



Atlas Money Market Fund

Atlas Sovereign Fund

Atlas Income Fund

Atlas Stock Market Fund

ANNUAL REPORT

30 June 2020

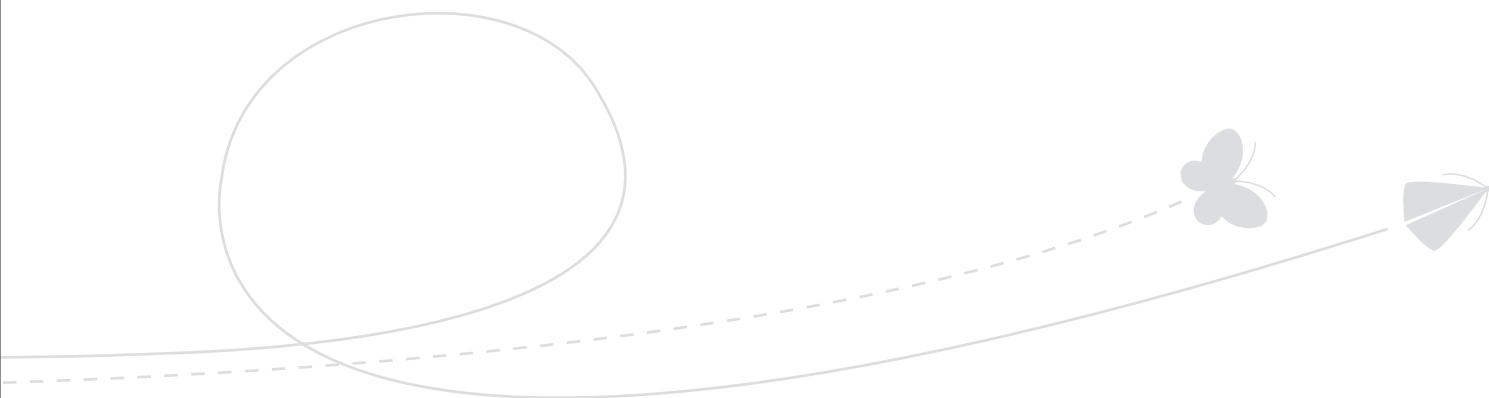
Atlas  
**funds**  
*Nurturing your investments*



Managed By

**Atlas Asset Management**

Rated AM2+ by PACRA  
(as of December 26, 2019)



# 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.

## Contents

Remembering Our Legend	03	Organisation	07
Company Profile	04	Board of Directors of the Management Company	08
Vision	05	Chairman's Review	10
Mission	06	Directors' Report	16

### Atlas Money Market Fund

Corporate Information	20
Fund Manager's Report	21
Performance since inception	23
Trustee Report to the Unit Holders	27
Independent Auditors' Report to the Unit Holders	28
Statement of Assets and Liabilities	31
Income Statement	32
Statement of Comprehensive Income	33
Statement of Movement in Unit Holders' Fund	34
Cash Flow Statement	35
Notes to the Financial Statements	36

### Atlas Sovereign Fund

Corporate Information	60
Fund Manager's Report	61
Performance since inception	63
Trustee Report to the Unit Holders	65
Independent Auditors' Report to the Unit Holders	66
Statement of Assets and Liabilities	69
Income Statement	70
Statement of Comprehensive Income	71
Statement of Movement in Unit Holders' Fund	72
Cash Flow Statement	73
Notes to the Financial Statements	74

# Contents

## Atlas Income Fund

Corporate Information	94
Fund Manager's Report	95
Performance since inception	98
Trustee Report to the Unit Holders	101
Independent Auditors' Report to the Unit Holders	102
Statement of Assets and Liabilities	105
Income Statement	106
Statement of Comprehensive Income	107
Statement of Movement in Unit Holders' Fund	108
Cash Flow Statement	109
Notes to the Financial Statements	110

## Atlas Stock Market Fund

Corporate Information	140
Fund Manager's Report	141
Summary of actual proxies voted & performance since inception	143
Trustee Report to the Unit Holders	145
Independent Auditors' Report to the Unit Holders	146
Statement of Assets and Liabilities	149
Income Statement	150
Statement of Comprehensive Income	151
Statement of Movement in Unit Holders' Fund	152
Cash Flow Statement	153
Notes to the Financial Statements	154
ڈائریکٹرز رپورٹ	184



## Diversity

Understanding the social, cultural and financial diversity in our country and coming up with innovative plans to cater distinctive needs

# Remembering Our Legend

## MR. YUSUF H. SHIRAZI

FOUNDER CHAIRMAN ATLAS GROUP OF COMPANIES

Jan 1<sup>st</sup>, 1929 - Oct 20<sup>th</sup>, 2019

October 20, 2019 will be remembered as a sad day when Mr. Yusuf H. Shirazi, the Founder and Chairman of Atlas Group, left for his heavenly abode. Mr. Shirazi was a visionary with a unique business acumen. He will be long remembered as one of the most successful first generation entrepreneurs of Pakistan. After working briefly in the public and private sectors as a professional, he embarked on a long and distinguished career in private enterprise where he set up numerous successful companies in the field of engineering, finance, trading and power generation. In particular, his collaboration with Honda Motor paved the way for establishment of the Auto Industry in Pakistan. He touched countless lives by providing inspiring vision, defining new careers and creating numerous opportunities.

His legacy of professional management, integrity and 'Pakistan first' mantra will continue to inspire generations. Through his entrepreneurial zeal and perseverance, he managed to build enduring joint ventures with world-renowned foreign companies such as Honda, GS Yuasa, MAN, TOTAL, Bank of Tokyo (MUFG), Asian Development Bank, DEG and IFC.

Mr. Shirazi was highly respected as a patriot, industrialist, author and philanthropist. In recognition of his services, he was decorated with the Sitara-e-Essar and Sitara-e-Imtiaz by the Government of Pakistan. He was also bestowed National Awards by the Government of Japan.

At Atlas Asset Management Limited, we will continue to draw inspiration from his extraordinary life and be guided by his principles of the **ATLAS WAY** - a source of guidance for all our future endeavors. While we mourn his passing, we will celebrate his life with the goal to continue making his beloved Atlas Group stronger - Generation after Generation.



# Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20th August, 2002 as an unlisted public limited company. AAML as a Non-Banking Finance Company (NBFC) is licensed & regulated by Securities & Exchange Commission of Pakistan to perform Asset Management and Investment Advisory Services as per the NBFC (Establishment and Regulations) Rules, 2003 & NBFC and Notified Entities Regulations, 2008 and as a Pension Fund Manager to manage voluntary pension funds (under Voluntary Pension System Rules, 2005). AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited. AAML manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs and individuals.

