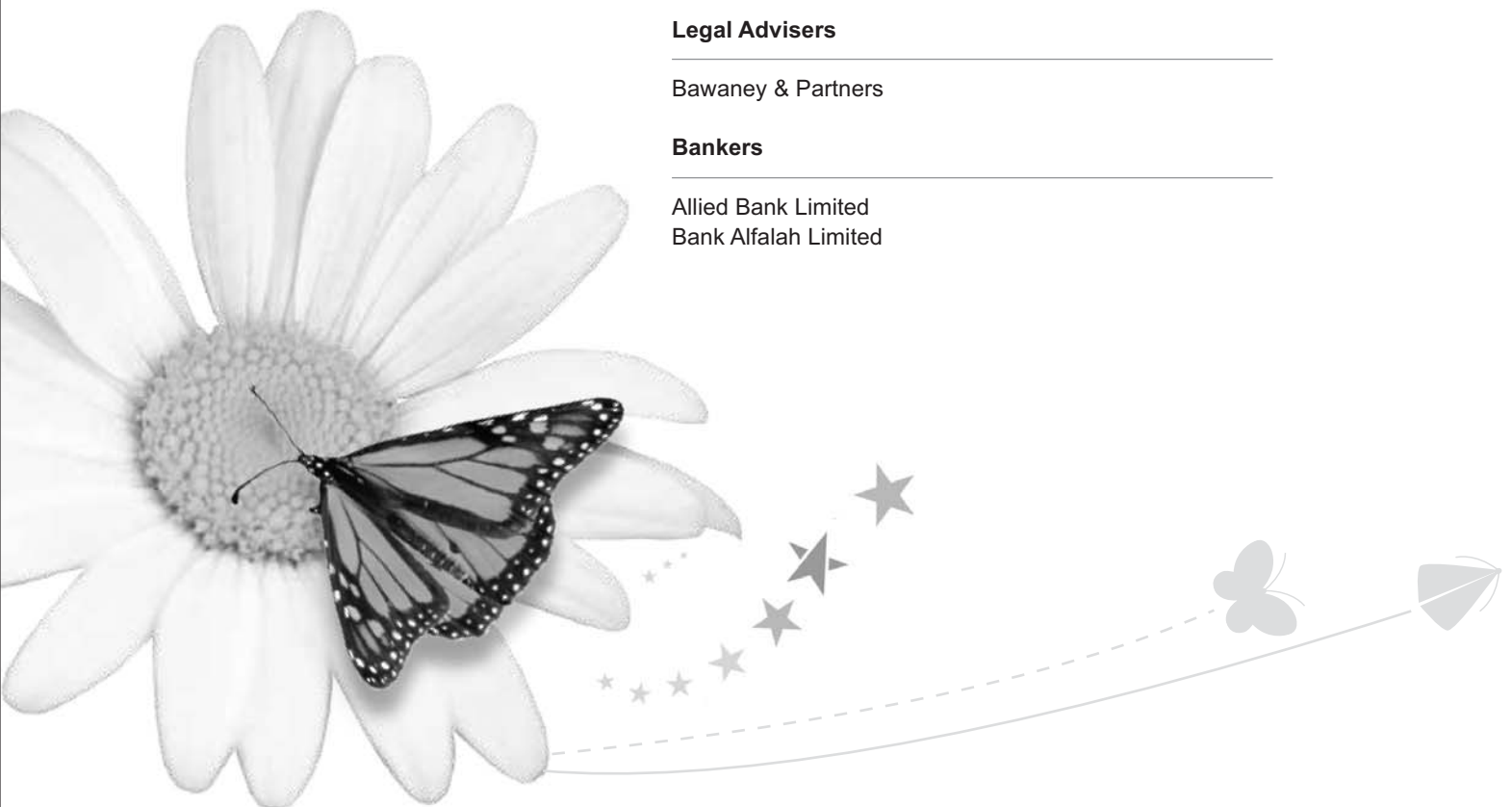
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Bawaney & Partners

### Bankers

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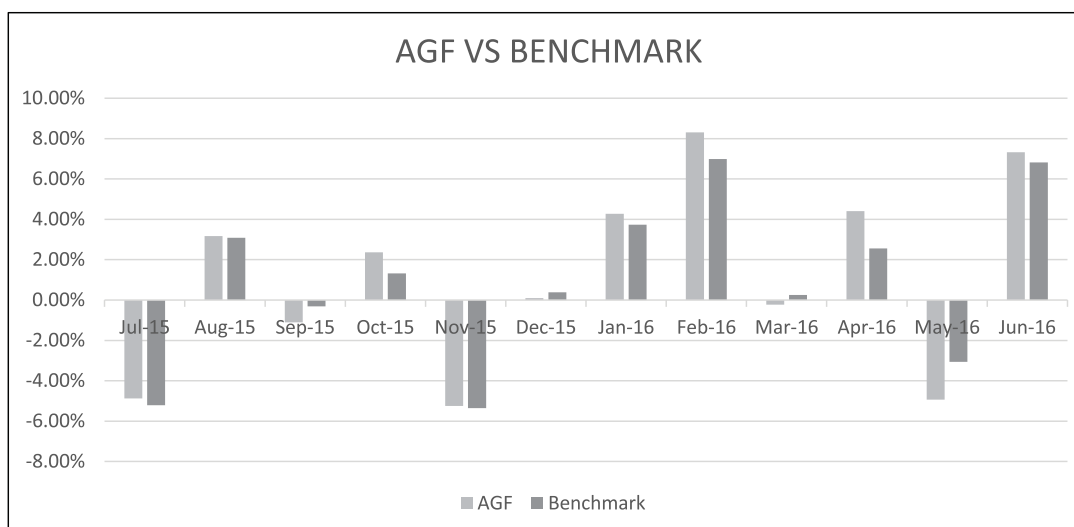
Allied Bank Limited  
Bank Alfalah Limited



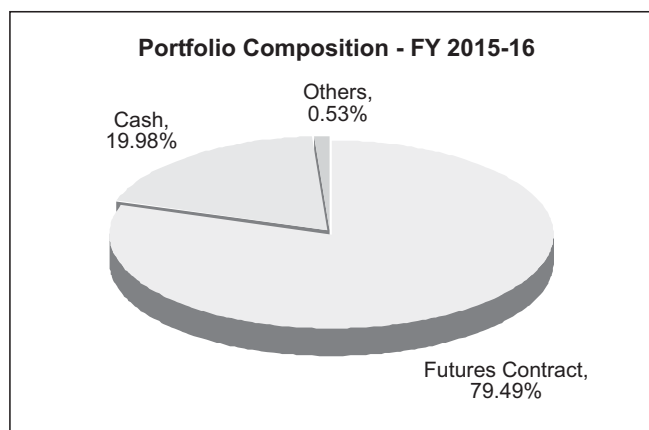
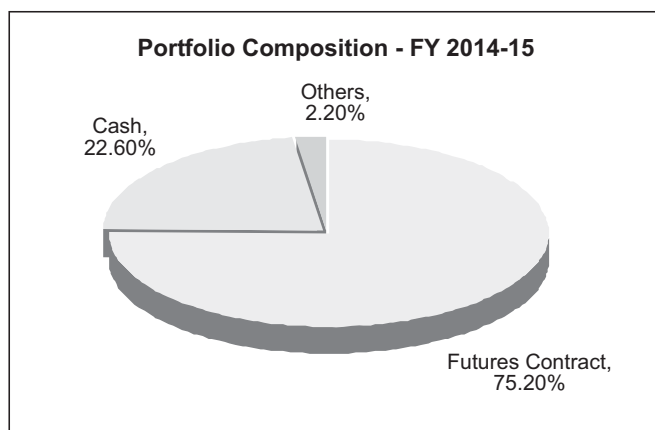
## Fund Manager's Report

Atlas Gold Fund (AGF) is an open-ended commodity fund. The investment objective of AGF is to provide investors with capital appreciation through investment in Gold or Gold Futures Contracts traded on the Commodity Exchange. The Fund will seek to invest at least 70% of the Net Assets in Gold or Gold Futures Contracts during the year based on quarterly average investments calculated on daily basis. AGF investment strategy is based on passive management to produce results in line with movement of international gold prices. The Fund emphasizes medium to long-term investment views and involves the application of fundamental and technical analysis to gold as investment.

The Benchmark for "Atlas Gold Fund" is 70% daily closing US Dollar per ounce Gold prices at PMEX and 30% Deposit Rates of any three AA and above rated scheduled Banks.



Spot Gold prices/ounce have increased from US\$ 1,172.24 as on 30 June 2015 to US\$ 1,322.15 as on 30 June 2016, showing an increment of 12.8%. Spot Gold prices increased during FY 2015-16 as investors rushed towards safe havens and exited risky investments after United Kingdom (UK) voters surprised the world by voting to exit the European Union (EU). Market anticipates both the UK and the EU will likely see weaker growth going forward with central banks trying their best to support markets. Furthermore, investors all but ruled out an U.S. interest rate hike during the year following dismal U.S. employment data. Consequently, U.S. dollar declined which dampened optimism over the strength of the U.S. economy. Support also came in the form of weaker economic data and stock markets around the world. During the year, Bank of Japan decided not adding additional stimulus to its economy. As a result of the decision, the Yen posted substantial gains against the dollar.



Inflows into ETFs (SPDR Gold Shares) witnessed growth of 33.5% during the fiscal year as sentiment towards gold improved markedly. Shifts in the global economic and financial landscape have created a positive environment for gold investment in recent months. Uncertainty abounds: (1) the Negative Interest Rate Policies (NIRP) implemented by central banks in Japan and Europe represent a shift to 'unconventional policies' which create 'great uncertainty'; (2) China's devaluation of the yuan fueled fears over the country's economic health and the potential impact on global growth; and (3) the pace of US interest rate rises is now widely expected to slow. First half of 2016 witnessed that the jewellery demand from India considerably reduced on the back of widespread strikes across their jewellery industry. This was caused by budgetary increase in custom and excise duties on gold bars along with tax on jewellery manufacturing. Jewellery demand from China slowed down on the back of economic slowdown. Central banks across the globe continued to purchase gold as diversification which became a growing theme.

The Net Asset Value per unit of Atlas Gold Fund increased by 13.11% to Rs.110.78 as on 30 June 2016. The benchmark increased by 9.92% during the same period. The exposure in Gold Future Contracts was 79.49% as on 30 June 2016. The Net Assets of the Fund stood at Rs.234.10 million with 2.11 million units outstanding as of 30 June 2016. The Board of Directors of Atlas Asset Management Limited, the management company of Atlas Gold Fund, in their meeting held on 11 July 2016, has approved a final cash dividend of Rs.5 per unit (5.00% on the face value of Rs.100 per unit).

### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	29	27,737,832	11.85%
Associated companies / Directors	7	162,296,286	69.33%
Retirement Funds	3	44,062,146	18.82%
<b>Total</b>	<b>39</b>	<b>234,096,264</b>	<b>100.00%</b>

The Scheme has maintained provisions against Workers' Welfare Fund WWF liability of Rs.194,578. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.0.09/0.08%. For details please read Note 11.1 of the latest Financial Statements of the Scheme.

The Finance Act 2015 excludes mutual funds and collective investment schemes from the definition of 'Industrial establishment' as under Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971). Accordingly, no further provision for WWF will be made from 01 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC. Furthermore, Sindh workers welfare Fund Act, 2014 is not applicable on Mutual Funds and Voluntary Pension Schemes. The Scheme has provided for Federal Excise Duty (FED) liability which amounted to Rs.1,319,911(Rs.0.62 per unit) as on 30 June 2016.

The Total Expense Ratio (TER) of the Fund is 2.39% including expenses representing Government levy, WWF and SECP Fee of 0.42%.

The NAV before distribution stood at Rs.110.78 per unit and after adjustment for final cash dividend stood at Rs.105.78 per unit.

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

Karachi: 29 August 2016

**Muhammad Umar Khan**  
Fund Manager

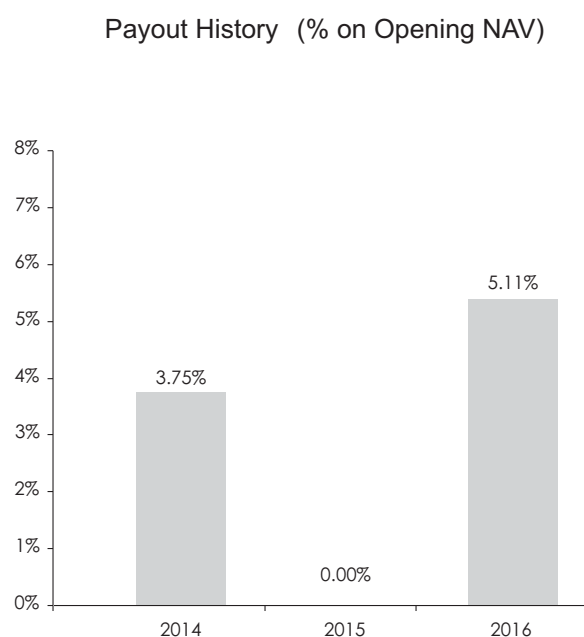
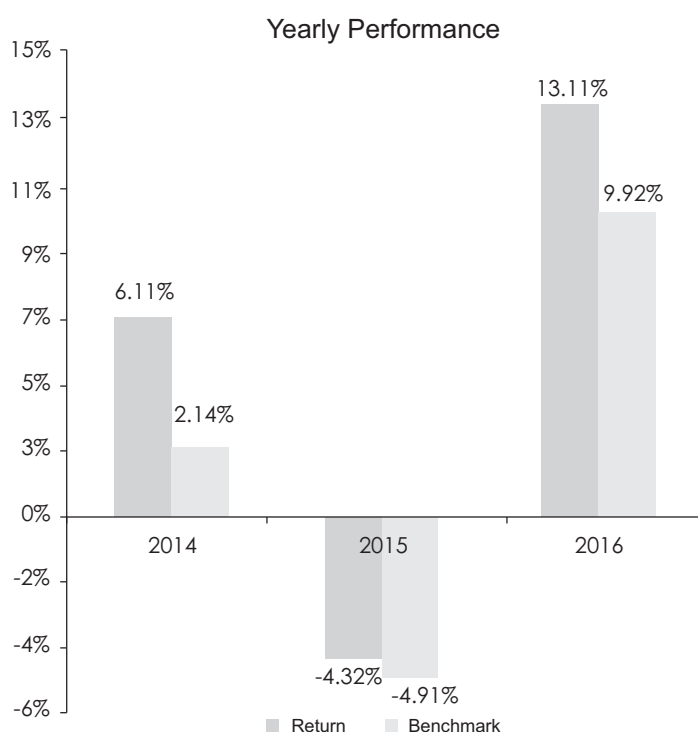
## Performance Since Inception

	2016	2015	2014*
Net Assets (Rs. in '000 )	234,096	200,749	165,659
Number of units in issue	2,113,174	2,049,681	1,561,249
Net assets value per unit	110.78	97.94	106.11
Net income / (loss) (Rs. in '000)	27,128	(9,051)	9,534
Earnings / (loss) per unit	12.84	(4.42)	6.11
Annual return of the fund (%)	13.11	(4.32)	6.11
Offer Price **	110.78	97.94	106.11
Redemption Price **	110.78	97.94	106.11
Cash Dividend	5.00	-	3.75
Dividend as a % of opening EX - NAV of units	5.11	-	3.75
Date of distribution	11-Jul-16	-	7-Jul-14
Highest offer Price	111.02	104.49	107.34
Lowest offer Price	91.41	92.98	93.68
Highest repurchase price per unit	111.02	104.49	107.34
Lowest repurchase price per unit	91.41	92.98	93.68

\* For the Period from 26 June 2013 to 30 June 2014 (Date of Launch: 15 July 2013)

\*\* 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.





# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of Listing Regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

Atlas Asset Management Limited (AAML), the Management Company, is not listed and hence, the Code is not applicable to it. However, Atlas Gold Fund, being listed at the Pakistan Stock Exchange Limited, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. Shamshad Nabi
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and the same members were re-elected unopposed for the next term of three years during the year. Further, a casual vacancy occurred on the Board on 17 June 2016, was filled up by the directors within 4 days i.e 21 June 2016 and was approved by the Securities and Exchange Commission of Pakistan on 9 August 2016, as required by the Non-Banking Finance Companies and Notified Entities Regulations, 2008.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board Evaluation Committee (BEC) was formed in order to comply with the requirements of the CCG, 2012 requiring the Board of Directors to implement a mechanism for the annual evaluation of the Board's performance. The terms of reference of the BEC require the BEC members to carry out the assessment of the Board members' questionnaires submitted by them, to evaluate the findings therefrom, and apprise the Board in the subsequent Board meeting, with recommendations for improvement. The BEC comprises of three members - both the independent directors of which one is the Chairman of the BEC, and one member from the sponsor family. The CEO serves as the secretary to this committee.

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## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2016

10. Five members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause 5.19.7 of the Pakistan Stock Exchange Regulations, whilst the remaining two Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.
11. The Board has approved the appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
12. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
14. The Directors, CEO and Executives do not hold units other than those disclosed in note 17 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 20 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
15. The Management Company has complied with the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
17. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
19. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
20. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
21. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
23. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
24. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 29 August 2016

**M. Habib-ur-Rahman**  
Chief Executive Officer

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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 Gold 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, 2016 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: September 5, 2016

**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

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## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of Atlas Gold Fund (the Fund) for the year ended 30 June 2016 to comply with the requirements of Listing Regulation No.5.19 of the Pakistan Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2016.