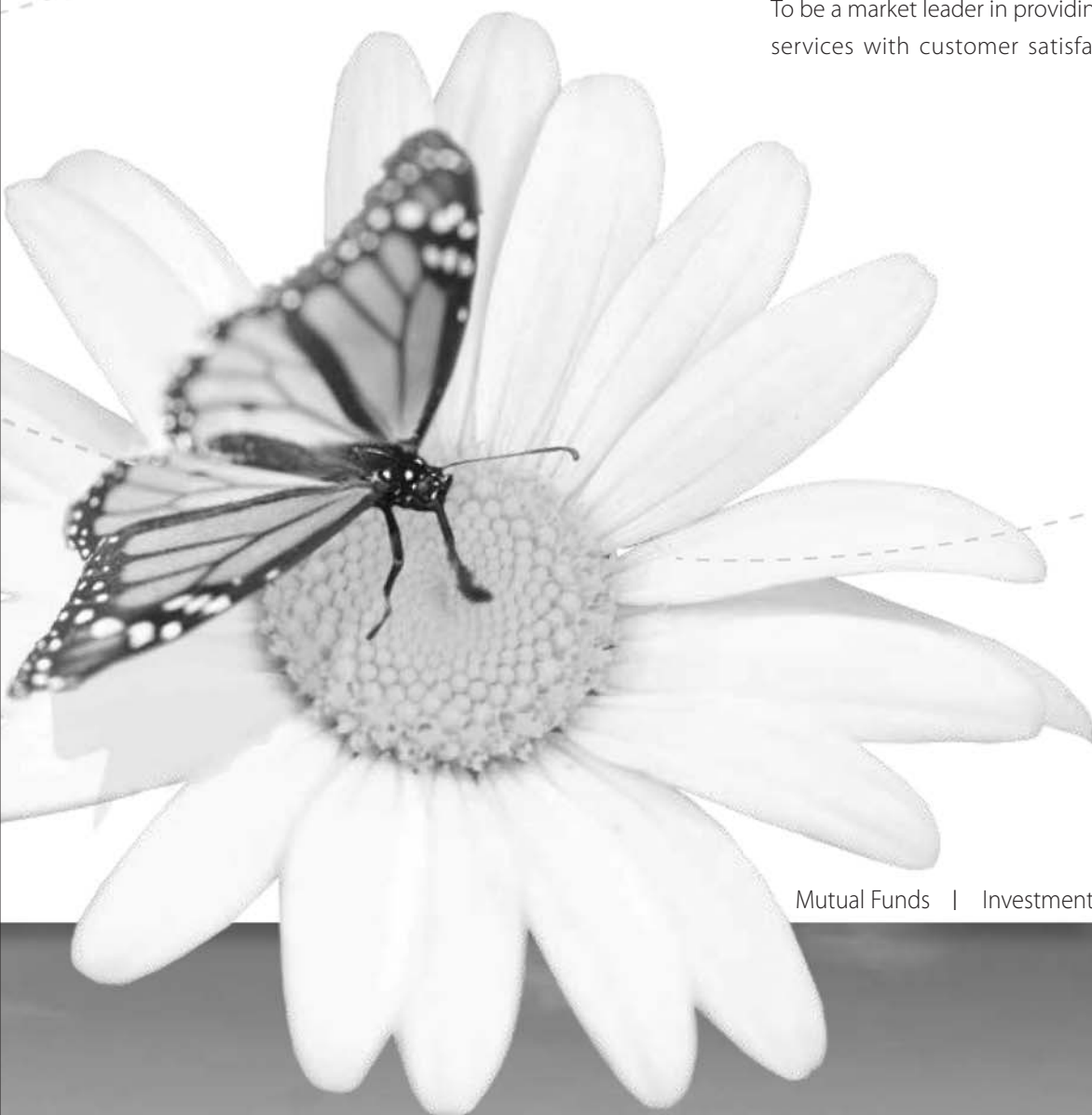
AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects. Atlas Group is a diversified group dealing in engineering, financial services, power generation, real estate & trading.

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.



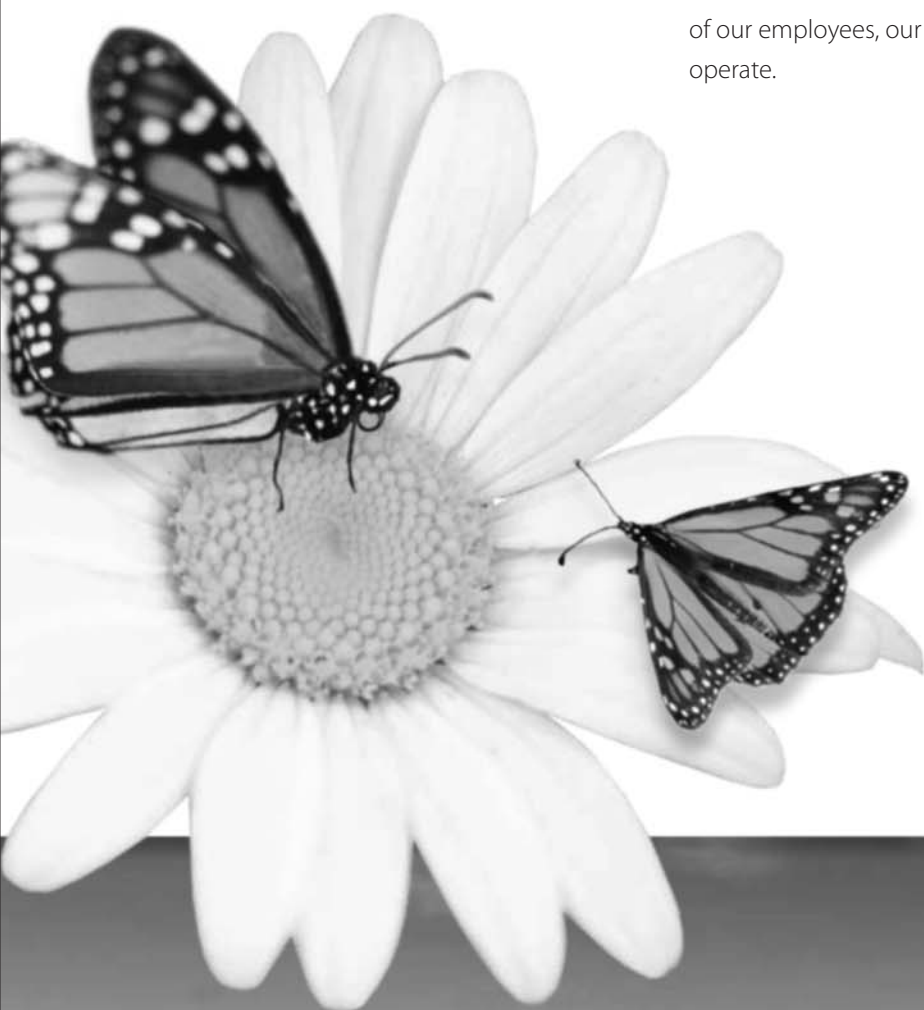
Mutual Funds | Investment Plans | Pension Funds

## 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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# 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. Iftikhar H. Shirazi (Non-Executive Director)
<b>Directors</b>	Mr. Tariq Amin (Independent Director) Ms Zehra Naqvi (Independent Director) Mr. Frahim Ali Khan (Non-Executive Director) Mr. Ali H. Shirazi (Non-Executive Director) Mr. M. Habib-ur-Rahman (Non-Executive Director)
<b>Chief Executive Officer</b>	Mr. Muhammad Abdul Samad (Executive Director)
<b>Company Secretary</b>	Ms Zainab Kazim

## Board Committees

### Audit Committee

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<b>Chairman</b>	Mr. Tariq Amin
<b>Members</b>	Mr. Frahim Ali Khan Mr. M. Habib-ur-Rahman
<b>Secretary</b>	Mr. M. Uzair Uddin Siddiqui

### Human Resource & Remuneration Committee

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<b>Chairperson</b>	Ms Zehra Naqvi
<b>Members</b>	Mr. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad
<b>Secretary</b>	Ms Zainab Kazim

## Investment Committee

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<b>Chairman</b>	Mr. Muhammad Abdul Samad
<b>Members</b>	Mr. Ali H. Shirazi 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. Muhammad Abdul Samad
<b>Members</b>	Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari Ms Mishaal H. Shirazi Mr. Tariq Ahmed Siddiqui Ms Ayesha Farooq Ms Zainab Kazim Mr. M. Kamran Ahmed Mr. Najam Shehzad
<b>Secretary</b>	Mr. Muhammad Umar Khan

## Risk Management Committee

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<b>Chairman</b>	Mr. Muhammad Abdul Samad
<b>Members</b>	Mr. Khalid Mahmood
<b>Secretary</b>	Mr. Shaikh Owais Ahmed

## Chief Financial Officer

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Ms Qurrat-ul-Ain Jafari

## 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

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## Board of Directors of the Management Company

### Mr. Iftikhar H. Shirazi

Chairman

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Mr. Iftikhar H. Shirazi graduated with a Bachelor of Science in Finance from Notre Dame De Namur University (formerly College of Notre Dame), USA, and completed his OPM from Harvard Business School, USA. He has over 30 years of corporate management experience, more particularly in the financial and trading sectors. He has to his credit, work experience at Bank of Tokyo-Mitsubishi, Yamaichi Securities, and Toyota Tsusho Corporation.

He is currently Chairman of Shirazi Investments (Pvt) Limited, Atlas Asset Management Limited, Atlas Insurance Limited, Shirazi Trading Company (Private) Limited, Atlas Foundation and Atlas Information Technology Resource Centre. He is also a member of the SAARC Chamber of Commerce & Industry, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and Karachi Chamber of Commerce & Industry (KCCI). He is also serving on the Board of Governors of the British Overseas Association. He was also a member of the Aga Khan Resource Development Committee and FPCCI Executive Committee. He has also served the Management Association of Pakistan as their Vice President.

He also enjoys membership of several other prestigious associations that include, Harvard Club of New York and Pakistan, Young Presidents Organization, Aitchison College Old Boys Association, Government College of Commerce & Economics Old Students Association and English Speaking Union. He was also President of International Club, Notre Dame De Namur (formerly College of Notre Dame), USA.

### Mr. Fahim Ali Khan

Director

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Mr. Fahim Ali Khan is a Law graduate from Karachi University. He has also attended Senior Managers' Program at Harvard University, U.S.A., Financial Management Program at Stanford University, U.S.A. and General Management Program at Insead University, France. He has over 50 years of experience in General Management, Finance, Investment and Taxation. He joined the Atlas Group in 1967 and has served in different positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Battery Limited, Atlas D.I.D. (Private) Limited, Atlas Engineering (Private) Limited, Atlas Power Limited, Atlas Energy Limited, Atlas Autos (Private) Limited, Atlas Metals (Private) Limited, Shirazi Trading Company (Private) Limited, Shirazi Investments (Private) Limited, Zhenfa Pakistan and Atlas Foundation. Earlier, he has also served on the boards of Atlas Honda Limited and has been CEO of Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited, Atlas Asset Management Limited and former Atlas Investment Bank Limited.

### Mr. M. Habib-ur-Rahman

Director

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Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants in England & Wales and has attended 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 Securities and Exchange Commission of Pakistan (SECP) nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of SECP Advisory Group on Capital Markets, member of the SECP Enquiry Committee (appointed in 2001) on management of Exposure Rules by KSE / LSE and member of the SECP Enquiry Committee (appointed in 2013) on 2008 financial crisis. He was the Chief Executive Officer of Atlas Asset Management Limited from March 2004 till March 2018. His other directorships include Atlas Insurance Limited & Atlas Foundation.

### Mr. Tariq Amin

Independent 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.

### Mr. Ali H. Shirazi

Director

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Mr. Ali H. Shirazi graduated with a BA 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 the Chief Executive Officer at Atlas Battery Limited and is a member of the Group Executive Committee, responsible for Group's financial services. He is on the Board of Atlas Asset Management Limited, Atlas Foundation, Atlas Insurance Limited, Atlas Global FZE, Atlas Venture Limited, Oyster International Holdings Limited, SF Global Holdings Limited, Shirazi Investments (Private) Limited, Shirazi Trading Company (Private) Limited, Techlogix International Limited, National Management Foundation (sponsoring body of LUMS) and Cherat Packaging Limited. Previously he has also served on the Board of National Clearing Company of Pakistan Limited (NCCPL). He is a 'Certified Director' from the Pakistan Institute of Corporate Governance and in 2018 completed the Owner / President Management Program (OPM) from Harvard Business School.

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## Board of Directors of the Management Company

### Ms Zehra Naqvi Independent Director

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Ms Zehra Naqvi was the Chief Executive Officer of Chubb Insurance Pakistan, (a wholly owned subsidiary of Chubb INA International Holdings Limited, Delaware, USA) from September 2005 to September 2017. She has over 35 years of work experience in the insurance sector. Prior to joining Chubb, she worked with Royal Exchange Assurance, a branch of Guardian Royal Exchange, UK and Adamjee Insurance Company in Pakistan. Ms. Naqvi holds a B.Sc. Degree, and an MBA Degree from the Institute of Business Administration, Karachi University. She is a Chartered Insurer from the Chartered Insurance Institute, UK and is a Certified Director from Institute of Chartered Accountants of Pakistan. She presently serves as a Non-executive Director on the Board of Chubb Insurance Pakistan Limited and as an Independent Director on the Board of Abbott Laboratories Pakistan Limited. She has served as an elected Member of the Executive Committee of the Insurance Association of Pakistan and of the Executive Committee of The American Business Council.

### Mr. Muhammad Abdul Samad Chief Executive Officer

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Mr. Muhammad Abdul Samad has a vast experience of local investment management industry. He joined Atlas Asset Management Limited as a Fund Manager - Equity Funds in November 2005, and has held C-suite positions for over a decade, including the Chief Investment Officer and Chief Operating Officer positions. He also attended Advanced Management Program at INSEAD Fontainebleau, on nomination by the Atlas Group. Prior to joining AAML, Mr. Samad spearheaded the research function at National Investment Trust Limited, and was also a part of various merger, acquisition and corporate governance related matters beside research. He has a significant Board experience, where he has served as a director on the board of nineteen listed companies, including Atlas Battery Limited, Lucky Cement, Berger Paints, Mirpurkhas Sugar, amongst others. Currently, he is serving as a Director on the Board of Mutual Funds Association of Pakistan and also Chairman of its Accounts & Taxation Committee.



Give your  
**SAVINGS** the  
**ATLAS ASSET**  
**BENEFIT!**

Growth | Returns | Tax Savings

# Chairman's Review

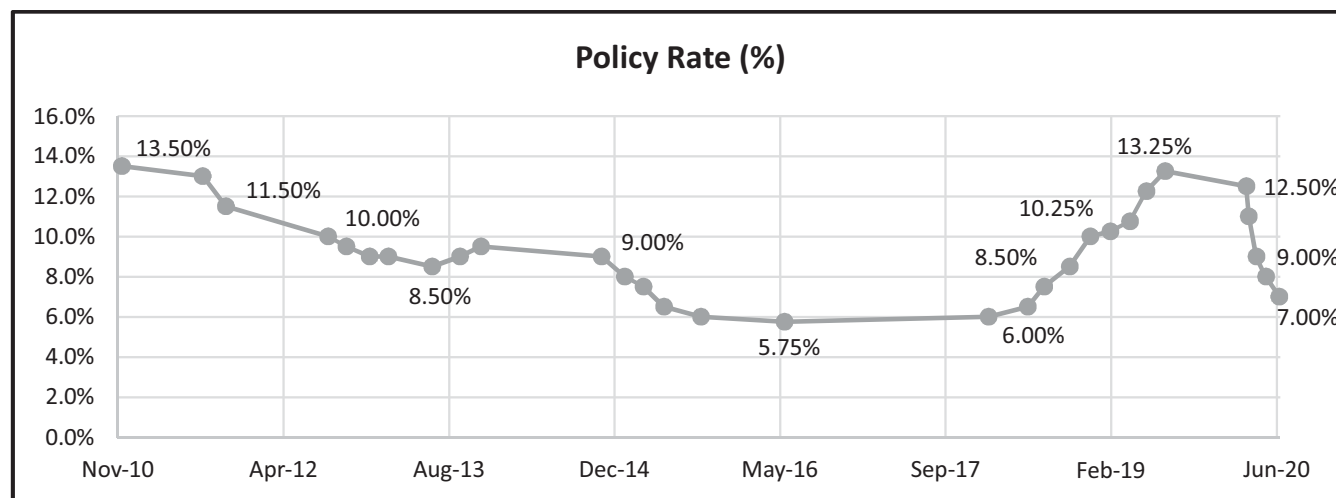
It is my pleasure to present you the Annual Reports of Atlas Money Market Fund (AMF), Atlas Sovereign Fund (ASF), Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF) for the financial year ended June 30, 2020.