Karachi: 29 August 2016

**EY Ford Rhodes**  
Chartered Accountants

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# INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Atlas Gold Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2016, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year ended 30 June 2016, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of approved accounting 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Karachi: 29 August 2016

**EY Ford Rhodes**  
Chartered Accountants

**Arslan Khalid**  
Audit Engagement Partner

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>ASSETS</b>			
Bank balances	4	193,747,341	36,783,124
Investments in government securities	5	-	149,772,001
Financial assets at fair value through profit or loss	6	9,854,024	-
Interest accrued		446,064	259,494
Deferred formation cost	7	477,135	716,035
Other receivables		332,396	-
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		32,435,953	20,226,670
<b>Total assets</b>		<b>237,292,913</b>	<b>207,757,324</b>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss		-	3,689,543
Payable to Atlas Asset Management Limited - Management Company	8	2,450,059	2,392,964
Payable to Central Depository Company of Pakistan Limited - trustee	9	36,309	28,179
Annual fee payable to the Securities & Exchange Commission of Pakistan	10	151,492	151,843
Accrued expenses and other liabilities	11	556,597	736,717
Dividend payable		2,192	8,940
<b>Total liabilities</b>		<b>3,196,649</b>	<b>7,008,186</b>
<b>NET ASSETS</b>		<b>234,096,264</b>	<b>200,749,138</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>234,096,264</b>	<b>200,749,138</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,113,174</b>	<b>2,049,681</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>110.78</b>	<b>97.94</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 -----
<b>Income</b>			
Interest income	14	11,751,982	17,194,819
<b>Net (loss) / gain on investments and derivatives</b>			
Net (loss) / gain on sale of government securities		(20,770)	2,524
Net unrealised gain on government securities		-	16,590
Realized gain / (loss) on gold future contracts		8,596,849	(16,652,440)
Net unrealised gain / (loss) on gold future contracts		9,854,024	(3,689,544)
		<b>18,430,103</b>	<b>(20,322,870)</b>
Element of income and capital gains included in prices of units sold less those in units redeemed - net		1,784,564	160,988
		<b>31,966,649</b>	<b>(2,967,063)</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	2,019,904	3,036,847
Sindh sales tax on remuneration of the Management Company	8.2	328,032	528,412
Federal Excise Duty on remuneration of the Management Company	8.3	323,185	485,896
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	343,384	344,179
Sindh sales tax on remuneration of the Trustee	9.2	48,074	-
Annual fee - Securities and Exchange Commission of Pakistan	10	151,492	151,843
Accounting and operational charges	13	124,239	-
Sindh Sales Tax on accounting and operational charges		7,454	-
Auditors' remuneration	15	333,686	330,000
Annual listing fee		30,000	30,000
Fund rating fee		137,940	116,000
Printing charges		48,284	140,000
Legal and professional charges		54,564	-
Securities transaction cost		641,421	670,799
Amortisation of formation cost		238,900	239,565
Bank charges		7,429	10,740
		<b>4,837,988</b>	<b>6,084,281</b>
<b>Net income / (loss) for the year before taxation</b>		<b>27,128,661</b>	<b>(9,051,344)</b>
<b>Taxation</b>		-	-
<b>Net income / (loss) for the year after taxation</b>		<b>27,128,661</b>	<b>(9,051,344)</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	2016 ----- Rupees -----	2015 ----- Rupees -----
Net income / (loss) for the year after taxation	27,128,661	(9,051,344)
Other comprehensive income	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>27,128,661</b>	<b>(9,051,344)</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2016 ----- Rupees -----	2015 -----
<b>Undistributed income brought forward</b> [Includes unrealized loss on future contracts of gold Rs.3,689,544] (2015: Includes unrealized gain on future contracts of gold Rs.3,512,609)	<b>(5,371,683)</b>	<b>9,534,345</b>
Net income / (loss) for the year after taxation	27,128,661	(9,051,344)
Cash dividend for the period ended 30 June 2014 at the rate of Rs.3.75 per unit declared on 7 July 2014	-	(5,854,684)
<b>Undistributed (loss) / income carried forward</b> [Includes unrealized gain on future contracts of gold Rs.9,854,024] (2015: Includes unrealized loss on future contracts of gold Rs.3,689,544)	<b>21,756,978</b>	<b>(5,371,683)</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2016

	2016		2015	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the year</b> [Rs.97.94 (2015: Rs.106.11) per unit]	<b>2,049,681</b>	<b>200,749,138</b>	<b>1,561,249</b>	<b>165,659,257</b>
Issue of units	383,314	41,066,719	550,175	56,382,290
Redemption of units	(319,821)	(33,063,690)	(61,743)	(6,225,393)
	<b>63,493</b>	<b>8,003,029</b>	<b>488,432</b>	<b>50,156,897</b>
Element of income and capital gains included in prices of units sold less those in units redeemed - net	-	(1,784,564)	-	(160,988)
Cash dividend for the period ended 30 June 2014 at the rate of Rs.3.75 per unit declared on 7 July 2014	-	-	-	(5,854,684)
Net (loss) / gain on sale of government securities	-	(20,770)	-	2,524
Net unrealised gain on government securities	-	-	-	16,590
Realized gain / (loss) on gold future contracts	-	8,596,849	-	(16,652,440)
Net unrealised gain/(loss) on gold future contracts	-	9,854,024	-	(3,689,544)
Net other income for the year	-	8,698,558	-	11,271,526
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>27,128,661</b>	<b>-</b>	<b>(9,051,344)</b>
<b>Net assets at the end of the year</b> [Rs.110.78 (2015: Rs.97.94) per unit]	<b>2,113,174</b>	<b>234,096,264</b>	<b>2,049,681</b>	<b>200,749,138</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
<b>Cash flows from operating activities</b>			
Net income / (loss) for the year after taxation		27,128,661	(9,051,344)
<b>Adjustments:</b>			
Interest income		(11,751,982)	(17,194,819)
Net loss / (gain) on sale of government securities		20,770	(2,524)
Net unrealised gain on government securities		-	(16,590)
Realized (gain) / loss on gold future contracts		(8,596,849)	16,652,440
Net unrealised (gain) / loss on gold future contracts		(9,854,024)	3,689,544
Amortization of formation cost		238,900	239,565
Element of income and capital gains included in prices of units sold less those in units redeemed - net		(1,784,564)	(160,988)
		<b>(31,727,749)</b>	<b>3,206,628</b>
		<b>(4,599,088)</b>	<b>(5,844,716)</b>
<b>(Increase) / decrease in assets</b>			
Other receivables		(332,396)	-
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		(12,209,284)	4,529,057
		<b>(12,541,680)</b>	<b>4,529,057</b>
<b>Increase / (decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		57,095	308,813
Payable to Central Depository Company of Pakistan Limited - trustee		8,130	(847)
Annual fee payable to the Securities and Exchange Commission of Pakistan		(351)	(7,792)
Accrued expenses and other liabilities		(180,120)	(137,834)
		<b>(115,246)</b>	<b>162,340</b>
Interest received		11,565,412	17,988,202
Investments made during the year		(779,165,067)	(1,084,447,588)
Investments sold / matured during the year		933,823,605	921,554,869
<b>Net cash generated from / (used in) operating activities</b>		<b>148,967,936</b>	<b>(146,057,836)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		41,066,719	56,382,290
Payment on redemption of units		(33,063,690)	(6,225,393)
Dividend paid		(6,748)	(5,845,744)
<b>Net cash generated from financing activities</b>		<b>7,996,281</b>	<b>44,311,153</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		<b>156,964,217</b>	<b>(101,746,683)</b>
Cash and cash equivalents at the beginning of the year		36,783,124	138,529,807
<b>Cash and cash equivalents at the end of the year</b>	4	<b>193,747,341</b>	<b>36,783,124</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**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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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Gold Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 6 May 2013 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 amended through the First Supplemental Trust deed dated 13 May 2014, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document of the Fund has been amended through the First, Second and Third Supplements dated 13 May 2014, 24 March 2015 and 3 August 2015 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 15 July 2013, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated).
- 1.3 According to the Trust Deed, the objective of the Fund is to provide investors with capital appreciation through investment in gold or gold futures contracts traded on the Commodity Exchange. The Fund aims to deliver this objective mainly by investing at least 70% of the net assets in gold or gold futures contracts during the year based on quarterly average investments calculated on daily basis. The remaining net assets of the Fund shall be invested in cash and near cash instruments which includes cash in bank accounts (excluding TDR), and treasury bills not exceeding 90 days maturity. At least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments at all times. The investment objectives and policy are more fully defined in the Fund's offering document.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, 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 SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

#### **New Standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2016**

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 – Separate Financial Statements – (Amended)
- IAS 28 – Investment in Associates and Joint Ventures – (Amended)

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretation and amendments:

	Effective date (accounting periods beginning on or after)
<b>2.2 Standard, interpretation or amendment</b>	
- IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2016
- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
- 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 - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
- IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
- IAS 16 Property, Plant and Equipment and IAS 38 intangible assets Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
- IAS 16 IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture Bearer Plants (Amendment)	01 January 2016
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

There are certain new and amended standards and interpretation that are mandatory for the Fund's accounting periods beginning on or after 1 July 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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.

Standard	Effective date (accounting periods beginning on or after)
- IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
- IFRS 14 - Regulatory Deferral Accounts	01 January 2016
- IFRS 15 - Revenue from Contracts with Customers	01 January 2018
- IFRS 16 – Leases	01 January 2019

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 2.3 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

	Notes
Investments	3.1, 3.3, 5 & 6
Provisions	3.7
Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed - net	3.8

### 2.4 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which are carried at fair value.

### 2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are set out below:

### 3.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through income statement or available-for-sale investment, as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not at fair value through income statement, transaction costs that are directly attributable to acquisition.

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 at fair value through income statement

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. All derivatives are classified as held-for-trading.

#### Available-for-sale

Investments which are not classified in the preceding categories 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.

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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 3.2 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.