## THE ECONOMY

The government's implementation of policy and stabilization measures amid IMF program brought economic stability as both external and fiscal sector showed marked improvement. During the year, broad-based softening of domestic demand due to tight monetary policy and market-based exchange rate regime significantly improved macroeconomic indicators. CAD reduced by 77.89% to US \$2.97 billion in FY20 compared to US \$13.43 billion in FY19, largely on the back of 18.61% decline in FY20 Imports of US \$44.57 billion compared to US \$54.76 billion in FY19. Worker's Remittances of US \$23.12 billion grew by 6.36% in FY20 compared to US \$21.74 billion in FY19 offsetting the decline in Exports of 6.81% in FY20 to US \$21.39 billion compared to US \$22.96 in FY19. However, the outbreak of COVID in Feb'20 undermined growth prospects for the economy as COVID led economic challenges resulted in GDP (provisional) to contract -0.38% in FY20. Total liquid Foreign Exchange Reserves increased by 24.10% YoY to US \$17.97 billion as of June 26, 2020 (SBP's share stood at US \$11.23 billion) primarily due to significant decline in CAD, multilateral inflows from IMF and World Bank to avert COVID based economic erosion and approval of debt suspension as part of G-20 debt relief deal. Average CPI inflation remained at 10.74% in FY20, slightly lower than State Bank of Pakistan's (SBP) FY20 projection range of 11% to 12% due to steep decline in international crude oil price and subdued domestic demand amid countrywide lockdowns. In order to mitigate COVID based economic woes and safeguard the economically vulnerable segment of population, the government announced its fiscal stimulus package worth Rs. 1.24 trillion. The SBP cumulatively reduced policy rate by 625bps to 7.00% in FY20 to provide liquidity support to households and businesses in order to support economic growth and employment.

## THE MONEY MARKET

The SBP reduced policy rate during Jan'20 to Jun'20 by cumulative 625bps from 13.25% to 7.00% based on improved inflation outlook and receding demand-side inflation risks in order to support growth and employment amid pandemic. The Consumer Price Index (CPI) Inflation averaged at 10.74% during FY20 compared to 6.80% in FY19. The FY20 surge in CPI inflation is majorly attributable to increase in food inflation and energy prices.



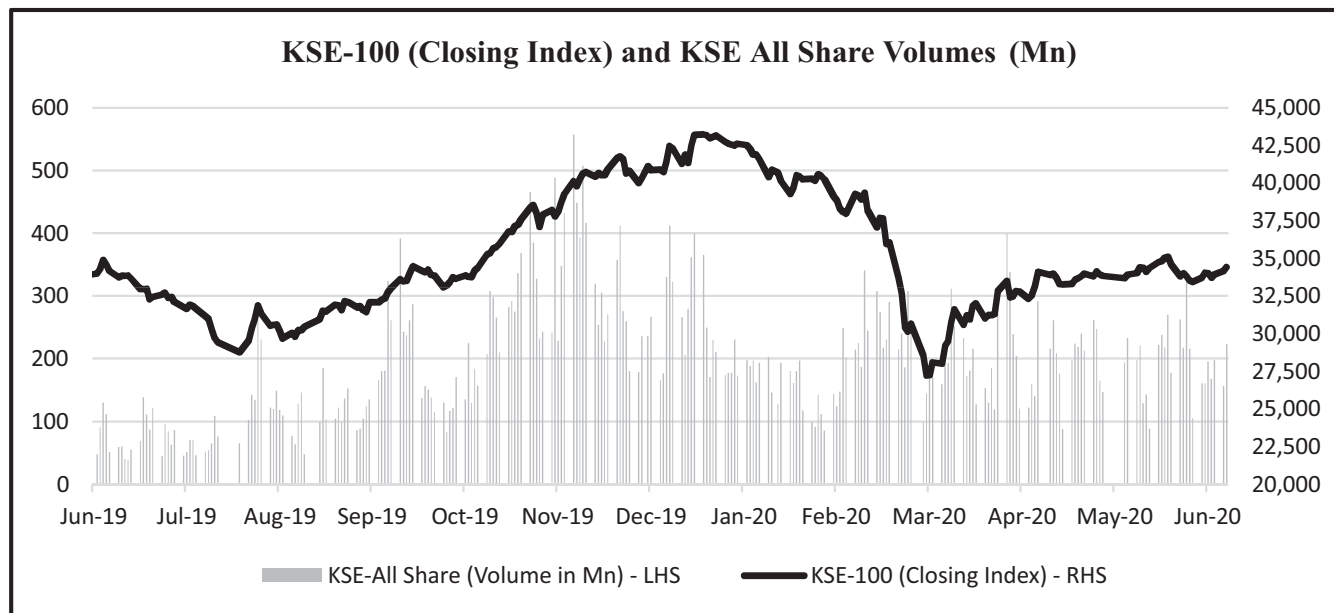
The growth in money supply (M2) witnessed an increase of 17.46% during 2019-20, which is Rs. 3,106.75 billion against the expansion of 11.26% (Rs. 1,801.33 billion) in preceding period last year. Net Foreign Assets (NFA) increased by Rs. 992.16 billion during 2019-20 as against net decline of Rs. 1,298.67 billion in the comparable period of fiscal year 2018-19.

Net Domestic Asset (NDA) of banking system grew by only 10.95% or Rs. 2,114.59 billion during 2019-20 as against an increase of 19.13% or Rs. 3,099.10 billion during the corresponding period last year. Overall NDA of the banking sector increased due to steady demand for private sector and Public Sector Enterprises (PSEs) credit. Credit to private sector increased by Rs. 196.36 billion in FY20 due to high working capital requirement of corporate sector.

## THE STOCK MARKET

The KSE-100 index increased 1.53% from 33,901.58 points as on June 28, 2019 to 34,421.92 points as on June 30, 2020. The daily average volume during the year increased by 26.52% to 196.36 million shares from 155.21 million shares traded last year. Net outflow of US \$284.83 was recorded by Foreign Portfolio Investors during FY20 compared to net outflow of US \$355.95

million in FY19. On the local front, Individuals, Insurance Companies and Other Organization were net buyers of US \$213.23 million, US \$128.64 million and US \$31.56 million during FY20. Banks, Mutual Funds and Broker Proprietary Trading Accounts remained net sellers of US \$55.40 million, US \$50.22 million and US \$13.34 million, respectively.



During FY20, sectors that outperformed benchmark KSE-100 index were Pharmaceuticals, Technology & Communication, Cement, Engineering and Fertilizer that posted 56.42%, 35.41%, 33.31%, 27.64% and 8.14% returns, respectively. Sectors that underperformed KSE-100 index include were Oil & Gas Marketing Companies, Oil & Gas Exploration, Commercial Banks and Power Generation & Distribution Companies that posted -3.14%, -14.26%, -16.70% and -19.19% returns, respectively.

During FY20, no new listings were made on the stock exchange. Whereas, new listings on the stock exchange in FY19 were At-Tahur Limited and Interloop Limited. The amounts raised through IPO were Rs. 770 million and Rs. 5,025 million, respectively.

The government of Pakistan in its FY21 budget has not introduced new taxes. Budget FY21 is focused on striking a balance between COVID related expenditure, controlling fiscal deficit, keeping primary balance at sustainable level, successful continuation of IMF program, keeping development expenditure at sufficient level to support economic activity and revenue mobilization. The government has set FBR tax collection target at Rs. 4,963 billion and expects to achieve it by broadening tax base and strengthening administrative controls.

## MUTUAL FUND INDUSTRY

The assets under management (AUMs) for the mutual funds industry increased by 42.62% to Rs. 772.23 billion as at June 30, 2020 from Rs. 541.46 billion as at June 30, 2019. In FY20, Money Market funds (both Conventional and Shariah Compliant) dominated in terms of AUMs representing 42% of total mutual fund industry AUMs (Rs. 325 billion) followed by Income funds (both Conventional and Shariah Compliant) representing 25% of total mutual fund industry AUMs (Rs. 196 billion) and Equity Funds representing 23% of total mutual fund industry AUMs (Rs. 178 billion). The AUM of VPS increased by 18.91% from Rs. 25.85 billion as on June 30, 2019 to Rs. 30.74 billion as on June 30, 2020. The share of Shariah Compliant VPS stood at Rs. 19.91 billion or 64.76% of total VPS.

## MUTUAL FUND TAXATION

### WORKER'S WELFARE FUND (WWF)

Against the decision of the Honorable Supreme Court of Pakistan (SCP) that declared the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills, the Federal Board of Revenue (FBR) has filed a review petition in the SCP, which is pending for hearing. The Mutual Funds Association of Pakistan (MUFAP) consulted both legal and tax advisors who gave the opinion that the judgment has removed the very basis on which the demands were raised, therefore, there was no longer any liability against the mutual funds under the WWF Ordinance. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till June 30, 2015 were reversed on January 12, 2017.

## SINDH WORKER'S WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, Workers' Welfare Fund became a provincial subject. In May 2015 the Sindh Assembly passed the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) imposing SWWF on many entities, including financial institutions.

The Sindh Revenue Board (SRB) demanded the SWWF from mutual funds on the plea that mutual funds are defined as financial institution under The Financial Institutions (Recovery of Finances) Ordinance, 2001. MUFAP has collectively on behalf of asset management companies contested that mutual funds are not financial institutions or industrial establishments but were pass through investment vehicles and did not employ workers. Mutual funds are also not included in the definition of financial institutions in the Companies Act, 2017. MUFAP has taken up the matter with the Sindh Finance Division for resolution of the matter.

Although, based on legal opinion, SWWF is not applicable on mutual funds MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). Accordingly, the provision for SWWF is being made on a daily basis going forward.

## FEDERAL EXCISE DUTY (FED)

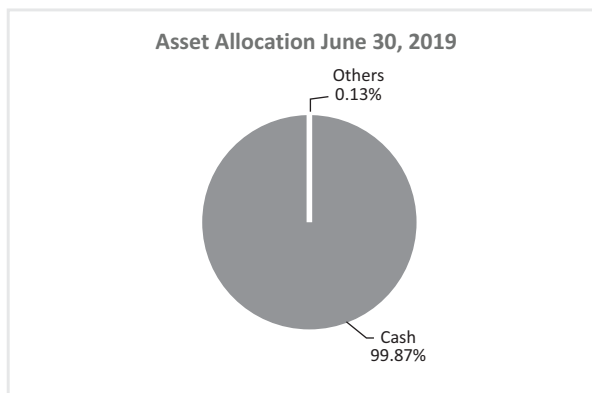
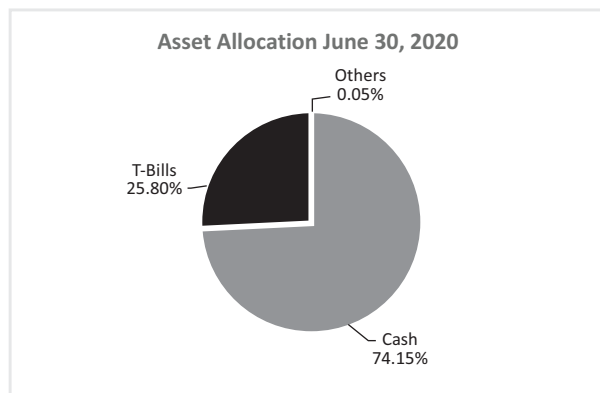
The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from June 13, 2013 and this was withdrawn on June 30, 2016. On September 04, 2013 a constitutional petition was filed in SHC jointly by various AMCs, challenging the levy of FED. In a separate petition the Honorable Sindh High Court declared that the FED was unconstitutional and cannot be charged where provinces are collecting sales tax. FBR has challenged the decision of SHC in the Honorable Supreme Court of Pakistan (SCP). However, without prejudice, the mutual funds and pension funds have on prudent basis maintained the provision for FED till June 30, 2016.

## WITHHOLDING TAX

With effect from July 01, 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 (CIT) by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). After the promulgation of circular dated May 12, 2015, any person required to withhold income tax, may only allow exemption if a valid exemption certificate under section 159(1) of the Income Tax Ordinance, 2001 issued by the concerned Commissioner of Inland Revenue, is produced before him. 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. 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, a petition was filed in the Supreme Court of Pakistan on January 28, 2016 by the Company along with other AMCs. The SCP granted the petitioners leave to appeal from initial judgement of the SHC. Pending resolution to the matter, the amount of tax withheld is shown in Other Receivables, which is refundable. In the meanwhile, Mutual Funds are obtaining exemption certificates from Commissioner of Income Tax.

## FUND OPERATIONS - AMF

The Net Asset Value per unit of Atlas Money Market Fund increased by 12.81% to Rs. 505.26 as on June 30, 2020. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated as selected by MUFAP) and 70% average 3 Month PKRV rate for the period stood at 11.66%. The AMF's total exposure in Short-Term Deposits with Banks/Cash, Treasury Bills and Others stood at 74.15%, 25.80% and 0.05%, respectively. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity. The Net Assets of the Fund stood at Rs. 10.03 billion, with 19.85 million units outstanding as of June 30, 2020.



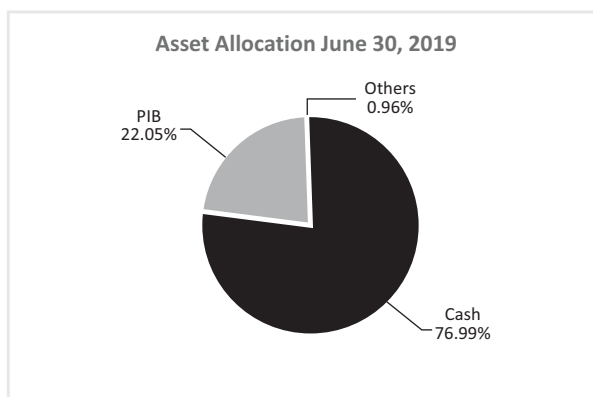
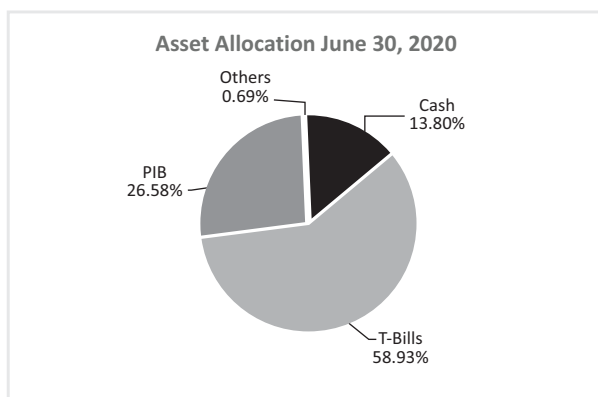


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 59.00 per unit for the period ended June 30, 2020 (11.80% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2020 amounted to Rs. 67,373,577 (Rs. 3.39 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,428,502 up till June 30, 2020 (Rs.1.03 per unit).

#### FUND OPERATIONS - ASF

The Net Asset Value per unit of Atlas Sovereign Fund increased by 18.08% to Rs. 100.96 as on June 30, 2020. The benchmark average six months PKRV rate stood at 12.08% during the period under review. The ASF's total exposure in Treasury Bills, Pakistan Investment Bonds and Short-Term Deposits with Banks/Others stood at 58.93%, 26.58%, 13.80% and 0.69%, respectively. ASF presents a good investment opportunity for investors to earn competitive returns with medium risk. The Net Assets of the Fund stood at Rs. 2.08 billion, with 20.64 million units outstanding as of June 30, 2020.