Gain or loss is recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

### 3.3 Derivatives Financial Instruments

Derivative instruments that are held by the Fund primarily comprise of gold futures contracts in the commodities market. These are measured initially at fair value and revalued at each subsequent measurement date at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures commodities. Derivatives with the positive market values (unrealised gains) are included in assets and derivatives with the negative market value (unrealised losses) are included in liabilities in the Statement of Assets and Liabilities. The resultant gains and losses are included in the income statement.

### 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 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 distribution company and the management company.

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 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 Revenue recognition

Interest income on government securities is recognised using effective interest method at the rate of return implicit in the instrument.

Interest income on bank balances and deposits is recognised on an accrual basis.

Gains or losses on sale of investments are included in the Income Statement in the period in which they arise.

Element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

### 3.6 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.

### 3.7 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.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 3.8 Element of income / (loss) and capital gains / (losses) in prices of units sold less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called "element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed" (the element) is created.

Upon sale and redemption of units, the amount representing net income / (loss) and capital gains / (losses) accounted for in net asset value and included in the sale / redemption price is taken to the element account.

The element is computed to the extent that it is represented by the increase / decrease in net income / (loss) and capital gains / (losses) earned / incurred during the period.

### 3.9 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 July 2013, in accordance with the requirements of the NBFC Regulations. These expenses were paid off by the management company and are reimbursable to it by the Fund.

### 3.10 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 unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

### 3.11 Financial instruments

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 income statement.

### 3.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only 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.

### 3.13 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.

### 3.14 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 period end.

### 3.15 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
4. BANK BALANCES			
In PLS saving accounts	4.1	193,747,341	36,783,124

4.1 The rate of return on these accounts is varies between 5.00% to 6.40% per annum (2015: 6% to 7.10% per annum).

### 5. INVESTMENTS - at fair value through income statement

#### Government securities

Market Treasury Bills - held-for-trading	5.1	-	149,772,001
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#### 5.1 Market Treasury Bills - held for trading

	Face value (Rupees)				Rupees		Percentage of	
	As at 1 July 2015	Acquired during the period	Sold / Matured during the period	As at 30 June 2016	Amortised cost	Market value	Total investments	Net assets
Treasury bills								
3 Months - T-bills	-	300,000,000	300,000,000	-	-	-	-	-
6 Months - T-bills	150,000,000	140,000,000	290,000,000	-	-	-	-	-
12 Months - T-bills	-	340,000,000	340,000,000	-	-	-	-	-
		<b>780,000,000</b>	<b>930,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

5.2 The cost of investments as on 30 June 2016 is Nil (2015: Rs.147,768,750).

5.3 Government treasury bill carries purchase yield of Nil (2015: 7.55%) per annum.

	Note	2016 Rupees	2015 Rupees
6. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT AND LOSS			
Held-for-trading - derivative financial instruments			

- Future Gold Contracts	6.1	9,854,024	-
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6.1 This represents net fair value of gold futures contracts entered into by the Fund at the Pakistan Mercantile Exchange. The details of the outstanding contracts are given in the table below:

Commodity Contracts	Maturity Date	Quantity - ounces	Value of Gold in futures market US \$	Value of Gold in futures market equivalent Pak Rupees	Market Value as a Percentage of net assets
Gold 10 oz - Aug. 2016	26 July 2016	10 oz	1,801,048	188,623,757	0.81
Liabilities against gold futures at contracted rates-USD\$ 1,706,958				178,769,733	
Unrealised Loss on future contracts of gold				9,854,024	

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
<b>7. DEFERRED FORMATION COST</b>			
Deferred formation cost		716,035	955,600
Amortisation of deferred formation cost		(238,900)	(239,565)
		<b>477,135</b>	<b>716,035</b>
<b>8. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>			
Management fee	8.1	187,355	248,714
Formation cost payable		716,700	955,600
Sindh Sales Tax payable on Remuneration of the Management Company	8.2	226,093	191,925
Federal Excise Duty payable on remuneration of the Management Company	8.3	1,319,911	996,725
		<b>2,450,059</b>	<b>2,392,964</b>

**8.1** In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1% of the average annual net assets of the Fund. The Management Company has charged its remuneration at the rate of 1% (30 June 2015: 1.5%) per annum of the average annual net assets for the year. The fee is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs.328,032 (2015: Rs 528,412) 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 Rs.293,864 (2015: 597,625) 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 is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition had been filed in 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. In this respect, the SHC issued a stay order against recovery proceedings till the date of the next hearing.

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. Pending decision of the SHC, the Fund is not making payment in respect of FED.

In a recent order of the SHC, 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) have been set aside. However, as a matter of abundant caution a full provision for FED on remuneration of the Management Company is being retained in the financial statements of the Fund from 13 June 2013 till 30 June 2016 as the management believes that the Federal government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline. Had the same not been made, the net asset value per unit of the Fund would have been higher by Re.0.62 per unit (2015: 0.49 per unit).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Rupees	2015 Rupees
<b>9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY</b>			
Trustee fee	9.1	31,850	28,179
Sindh Sales Tax payable on trustee fee	9.2	4,459	-
		<b>36,309</b>	<b>28,179</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.0.17% 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.48,074 (2015: Nil) 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 43,615 (2015: Nil) was paid to the Trustee which acts as a collecting agent.

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

In accordance with the NBFC Regulations, the Fund is required to pay to the SECP an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.

	Note	2016 Rupees	2015 Rupees
<b>11. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		243,686	242,350
Printing charges payable		90,000	181,431
Transaction Charges payable		1,027	-
Accounting and operation charges		18,736	-
Sindh Sales Tax payable on Operational Charges		1,124	-
Fund Rating Fee Payable		-	116,000
Withholding tax payable		7,446	2,358
Provision for Workers' Welfare Fund	11.1	194,578	194,578
		<b>556,597</b>	<b>736,717</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

**11.1** The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court challenging the applicability of WWF on CISs which is pending adjudication.

The Finance Act, 2015 introduced an amendment under which mutual funds and collective investment schemes have been excluded from the definition of industrial establishment. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable for tax year 2016. The provision made till 30 June 2015 has not been reversed as the law suit referred to in the previous paragraph is still pending in the SHC.

Although the Management Company is hopeful that the case will be decided in favour of the Funds, it has retained the provision in the financial statement as at 30 June 2016 in respect of the liability towards WWF amounting to Rs.194,548 (2015: 194,578). Had the same not been made, the net asset value per unit of the Fund would have been higher by Re.0.09 per unit (2015: 0.10 per unit).

### 12. CONTINGENCIES AND COMMITMENTS

**12.1** There were no contingencies outstanding as at 30 June 2016 and 30 June 2015.

#### 12.2 COMMITMENTS

Purchase of:

Ounce Gold Contracts US \$ 1,706,958  
(30 June 2015: US \$ 1,535,058)

Note	2016 ----- Rupees -----	2015 ----- Rupees -----
12.2.1	<b>178,769,733</b>	<b>159,927,746</b>

**12.2.1** This represents the investment in future gold contracts with settlement date of 26 July 2016 (2015: 27 July 2015).

### 13. ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund for the period from 25 November 2015 to 30 June 2016.

### 14. INTEREST INCOME

Profit on PLS savings account and deposits  
Government Securities - Market Treasury bills

Note	2016 ----- Rupees -----	2015 ----- Rupees -----
	7,596,464	8,272,057
	4,155,518	8,922,762
	<b>11,751,982</b>	<b>17,194,819</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		Rupees	Rupees
<b>15. AUDITORS' REMUNERATION</b>			
Annual audit fee		150,000	150,000
Half yearly review of financial statements		75,000	75,000
Review of statement of compliance with Code of Corporate Governance		40,000	40,000
Certification charges		30,000	30,000
Sindh Sales Tax on services		17,700	14,750
Out of pocket expenses		15,250	15,250
Charge against Audit of previous financial year		5,736	5,000
		<b>333,686</b>	<b>330,000</b>

## 16. TAXATION

The income of the Fund is exempt from income tax as per 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 to the unit holders. The management has already distributed 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

## 17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** 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.
- 17.2** 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.
- 17.3** 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.
- 17.4** The details of significant transactions carried out by the Fund with connected persons and balances with them at the year / period end are as follows:

	2016	2015
	Rupees	Rupees
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	2,019,904	3,036,847
Remuneration paid	2,081,263	3,044,243
Sindh Sales Tax on Remuneration of the Management Company	328,032	528,412
Federal Excise Duty on Remuneration of the Management Company	323,185	485,896
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	343,384	344,179
Sindh sales tax on remuneration of the Trustee	48,074	-
Remuneration paid	339,713	345,026