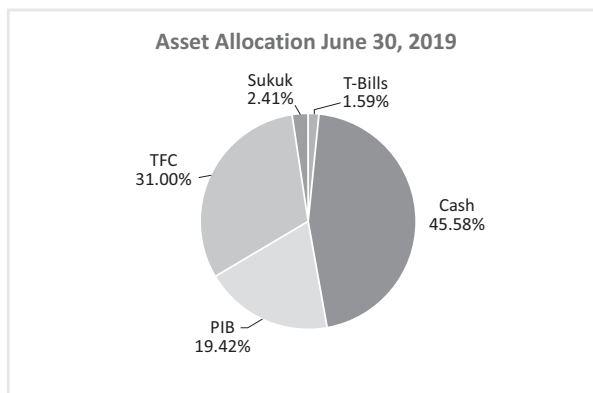
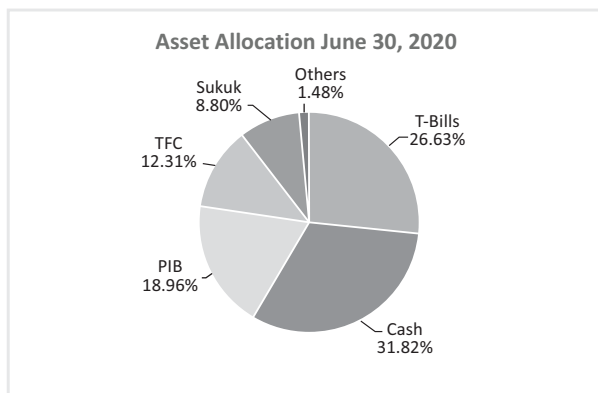


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 17.50 per unit for the period ended June 30, 2020 (17.5% on the face value of Rs. 100 per unit).

The Fund has made provision against SWWF, which up till June 30, 2020 amounted to Rs. 9,957,264 (Rs. 0.48 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 905,341 up till June 30, 2020 (Rs.0.04 per unit).

#### FUND OPERATIONS - AIF

The Net Asset Value per unit of Atlas Income Fund increased by 16.26% to Rs. 519.53 as on June 30, 2020. The benchmark average six months KIBOR rate stood at 12.28% during the period under review. AIF's total exposure in Pakistan Investment Bonds, Term Finance Certificates, Sukuks, Treasury Bills, Bank Deposits and Others stood at 18.96%, 12.31%, 8.80%, 26.63%, 31.82% and 1.48%, respectively. AIF presents a good investment opportunity for investors to earn competitive returns while taking medium risk. The Net Assets of the Fund stood at Rs. 3.72 billion with 7.15 million units outstanding as of June 30, 2020.

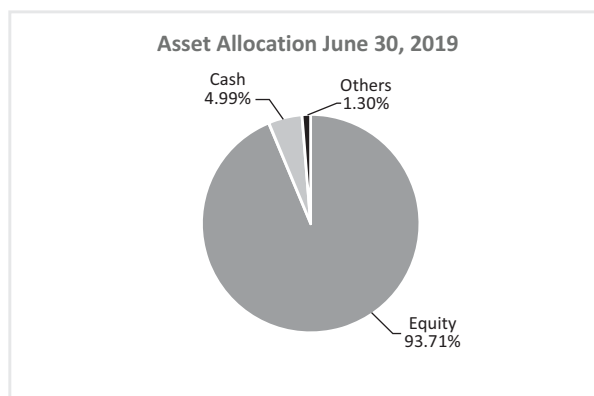


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 77.50 per unit for the period ended June 30, 2020 (15.5% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2020 amounted to Rs. 38,823,895 (Rs. 5.43 per unit). The Scheme has held provision for FED liability that amounted to Rs. 23,582,971 up till June 30, 2020 (Rs.3.30 per unit).

#### FUND OPERATIONS - ASMF

The Net Asset Value per unit of Atlas Stock Market Fund increased by 4.62% to Rs. 516.71 as on June 30, 2020. The benchmark KSE-100 index increased by 1.53% during the same period. The KSE-100 index increased from 33,901.58 points as on June 28, 2019 to 34,421.92 points as on June 30, 2020. The ASMF's equity portfolio exposure stood at 98.73% that mainly comprised of Commercial Banks, Oil & Gas Exploration, Cement and Fertilizer sectors. ASMF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiple with prospects of earnings growth. The Net Assets of the Fund stood at Rs. 6.84 billion, with 13.24 million units outstanding as of June 30, 2020.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Stock Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 10.50 per unit for the period ended June 30, 2020 (2.10% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2020 amounted to Rs.44,571,373 (Rs. 3.37 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,301,988 up till June 30, 2020 (Rs. 1.53 per unit).

#### RATINGS

- **Asset Manager Rating**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained "AM2+" (AM Two Plus) asset manager rating for Atlas Asset Management Limited (AAML). 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 - AMF**

PACRA has assigned a stability rating of "AA+ (f)" (Double A Plus 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 - ASF**

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 risks.



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- **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.

#### **FUTURE OUTLOOK**

The State Bank of Pakistan expects FY21 inflation to be in range of 7.0% to 9.0%. Subdued demand-side inflationary risks coupled with low international crude oil prices will likely induce softening trend in headline inflation and stability in core inflation over short to medium term. On the external front, high competition among exporters amid recovery in global demand in post-COVID setting may create challenges to achieve desired export growth, whereas imports are likely to remain subdued due to low domestic demand and soft international oil prices in short to medium term. Government's fiscal stimulus package of Rs. 1.24 trillion and monetary easing by SBP in order to provide liquidity to households and businesses will likely stimulate economic growth. Moreover, declining number of daily COVID cases will eventually lead towards resumption of full-scale economic activity that will help putting the economy on growth trajectory. The IMF's Rapid Financing Instrument (RFI) of US \$1.38 billion and concessionary lending by international financial institutions (World Bank and Asian Development Bank) will shore up reserves and support government's efforts towards social sector spending. The ongoing IMF program will help mobilize further financing from multilateral and bilateral creditors and unlock potential inflows from international bond market. Going forward, government's focus towards widening tax base and implementation of measures to support economic recovery will be instrumental in sustaining economic activity, safeguarding jobs and addressing social needs.

ع خدا رحمت کندهای عاشقان پاک طینات 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. Muhammad Abdul Samad and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 10 September 2020

**Iftikhar H. Shirazi**  
Chairman

## DIRECTORS' REPORT

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund (AMF), Atlas Sovereign Fund (ASF), Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF) take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of AMF, ASF, AIF and ASMF for the year ended 30 June 2020

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

Earnings per unit, net assets, and summary of sales / redemption of units of AMF, ASF, AIF and ASMF for the year ended 30 June 2020 and 30 June, 2019 are as follows:

	AMF		ASF		AIF		ASMF	
	2020	2019	2020	2019	2020	2019	2020	2019
Earnings / (loss) per unit – Rupees	70.17	60.23	18.95	2.00	69.87	50.32	21.23	(117.05)
Return (YTD)	12.81%	8.87%	18.08%	7.71%	16.26%	7.33%	4.62%	-18.83%
Net assets – Rupees million	10,031.48	10,239.50	2,083.47	2,301.24	3,715.45	2,988.50	6,841.67	5,044.44
Sales – Rupees million	26,365.03	24,094.33	2,502.39	2,438.34	2,405.97	745.12	2,704.28	2,110.91
Sales – in units	52,089,215	47,324,003	23,140,077	23,792,387	4,273,077	1,442,451	5,185,957	3,527,450
Redemptions – Rupees million	26,629.05	26,493.35	2,790.99	438.63	1,667.40	4,251.24	1,047.99	1,270.19
Redemptions – in units	52,586,971	51,831,140	25,440,547	4,267,683	2,942,432	8,166,953	1,954,669	2,175,838
Units outstanding at year end	19,854,239	20,351,995	20,635,634	22,936,104	7,151,571	5,820,926	3,240,837	10,009,549

### REVOCATION OF ATLAS GOLD FUND

AGF has been revoked on November 3, 2017 and is no longer offered to investors. An amount of Rs.210.29 million has been paid to investors against final settlement. However, there is a claim for refund of tax amounting to Rs.0.33 million and also there are provisions in the books for Federal Excise Duty and Sindh Workers' Welfare Fund amounting to Rs.2.19 million that has been made as an abundant precaution. Once these issues are resolved a further payment will be made to unit holders.