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	----- Rupees -----	
<b>Atlas Battery Limited (Group Company)</b>		
Issue of Nil (2015: 13,747) units	-	1,407,204
Outstanding 514,086 (2015: 514,086) units - at net asset value	56,950,517	50,349,645
<b>Atlas Foundation (Group Company)</b>		
Issue of Nil (2015: 4,124) units	-	422,161
Outstanding 154,225 (2015: 154,225) units - at net asset value	17,085,155	15,104,893
<b>Atlas Honda Limited (Group Company)</b>		
Issue of Nil (2015: 486,522) units	-	49,970,710
Outstanding of 486,522 (2015: 486,522) units - at net asset value	53,896,945	47,649,998
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of Nil (2015: 2,792) units	-	285,854
Outstanding 104,429 (2015: 104,429) units - at net asset value	11,568,702	10,227,827
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of Nil (2015: 4,124) units	-	422,161
Outstanding 154,225 (2015: 154,225 ) units - at net asset value	17,085,155	15,104,893
<b>Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Issue of Nil (2015: 11,621) units	-	1,189,556
Outstanding 328,836 (2015: 328,836) units - at net asset value	36,428,480	32,206,222
<b>Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Outstanding 22,924 (2015: 22,924) units - at net asset value	2,539,559	-
<b>Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)</b>		
Redemption of 53,844 (2015: Nil) units	5,000,000	-
Outstanding 45,986 (2015: 99,830) units - at net asset value	5,094,306	-
<b>Key Management Personnel of Management Company</b>		
Issue of Nil (2015: 1,645) units	-	168,423
Outstanding 51,548 (2015: 51,548) units - at net asset value	5,710,543	5,048,660

**17.5** The balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

**17.6** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Co. Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million (2015: Rs.4 million) and above, as set by the Board of Directors of the Management Company for FY 2015-16.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 18. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2016			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	Rupees			
<b>Assets</b>				
Bank balances	193,747,341	-	-	193,747,341
Financial assets at fair value through profit or loss	-	9,854,024	-	9,854,024
Interest accrued	446,064	-	-	446,064
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	32,435,953	-	-	32,435,953
Other receivable	332,396	-	-	332,396
	<b>226,961,754</b>	<b>9,854,024</b>	<b>-</b>	<b>236,815,778</b>

	As at 30 June 2016		
	Liabilities at fair value through profit or loss	Others	Total
	Rupees		
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	-	-	-
Payable to Atlas Asset Management Limited - Management Company	-	2,450,059	2,450,059
Payable to Central Depository Company of Pakistan Limited - trustee	-	36,309	36,309
Accrued expenses and other liabilities	-	354,573	354,573
Dividend payable	-	2,192	2,192
	<b>-</b>	<b>2,843,133</b>	<b>2,843,133</b>

	As at 30 June 2015			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	Rupees			
<b>Assets</b>				
Bank balances	36,783,124	-	-	36,783,124
Investments in government securities	-	149,772,001	-	149,772,001
Interest accrued	259,494	-	-	259,494
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	20,226,670	-	-	20,226,670
	<b>57,269,288</b>	<b>149,772,001</b>	<b>-</b>	<b>207,041,289</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 18. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

Liabilities	As at 30 June 2015		
	Liabilities at fair value through profit or loss	Others	Total
	Rupees		
Financial liabilities at fair value through profit or loss	3,689,543	-	3,689,543
Payable to Atlas Asset Management Limited - Management Company	-	2,392,964	2,392,964
Payable to Central Depository Company of Pakistan Limited - trustee	-	28,179	28,179
Accrued expenses and other liabilities	-	539,781	539,781
	<b>3,689,543</b>	<b>2,960,924</b>	<b>6,650,467</b>

### 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**19.1** 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.

#### 19.2 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 value of the financial instruments will fluctuate due to changes in the market interest rates. As of 30 June 2016, the Fund is exposed to such risk in respect of bank balances and treasury bills. 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 2016, with all other variables held constant, the net loss for the year and net assets would have been lower by Rs.Nil (2015: Rs.32,700). In case of 100 basis points decrease in market interest rates as at 30 June 2016, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.Nil (2015: Rs.32,850).

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

Presently, the Fund holds treasury bills which exposes the fund to fair value interest rate risk. In case of 100 basis points increase / (decrease) in market interest rates as at 30 June, 2016, with all other variables held constant, the net income / (loss) for the year and net assets would have been higher / (lower) by Rs.2,261,833 (2015: Rs.533,203).

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 2016 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

The fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2016 can be determined as follows:

as follows.

----- As at 30 June 2016 -----					
Effective yield / interest rate	Exposed to yield / profit 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		
Percentage	----- Rupees -----				
<b>Financial Assets</b>					
Bank balances	5.00 - 6.40	193,747,341	-	-	193,747,341
Financial assets at fair value through profit or loss		-	-	9,854,024	9,854,024
Interest accrued		446,064	-	-	446,064
Margin deposits with Pakistan Mercantile Exchange Limited		-	-	-	-
against future contracts	2.00	32,435,953	-	-	32,435,953
Other receivable		332,396	-	-	332,396
		<b>226,961,754</b>	<b>-</b>	<b>9,854,024</b>	<b>236,815,778</b>
<b>Financial Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	2,450,059	2,450,059
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	36,309	36,309
Accrued expenses and other liabilities		-	-	354,573	354,573
Dividend payable		-	-	2,192	2,192
		-	-	<b>2,843,133</b>	<b>2,843,133</b>
<b>Total interest rate sensitivity gap</b>		<b>226,961,754</b>	<b>-</b>	<b>7,010,891</b>	<b>233,972,645</b>

----- As at 30 June 2015 -----					
Effective yield/interest rate	Exposed to yield / profit 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		
Percentage	----- Rupees -----				
<b>Financial Assets</b>					
Bank balances	7.10	36,783,124	-	-	36,783,124
Investments in government securities		149,772,001	-	-	149,772,001
Interest accrued		259,494	-	-	259,494
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	5.00	20,226,670	-	-	20,226,670
		<b>207,041,289</b>	<b>-</b>	<b>-</b>	<b>207,041,289</b>
<b>Financial Liabilities</b>					
Financial liabilities at fair value through profit or loss		-	-	3,689,543	3,689,543
Payable to Atlas Asset Management Limited Management Company		-	-	2,392,964	2,392,964
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	28,179	28,179
Accrued expenses and other liabilities		-	-	539,781	539,781
		-	-	<b>6,650,467</b>	<b>6,650,467</b>
<b>Total interest rate sensitivity gap</b>		<b>207,041,289</b>	<b>-</b>	<b>(6,650,467)</b>	<b>200,390,822</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### (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. As at 30 June 2016, the Fund has invested in future gold contracts denominated in US Dollar that exposes the fund to foreign currency risk, which may affect the value of the Fund's net assets due to favorable or unfavorable fluctuations in currency rates. As at 30 June 2016 if the Pak Rupee was strengthened / weakened by 100 basis points against the US Dollar with all other variable held constant, the net income for the year would have been higher / lower by Rs.17,832 (2015: Rs.9,333) with corresponding effect on net assets attributable to unit holders.

### (iii) Other Price Risk

Other price risk is the risk that the value of financial instrument may fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument of its issuer, or factors affecting all similar financial instrument traded in the market. As at 30 June 2016, the exposure of the Fund to other price risk was Rs. 188,623,757 (2015:Rs.156,238,203). A decrease / increase of 5% in the quoted price of future gold contracts of Pakistan Mercantile Exchange would have an impact of approximately Rs. 9,431,188 (2015: Rs.7,811,910) on the net income for the year/period with the consequent effect on net assets of the Fund. The sensitivity analysis is based on the Fund's commodity securities at each statement of assets and liabilities date, with all other variable held constant.

### 19.3 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.

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 period.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2016	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
<b>Assets</b>					
Bank balances	193,747,341	-	-	-	193,747,341
Financial assets at fair value through profit or loss	9,854,024	-	-	-	9,854,024
Interest accrued	446,064	-	-	-	446,064
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	-	-	32,435,953	-	32,435,953
Other receivables	332,396	-	-	-	-
	<b>204,379,825</b>	<b>-</b>	<b>32,435,953</b>	<b>-</b>	<b>236,483,382</b>
<b>Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	1,495,124	238,900	-	716,035	2,450,059
Payable to Central Depository Company of Pakistan Limited - Trustee	36,309	-	-	-	36,309
Accrued expenses and other liabilities	-	354,573	-	-	354,573
Dividend Payable	2,192	-	-	-	2,192
	<b>1,533,625</b>	<b>593,473</b>	<b>-</b>	<b>716,035</b>	<b>2,843,133</b>
<b>Net assets / (liabilities)</b>	<b>202,846,200</b>	<b>(593,473)</b>	<b>32,435,953</b>	<b>(716,035)</b>	<b>233,640,249</b>
2015	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
<b>Assets</b>					
Bank balances	36,783,124	-	-	-	36,783,124
Investments in government securities	149,772,001	-	-	-	149,772,001
Interest accrued	259,494	-	-	-	259,494
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	-	-	20,226,670	-	20,226,670
	<b>186,814,619</b>	<b>-</b>	<b>20,226,670</b>	<b>-</b>	<b>207,041,289</b>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss	3,689,543	-	-	-	3,689,543
Payable to Atlas Asset Management Limited - Management Company	1,437,364	238,900	-	716,700	2,392,964
Payable to Central Depository Company of Pakistan Limited - Trustee	28,179	-	-	-	28,179
Accrued expenses and other liabilities	-	539,781	-	-	539,781
	<b>5,155,086</b>	<b>778,681</b>	<b>-</b>	<b>716,700</b>	<b>6,650,467</b>
<b>Net assets / (liabilities)</b>	<b>181,659,533</b>	<b>(778,681)</b>	<b>20,226,670</b>	<b>(716,700)</b>	<b>200,390,822</b>

### 19.4 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, and Margin deposits with Pakistan Mercantile Exchange Limited against future contracts. 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. The Fund's maximum exposure to credit risk as of 30 June 2016 amounts to Rs.226,629,233 (2015:Rs.57,269,288).