### INCOME DISTRIBUTION - AMF

The Investment Committee of the Management Company of AMF, under the authority delegated to them by the Board of Directors, approved an aggregate interim distribution of Rs.59.00 per unit (2019: Rs.42.55 per unit) for the FY 2019-20. The total payout for the year works out to 11.80% (2019:8.51%) on the face value of Rs.500 per unit.

### INCOME DISTRIBUTION - ASF

The Investment Committee of the Management Company of ASF, under the authority delegated to them by the Board of Directors, approved an interim distribution of Rs. 17.50 per unit (2019: Rs.7.50 per unit) for the FY 2019-20. The total payout for the year works out to 17.50% (2019:7.50%) on the face value of Rs.100 per unit.

### INCOME DISTRIBUTION - AIF

The Investment Committee of the Management Company of AIF, under the authority delegated to them by the Board of Directors, approved an interim distribution of Rs. 77.50 per unit (2019: Rs.36.50 per unit) for the FY 2019-20. The total payout for the year works out to 15.50% (2019:7.30%) on the face value of Rs.500 per unit.

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## **INCOME DISTRIBUTION - ASMF**

The Investment Committee of the Management Company of ASMF, under the authority delegated to them by the Board of Directors, approved an interim distribution of Rs.10.50 per unit (2019: Nil) for the FY 2019-20. The total payout for the year works out to 2.10% (2019: Nil) on the face value of Rs.500 per unit.

## **CHAIRMAN'S REVIEW**

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

## **STATEMENT BY THE BOARD OF DIRECTORS**

The Board of Directors states for AMF, ASF, AIF and ASMF 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 there from 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.
- Statutory payments, taxes, levies properly disclosed in the Financial Statements.
- Summaries of key financial data / performance tables of AMF, ASF, AIF and ASMF are annexed on pages 23, 63, 98 and 143 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 22, 24, 27, 24 respectively, to the financial statements of AMF, ASF, AIF and ASMF.

## **BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY AND COMMITTEES THEREOF**

During the period, the Board of Directors of AAML included: Mr. Yusuf H. Shirazi, Chairman, Mr. Fahim Ali Khan, Director, Mr. M. Habib-ur-Rahman, Director, Mr. Tariq Amin, Independent Director, Mr. Ali H. Shirazi, Director, Ms. Zehra Naqvi, Independent Director and Mr. Muhammad Abdul Samad, Chief Executive Officer. Due to the sad demise of Mr. Yusuf H. Shirazi, Chairman, on October 20, 2019, a casual vacancy was created, which was filled by appointing Mr. Iftikhar H. Shirazi as Director in his place on November 19, 2019.

i. The current total number of Directors is 7 as follows:

- Male: 6
- Female: 1

ii. The current composition of the Board is as follows:

- Independent Directors: 2\*
- Non-Executive Directors: 4
- Executive Directors: 1
- Female Director: 1 (\*Independent Director)

Six Board Meetings were held and attended during FY 2019-20. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 26, 28, 31 and 28 respectively to the financial statements of AMF, ASF AIF and ASMF.

Committees of the Board comprise the Audit Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel as required under the NBFC 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. Tariq Amin	Independent Director	4
2	Mr. Frahim Ali Khan	Non-Executive Director	4
3	Mr. M. Habib -ur-Rahman	Non-Executive Director	3

- **Human Resource & Remuneration Committee (HR& RC)** - one meeting was held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Ms. Zehra Naqvi	Independent Director	1
1	Mr. Frahim Ali Khan	Non-Executive Director	1
2	Mr. Ali H. Shirazi	Non-Executive Director	1
3	Mr. M. Abdul Samad	Chief Executive Officer	1

- **Investment Committee** - fifty one 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	10
2	Mr. M. Abdul Samad	Chief Executive Officer	46
3	Mr. Khalid Mahmood (executive management)	Chief Investment Officer Member IC	50
5	Mr. M. Umar Khan (executive management)	Head of Portfolio Management Member IC	46
6	Mr. Fawad Javaid (executive management)	Head of Fixed Income Member IC	49
7	Mr. Faran-ul-Haq (executive management)	Head of Equities Secretary IC	49

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## **RATINGS UPDATE**

### **ASSET MANAGER RATING**

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2019: AM2+ (AM Two Plus)] on 26 December 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### **FUND STABILITY RATING - AMF**

PACRA maintained the stability rating of "AA + (f)" (Double A Plus; fund rating) to the Fund on 17 April 2020. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

### **FUND STABILITY RATING - ASF**

PACRA maintained the stability rating of "AA (f)" (Double A; fund rating) to the Fund on 17 April 2020. 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 maintained the stability rating of "AA- (f)" (Double A Minus fund rating) to the Fund on 17 April 2020. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

## **AUDITORS**

The Audit Committee of the Board of Directors, in their meeting held on September 4, 2020, recommended there-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, being eligible, as auditors of Atlas Sovereign Fund, for the financial year ending 30 June 2021, and the re-appointment of M/s. EY Ford Rhodes, Chartered Accountants, Karachi, being eligible, as auditors of the Atlas Money Market Fund, Atlas Income Fund and Atlas Stock Market Fund, respectively for the financial year ending 30 June 2021.

## **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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Frahim Ali Khan**  
Director

Karachi: 10 September 2020

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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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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

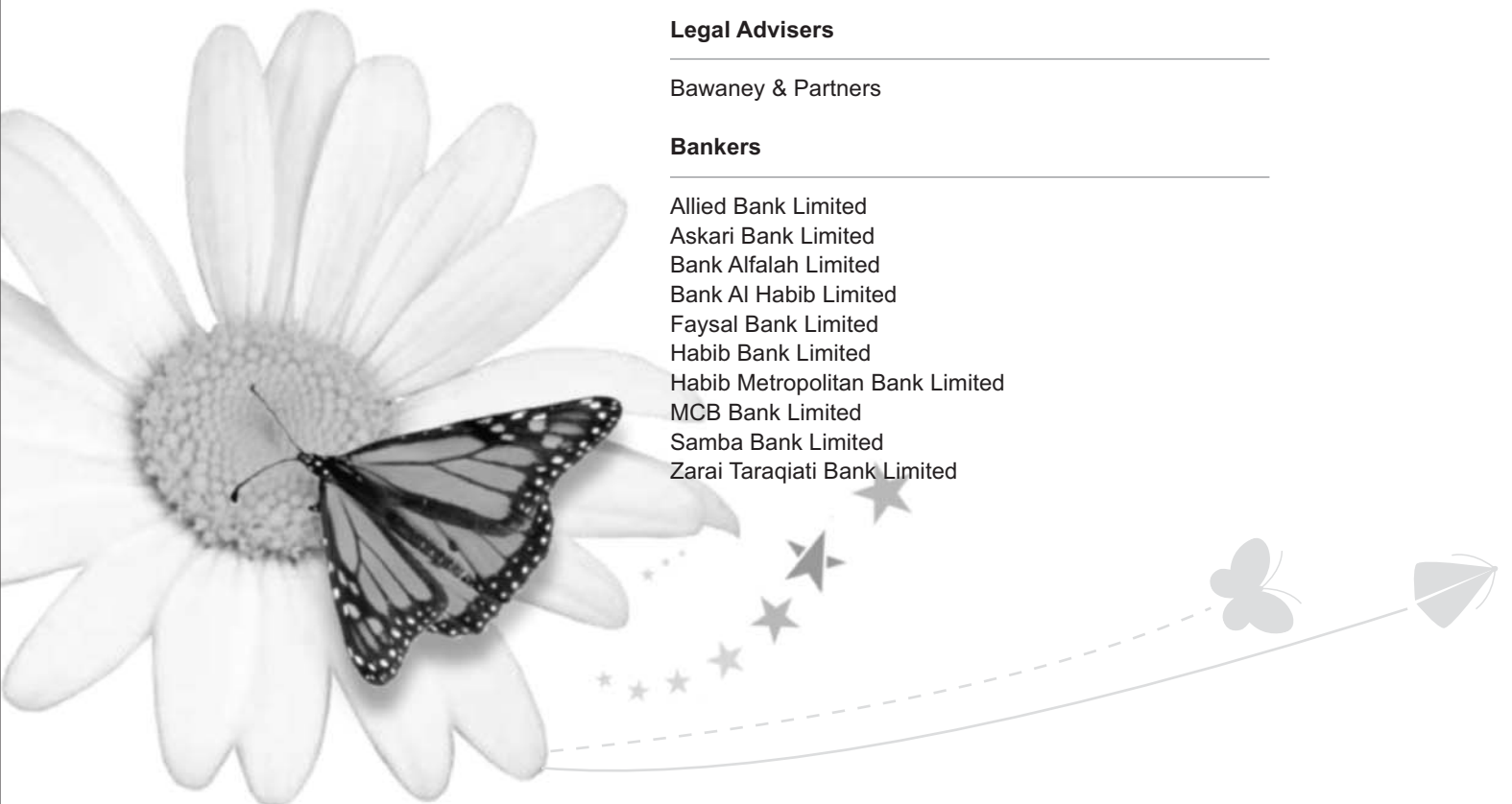
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Bawaney & Partners