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## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2016

#### 19.4.1 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. All the financial assets of the Fund that are exposed to credit risk are rated 'AA'.

#### 19.5 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.

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.

#### 19.6 Fair value hierarchy

The Fund uses the following hierarchy in determining and disclosing the fair value of financial instruments by the following 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.

As at 30 June 2016, the Fund has financial assets at fair value through profit or loss using level 1 valuation technique.

#### 19.7 Unit holders fund risk management

The Fund's objective when managing unit holders' funds is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders 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 market conditions. The capital structure depends on the issuance and redemption of units.

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 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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 20. UNIT HOLDING PATTERN OF THE FUND

Category	2016			2015		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	29	27,737,832	11.85%	42	13,031,265	6.49%
Associated Companies/ Directors	7	162,296,286	69.33%	7	143,488,321	71.48%
Retirement Funds	3	44,062,146	18.82%	3	44,229,552	22.03%
	<b>39</b>	<b>234,096,264</b>	<b>100.00%</b>	<b>52</b>	<b>200,749,138</b>	<b>100.00%</b>

### 21. LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

Name of broker	2016 Percentage of commission paid	2015 Percentage of commission paid
Elixir Securities Pakistan (Private) Limited	16.57%	7.20%
Shajar Capital Pakistan (Private) Limited	16.13%	14.10%
Topline Securities (Private) Limited	15.53%	15.06%
Arif Habib Limited	15.52%	14.45%
Invest Capital Market Limited	14.54%	14.28%
IGI Finex Securities Limited	12.84%	14.91%
AKD Securities Limited	7.51%	12.80%
Summit Capital (Private) Limited	1.36%	-
KASB Securities (Private) Limited	-	6.46%
Global Securities Pakistan Limited	-	0.54%
JS Global Capital Limited	-	0.24%

### 22. THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	48 Years
Mr. Ali H. Shirazi	Director	Masters in Law	12.5 Years
Mr. M. Abdul Samad	Chief Operating Officer	MBA M.Com	16 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	12 Years
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	8 Years
Mr. Fawad Javaid	Fund Manager	CMA	8 Years
Mr. Faran-ul-Haq	Fund Manager	B. A, CFA	5 Years

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2016

### 23. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Umar Khan	Fund Manager	MSc - Finance	Atlas Income Fund

### 24. 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				
	07 Jul. 2015	31 Aug. 2015	28 Oct. 2015	26 Feb. 2016	28 Apr. 2016
Mr. Yusuf H. Shirazi	P	P	P	P	L
Mr. Azam Faruque	P	P	P	P	P
Mr. Shamshad Nabi	P*	P	P	P	P
Mr. Frahim Ali Khan	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. Arshad P. Rana	P*	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Ms. Qurrat-ul-ain Jafari (CFO and Company Secretary) (With effect from 1st August 2015)	N/A	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO and Company Secretary) (Resigned on 1st July 2015)	P	N/A	N/A	N/A	N/A
Mr. Azam Faruque (Director) (Resigned on 17th June 2016)					

\* Attended through video conference.

P Present

L Leave of absence

Ms. Lilly R. Dossabhoy resigned from the post of Chief Financial Officer and Company Secretary on 1 July 2015 and Ms. Qurrat-ul-ain was appointed in her place as the new Chief Financial Officer and Company Secretary.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### 25. RATING OF THE FUND AND THE MANAGEMENT COMPANY

Pursuant to the updated Asset Manager Rating Methodology Rating Scale, the Pakistan Credit rating Agency Limited (PACRA) has harmonised the asset manager rating of the Management Company to the new scale whereby the Management Company has been assigned a rating of AM2 (AM Two) [2015: AM2-(AM Two minus)] on 8 June 2016.

PACRA has assigned a performance ranking of "4 Star " to the Fund on 13 August 2015.

### 26. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of Management Company, in the meeting held on 11 July 2016, approved a final cash dividend of Rs.5.00 per unit on the face value of Rs.100 each (i.e. 5%) amounting to Rs.10,565,869. The financial statements of the Fund for the year ended 30 June 2016 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2017.

### 27. GENERAL

Figures have been rounded off to the nearest Rupee.

### 28. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 29 August 2016.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

مستحکم فنڈ درجہ بندی (اے آئی ایف):

(پی اے سی آر اے) نے اس فنڈ کو اے اے منفی ایف (ڈبل اے منفی ایف) کے درجے میں برقرار رکھا ہے۔ یہ درجہ بندی سرمایہ کاری کے کم خطرے اور اس پر حاصل ہونے والی آمدنی میں استحکام کی صلاحیت کو ظاہر کرتی ہے۔

آڈیٹرز:

بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی نے اپنے اجلاس منعقدہ ۲۴ اگست ۲۰۱۶ کو میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کراچی کو اٹلس منی مارکیٹ فنڈ، اٹلس انکم فنڈ اور اٹلس اسٹاک مارکیٹ فنڈ کے ۳۰ جون ۲۰۱۶ کو ختم ہونے والے مالی سال کے لئے بطور آڈیٹرز دوبارہ تعیناتی کی منظوری دی۔ مزید میسرز ارنسٹ اینڈ ینگ فورڈر ہوڈز سیدات حیدر چارٹرڈ اکاؤنٹنٹس کو اٹلس سورین لیکوئٹڈ فنڈ اور اٹلس گولڈ فنڈ کے ۳۰ جون ۲۰۱۶ کو ختم ہونے والے مالی سال کے لئے بطور آڈیٹرز دوبارہ تعیناتی کی منظوری دی۔ بورڈ آف ڈائریکٹرز نے آڈیٹرز کی دوبارہ تعیناتی کی توثیق کر دی ہے۔

اقرارنامہ

منتظم کمپنی کا بورڈ آف ڈائریکٹرز، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی مسلسل اور قابل قدر رہنمائی پر شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے ملازمین اور ٹرسٹی کا ان کی انتھک محنت اور خلوص کے لئے اور یونٹ ہولڈرز کا منتظم کمپنی پر بھرپور اعتماد کرنے کے لیے بھی تہہ دل سے شکر گزار ہے۔

از طرف بورڈ

محمد حبیب الرحمن

کراچی: ۲۹ اگست ۲۰۱۶ء

چیف ایگزیکٹو آفیسر



نمبر شمار	ڈائریکٹر / افسر کا نام	عہدہ	تعداد شرکت
۱	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۱۶
۲	جناب محمد حبیب الرحمن	چیف ایگزیکٹو آفیسر	۳۲
۳	جناب محمد عبدالصمد (ایگزیکٹو مینجمنٹ)	چیف آپریٹنگ آفیسر، ممبر (آئی سی)	۳۱
۴	جناب خالد محمود (ایگزیکٹو مینجمنٹ)	چیف انویسٹمنٹ آفیسر، ممبر (آئی سی)	۳۱
۵	جناب محمد عمر خان (ایگزیکٹو مینجمنٹ)	فنانس ممبر (آئی سی)	۳۲
۶	جناب نواد جاوید (ایگزیکٹو مینجمنٹ)	فنانس ممبر (آئی سی)	۳۲
۷	جناب فاران الحق (ایگزیکٹو مینجمنٹ)	فنانس ممبر، سیکریٹری (آئی سی)	۳۴

جناب اعظم فاروق نے مورخہ ۱۷ جون ۲۰۱۶ء کو استعفیٰ دے دیا اور اس طرح اتفاقہ طور خالی ہونے والی آسامی پر جناب طارق امین صاحب کا بحیثیت خود مختار ڈائریکٹر کے تقرر کیا گیا۔

ڈائریکٹر صاحبان کے لئے تربیتی پروگرام کی شرط:

منتظم کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ ممبران کو پاکستان اسٹاک ایکسچینج قواعد کی شق نمبر ۵.۱۹ کے تحت ڈائریکٹرز کے تربیتی پروگرام سے استثنیٰ حاصل ہے۔ جبکہ بقیہ دو ڈائریکٹر صاحبان سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی شرائط پر پورا اترنے والے منظور شدہ اداروں سے مطلوبہ سرٹیفکیٹ حاصل کر چکے ہیں۔

پونٹس کے سودے:

دوران سال ڈائریکٹر صاحبان، چیف ایگزیکٹو آفیسر، اُن کی بیویوں اور زیر کفالت بچوں نے فنڈز کے پونٹس کی خرید و فروخت نہیں کی، سوائے ان کے جن کی تفصیل (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، (اے ایس ایم ایف) اور (اے جی ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۱۶، ۱۵، ۱۹، ۱۱۶ اور ۱۷ میں دے دی گئی ہے۔

تازہ ترین درجہ بندی:

منتظم کمپنی کی درجہ بندی:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پی اے سی آر اے) نے منتظم کمپنی کو اے ایم ۲ درجہ پر فائز کیا ہے۔ یہ درجہ اس بات کی نشاندہی کرتا ہے کہ منتظم کمپنی میں مختلف انواع سرمایہ کاری خطرات سے بہتر طریقے سے نپٹنے کی صلاحیت موجود ہے اور کمپنی سرمایہ کاری کے اعلیٰ معیار اور مرتبے کی شرائط پر پوری اترتی ہے۔

مستحکم فنڈ درجہ بندی (اے ایس ایل ایف):

(پی اے سی آر اے) نے اس فنڈ کو اے اے ایف (ڈبل اے ایف) کے درجے میں برقرار رکھا ہے۔ یہ درجہ بندی سرمایہ کاری کے کم خطرے اور اس پر حاصل ہونے والی آمدنی میں استحکام کی صلاحیت کو ظاہر کرتی ہے۔

مستحکم فنڈ درجہ بندی (اے ایم ایف):

(پی اے سی آر اے) نے اس فنڈ کو اے اے ایف (ڈبل اے ایف) کے درجے میں برقرار رکھا ہے۔ یہ درجہ بندی سرمایہ کاری کے کم خطرے اور اس پر حاصل ہونے والی آمدنی میں استحکام کی صلاحیت کو ظاہر کرتی ہے۔

- ☆ اہم مالیاتی اعداد و شمار / کارکردگی کے چارٹ، (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، (اے ایس ایم ایف) اور (اے جی ایف) کی سالانہ رپورٹس کے صفحات ۲۶، ۶۲، ۱۰۳، ۱۵۲، اور ۱۹۴ 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 ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، (اے ایس ایم ایف) اور (اے جی ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۰، ۲۱، ۲۲ اور ۲۳ میں دیا گیا ہے۔

منتظم کمپنی کا بورڈ آف ڈائریکٹرز اور مختلف کمیٹیاں:

منتظم کمپنی کا بورڈ آف ڈائریکٹرز ایک ایگزیکٹیو اور چھ نان ایگزیکٹیو ڈائریکٹرز پر مشتمل ہے۔ این بی ایف سی قواعد ۲۰۰۸ کے تحت دوران سال اتفاقہ طور پر ڈائریکٹرز کی خالی ہونے والی آسامی کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے پر کیا جاتا ہے۔

مالیاتی سال ۱۶-۲۰۱۵ کے دوران بورڈ کے پانچ اجلاس منعقد ہوئے۔ این بی ایف سی قواعد ۲۰۰۸ کے تحت اجلاس منعقد ہونے کی تاریخ اور شریک ہونے والے ڈائریکٹرز سے متعلق اعداد و شمار (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، (اے ایس ایم ایف) اور (اے جی ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۳، ۲۴، ۲۸، ۲۹ اور ۳۲ میں ظاہر کر دیے گئے ہیں۔

بورڈ کی قائم کردہ کمیٹیاں، آڈٹ، بورڈ ایویلویشن، ہیومن ریسورس اینڈ ریمونیریشن اور انوسٹمنٹ کمیٹی (جس میں این بی ایف سی قواعد ۲۰۰۸ کے تحت منتظم کمپنی کے افسران بھی شامل ہیں)، میں ڈائریکٹر صاحبان کی شرکت کے اعداد و شمار مندرجہ ذیل ہیں۔

☆ آڈٹ کمیٹی (اے سی)۔ دوران سال (اے سی) کے چار اجلاس منعقد ہوئے اور مندرجہ ذیل ڈائریکٹر صاحبان نے شرکت کی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	تعداد شرکت
۱	جناب اعظم فاروق	انڈیپنڈنٹ ڈائریکٹر	۴
۲	جناب شمشاد نبی	انڈیپنڈنٹ ڈائریکٹر	۴
۳	جناب فراہیم علی خان	نان ایگزیکٹیو ڈائریکٹر	۴

☆ بورڈ ایویلویشن کمیٹی (بی ای سی)، دوران سال (بی ای سی) کا ایک اجلاس منعقد ہوا اور مندرجہ ذیل ڈائریکٹر صاحبان نے شرکت کی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	تعداد شرکت
۱	جناب اعظم فاروق	انڈیپنڈنٹ ڈائریکٹر	۱
۲	جناب شمشاد نبی	انڈیپنڈنٹ ڈائریکٹر	۱
۳	جناب علی ایچ شیرازی	نان ایگزیکٹیو ڈائریکٹر	۱

☆ ہیومن ریسورس اینڈ ریمونیریشن کمیٹی (ایچ اینڈ آر سی) دوران سال (ایچ اینڈ آر سی) کے دو اجلاس منعقد ہوئے اور مندرجہ ذیل ڈائریکٹر صاحبان نے شرکت کی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	تعداد شرکت
۱	جناب فراہیم علی خان	نان ایگزیکٹیو ڈائریکٹر	۲
۲	جناب علی ایچ شیرازی	نان ایگزیکٹیو ڈائریکٹر	۲
۳	جناب محمد حبیب الرحمن	چیف ایگزیکٹیو آفیسر	۲

تقسیم آمدنی برائے (اے ایس ایم ایف) :

اٹلس ایسٹ مینجمنٹ لیمیٹڈ، منتظم برائے، (اے ایس ایم ایف)، کے بورڈ آف ڈائریکٹرز کے اجلاس منعقدہ ۱۱ جولائی ۲۰۱۶ میں ۵ روپے حتمی منافع منقسمہ فی یونٹ، ۵۰۰ روپے قیمت والے یونٹ کا فیصد کی منظوری دی، (۲۰۱۵ کے لیے عبوری منافع منقسمہ ۵۰۰ روپے قیمت والے یونٹ کے لئے ۵۰ روپے، ۱۰ فیصد فی یونٹ تھا)

تقسیم آمدنی برائے (اے جی ایف) :

اٹلس ایسٹ مینجمنٹ لیمیٹڈ، منتظم برائے، (اے جی ایف)، کے بورڈ آف ڈائریکٹرز کے اجلاس منعقدہ ۱۱ جولائی ۲۰۱۶ میں ۵ روپے حتمی منافع منقسمہ فی یونٹ، ۱۰۰ روپے قیمت والے یونٹ کا ۵ فیصد کی منظوری دی۔

چیئر مین کا جائزہ:

یہ جائزہ (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، (اے ایس ایم ایف) اور (اے جی ایف) کی سالانہ رپورٹس میں شامل ہے جو کہ منجملہ دوسرے پہلوؤں کے، فنڈز کی کارکردگی اور مستقبل کے امکانات و توقعات کا بھی احاطہ کرتا ہے۔ بورڈ میں شامل ڈائریکٹر صاحبان اس جائزے کے مندرجات سے متفق ہیں اور اس کی تصدیق 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 ۲۰۱۲ 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۔

کارپوریٹ نظم و ضبط کے تقاضوں کو مد نظر رکھتے ہوئے ۲۰۱۴ میں بورڈ ایویلیویشن کمیٹی کا قیام عمل میں لایا گیا تاکہ بورڈ کی سالانہ کارکردگی کو جانچنے کے طریقہ کار پر عمل ہو سکے، بی ای سی تین ممبران پر مشتمل ہے، دو خود مختار ڈائریکٹر جس میں سے ایک کمیٹی کے چیئر مین ہیں، جبکہ دوسرے سرپرست خاندان کی نمائندگی کرتے ہیں۔ بی ای سی نے بورڈ کی کارکردگی جانچنے کا عمل مکمل کر لیا ہے۔

کارپوریٹ نظم و ضبط کے اصولوں پر عمل درآمد:

بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ (اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، (اے ایس ایم ایف) اور (اے جی ایف) کے: ☆ منتظم کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے تمام فنڈز کی کارکردگی، سالانہ آمدنی، کیش 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 مد نظر رکھا گیا ہے اور اگر کہیں انحراف ہوا ہے تو اسے مناسب طریقے سے ظاہر کر دیا گیا ہے۔

☆ اندرونی نظم و ضبط کا نظام موثر نگرانی میں مستحکم بنیادوں پر نافذ ہے۔

☆ فنڈز کے مستقل بنیادوں پر جاری رہنے پر کوئی شبہ نہیں ہے۔

☆ کارپوریٹ نظم و ضبط کے اصولوں سے، جن کی تفصیل لسٹنگ قواعد میں دی گئی ہے، کوئی انحراف نہیں کیا گیا ہے۔

## ڈائریکٹر رپورٹ:

اٹلس ایسٹ منیجمنٹ لیمیٹڈ، منتظم برائے اٹلس سویرین لکویڈ فنڈ (اے ایس ایل ایف)، اٹلس منی مارکیٹ فنڈ (اے ایم ایف)، اٹلس انکم فنڈ (اے آئی ایف)، اٹلس اسٹاک مارکیٹ فنڈ (اے ایس ایم ایف) اور اٹلس گولڈ فنڈ (اے جی ایف)، کے ڈائریکٹر صاحبان مذکورہ فنڈز کے آڈٹ شدہ مالیاتی نتائج برائے اختتام سال ۲۰۱۶ء، آڈیٹر کی رپورٹ کے ہمراہ پیش کرتے ہوئے دلی مسرت محسوس کرتے ہیں۔

آمدنی فی یونٹ، خالص اثاثہ جات اور خرید و فروخت کا خلاصہ:

(اے ایس ایل ایف)، (اے ایم ایف)، (اے آئی ایف)، (اے ایس ایم ایف) اور (اے جی ایف) کی آمدنی فی یونٹ، خالص اثاثہ جات اور یونٹس کی خرید و فروخت کا جدول برائے اختتام مالی سال ۲۰۱۵ء - ۲۰۱۶ء حسب ذیل ہے:

اے ایس ایل ایف		اے ایم ایف		اے آئی ایف		اے ایس ایم ایف		اے جی ایف	
۲۰۱۶	مورخہ ۲۳ نومبر ۲۰۱۶ء سے ۲۰۱۵ء تک	۲۰۱۶	۲۰۱۵	۲۰۱۶	۲۰۱۵	۲۰۱۶	۲۰۱۵	۲۰۱۶	۲۰۱۵
۱.۷۱	۲.۶۹	۸.۶۳	۱۳.۳۱	۲۹.۱۱	۱۵.۳۹	۲۵.۳۳	۸۷.۰۱	۱۲.۸۳	(۳.۴۳)
۷۳۶.۹۶	۶۰۳.۹۱	۳۰۶۹۹.۸۵	۳۰۶۹۹.۶۵	۷۰۸۰۸.۳۳	۵۰۵۷۶.۲۳	۲۰۱۷.۱۹	۳۰۳۰۳.۶۶	۲۳۳.۱۰	۲۰۰.۷۵
۹۰۱.۸۳	۷۳۷.۹۳	۷۰۳۰.۸۷	۷۰۵۸۲.۱۰	۸۰۳۹۹.۲۲	۱۰۵۳۷.۰۶	۱۰۱۳۳.۶۵	۲۰۲۱۳.۹۳	۳۱.۰۷	۵۶.۳۸
۸۰۸۸۸.۲۳۹	۷۳۰۳۷.۵۵۳	۱۳۰۸۶۷.۰۲۱	۱۳۰۸۶۷.۲۳۳	۱۶۰۱۳۷.۲۳۱	۱۹۰۹۲۷.۲۳۳	۲۰۲۱۵.۱۸۸	۲۰۷۷۷.۶۶۵	۳۸۳.۳۱۲	۵۵۰.۱۷۵
۷۶۸.۱۵	۶۰۷۸۶.۳۳	۷۰۷۲۰.۶۲	۱۰۰۳۲۸.۴۲	۶۰۲۱۶.۵۹	۹۰۳۲۳.۲۲	۳۲۷.۳۱	۲۰۱.۷۶	۳۳.۰۶	۶.۲۳
۷۰۳۲۵.۴۱۳	۶۶۰۱۳۹.۱۷۳	۱۳۰۶۸۶.۷۲۸	۱۳۰۷۷۷.۱۹۲	۱۱۰۷۷۷.۸۰۶	۱۶۰۷۳۰.۰۴۰	۶۹۳.۲۸۶	۸۹۸.۷۵۸	۳۱۹.۸۲۱	۶۱.۷۲۳
۷۰۳۶۱.۴۰۵	۵۰۸۹۸.۳۷۹	۶۰۵۲۵.۳۸۸	۷۰۳۳۵.۰۹۵	۱۵۰۷۷۷.۱۱۲	۱۰۰۹۲۸.۶۸۸	۷۰۷۷۷.۶۳۰	۶۰۷۷۷.۷۳۸	۲۰۱۱۳.۱۷۲	۲۰۰۳۹.۶۸۱

تقسیم آمدنی برائے (اے ایس ایل ایف):

اٹلس ایسٹ منیجمنٹ لیمیٹڈ، منتظم برائے اٹلس سویرین لکویڈ فنڈ (اے ایس ایل ایف)، کے بورڈ آف ڈائریکٹرز کی کمیٹی نے بورڈ کے تفویض کردہ اختیارات کے تحت اپنے اجلاس منعقدہ ۲۴ جون ۲۰۱۶ء میں ۷۳۶.۹۶ روپے عبوری منافع منقسمہ فی یونٹ، ۶۰۳.۹۱ روپے قیمت والے یونٹ کا ۷۳۶.۹۶ فیصد کی منظوری دی، (۲۰۱۵ء کے لیے عبوری منافع منقسمہ ۱۰۰ روپے قیمت والے یونٹ کے لئے ۲۰۲۵ روپے، ۲.۲۵ فیصد فی یونٹ تھا)

تقسیم آمدنی برائے (اے ایم ایف):

اٹلس ایسٹ منیجمنٹ لیمیٹڈ، منتظم برائے اٹلس منی مارکیٹ فنڈ (اے ایم ایف)، کے بورڈ آف ڈائریکٹرز کی کمیٹی نے بورڈ کے تفویض کردہ اختیارات کے تحت اپنے اجلاس منعقدہ ۲۴ جون ۲۰۱۶ء میں ۳۰۶۹۹.۸۵ روپے عبوری منافع منقسمہ فی یونٹ، ۳۰۶۹۹.۶۵ روپے قیمت والے یونٹ کا ۳۰۶۹۹.۸۵ فیصد کی منظوری دی، (۲۰۱۵ء کے لیے عبوری منافع منقسمہ ۵۰۰ روپے قیمت والے یونٹ کے لئے ۸۰۳۹۹.۲۲ روپے، ۸.۴۰ فیصد فی یونٹ تھا)

تقسیم آمدنی برائے (اے آئی ایف):








اٹلس ایسٹ منیجمنٹ لیمیٹڈ، منتظم برائے (اے آئی ایف)، کے بورڈ آف ڈائریکٹرز کی کمیٹی نے بورڈ کے تفویض کردہ اختیارات کے تحت اپنے اجلاس منعقدہ ۲۴ جون ۲۰۱۶ء میں ۲۹.۱۱ روپے عبوری منافع منقسمہ فی یونٹ، ۲۹.۱۱ روپے قیمت والے یونٹ کا ۲۹.۱۱ فیصد کی منظوری دی، (۲۰۱۵ء کے لیے عبوری منافع منقسمہ ۱۵.۳۹ روپے قیمت والے یونٹ کے لئے ۱۵.۳۹ فیصد فی یونٹ تھا)



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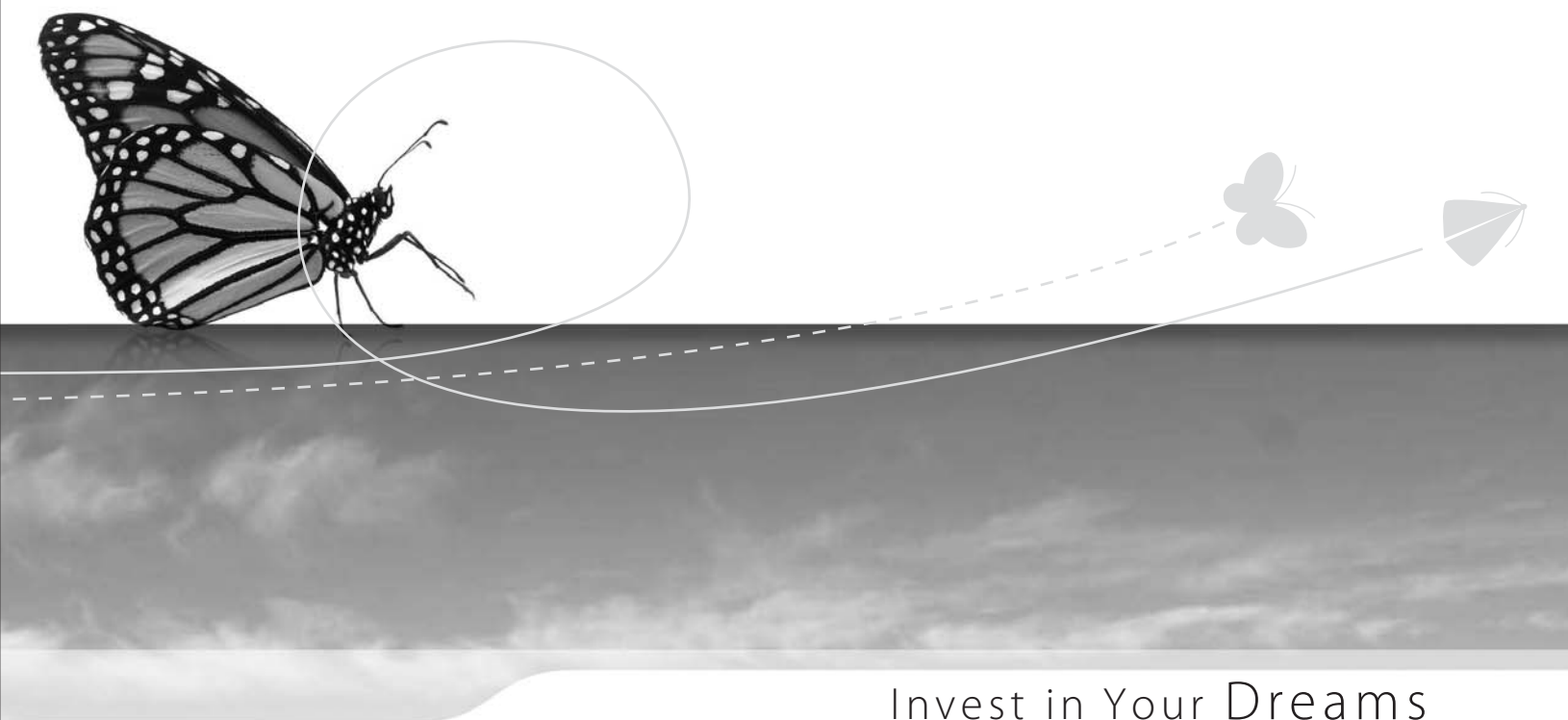


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