### Bankers

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Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Samba Bank Limited  
Zarai Taraqiati Bank Limited



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## Fund Manager's Report

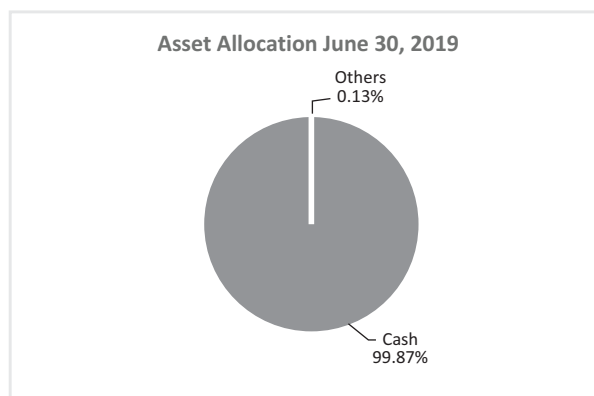
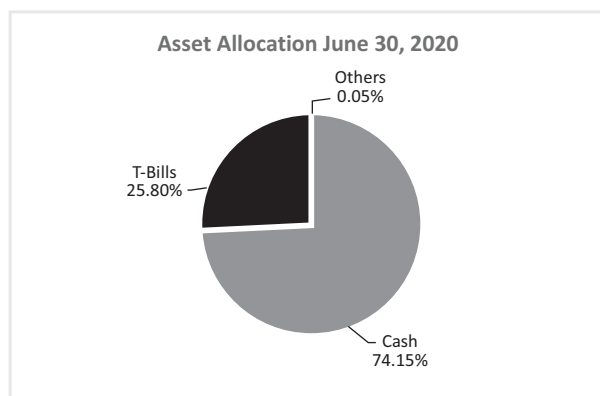
Atlas Money Market Fund (AMF) is an Open-ended Money Market Fund. The investment objective of AMF is to provide its unit-holders attractive returns from a portfolio of very low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in authorized short-term 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 is 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 30% of "3-Month deposit rates of three scheduled banks (AA and above rated) as selected by MUFAP" for the period of return; and 70% that would be an average of "3 Month PKRV rate".

The Consumer Price Index (CPI) on average was recorded at 10.74% during financial year 2019-20, as compared to 7.34% for the financial year 2018-19. The YoY upsurge in inflation rate was due to increase in energy, health and food prices.

During the year, SBP has significantly shown an expansion in monetary policy which seeks to encourage economic growth to boost aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since March 2020 by decreasing 625 basis points as on June 30, 2020 due to the deceleration in domestic food prices, significant decline in consumer price expectations, sharp fall in global oil prices, and slowdown in external and domestic demand due to the Coronavirus pandemic. In recent monetary policy announced on June 25, 2020, SBP further decreased the policy rate by another 100 bps to 7.00%. The decision was taken on account of releasing the downside risks to growth since the MPC meeting on March 17, 2020. Going forward, the MPC continues to observe economic conditions and stands ready to take whatever further actions may become necessary in response to any adverse impact on the economy arising from pandemic. On the other hand, an increase in domestic demand and upward revision in projected inflation would also provide grounds for tightening monetary conditions.

The Net Asset Value per unit of Atlas Money Market Fund increased by 12.81% to Rs. 505.26 as on June 30, 2020. The benchmark 30% of average 3-Month deposit rates of three scheduled banks (AA and above rated as selected by MUFAP) and 70% average 3 Month PKRV rate for the period stood at 11.66%. The AMF's total exposure in Short-Term Deposits with Banks/Cash, Treasury Bills and Others stood at 74.15%, 25.80% and 0.05%, respectively. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity. The Net Assets of the Fund stood at Rs. 10.03 billion, with 19.85 million units outstanding as of June 30, 2020.



The Investment Committee 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 aggregated interim distribution of Rs 59.00 per unit for the period ended June 30, 2020 (11.80% on the face value of Rs. 500 per unit).

**Breakdown of Unit Holding by size:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	788	1,379,281,687	13.75%
Associated Companies / Directors	11	3,419,789,104	34.09%
Insurance Companies	1	10,207,776	0.10%
Banks / DFIs	1	511,276,893	5.10%
Retirement Funds	26	602,303,300	6.00%
Public Limited Companies	30	4,107,272,171	40.95%
Others	1	1,337,879	0.01%
<b>Total</b>	<b>858</b>	<b>10,031,468,810</b>	<b>100.00%</b>

The Fund has made provision against SWWF, which up till June 30, 2020 amounted to Rs. 67,373,577 (Rs. 3.39 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,428,502 up till June 30, 2020 (Rs. 1.03 per unit)

The Total Expense Ratio (TER) of the Fund is 0.98% including Government levy, SWWF and SECP Fee of 0.33%.

During the year under review, the Investment Committee held fifty-one meetings to review investment of the Fund and the Risk Committee held fifteen meetings to review risk management.

Karachi: 10 September 2020

**Fawad Javaid**  
Head of Fixed Income



## PERFORMANCE SINCE INCEPTION

	2020	2019	2018	2017	2016	2015
Net assets (Rs. in '000)	10,031,480	10,239,504	13,160,883	4,629,482	3,269,852	3,699,654
Number of units in issue	19,854,239	20,351,995	24,859,132	9,224,702	6,525,388	7,345,095
Net asset value per unit (Rs.)	505.26	503.12	529.42	501.86	501.10	503.69
Net income (Rs. in '000)	1,393,183	1,225,892	549,628	77,403	56,325	97,766
Earnings per unit (Rs.)	70.17	60.23	22.11	8.39	8.63	13.31
Annual return of the Fund (%)	12.81	8.87	5.49	6.14	6.02	8.59
Offer price **	505.26	503.12	529.42	501.86	501.10	503.69
Redemption price **	505.26	503.12	529.42	501.86	501.10	503.69
Highest offer price (Rs.)	509.79	523.51	529.33	530.81	533.67	544.97
Lowest offer price (Rs.)	503.31	502.60	502.63	501.18	500.76	503.60
Highest repurchase price per unit (Rs.)	509.79	523.51	529.33	530.81	533.67	544.97
Lowest repurchase price per unit (Rs.)	503.31	502.60	502.63	501.18	500.76	503.60
Weighted average portfolio (No. of days)	26.80	1.00	1.01	0.97	9.30	6.95

	2014	2013	2012	2011	2010*
Net assets (Rs. in '000)	6,049,597	3,821,637	4,532,025	3,316,616	1,410,417
Number of units in issue	12,038,054	7,607,048	9,015,663	6,415,479	2,746,118
Net asset value per unit (Rs.)	502.54	502.38	502.68	516.97	513.60
Net income (Rs. in '000)	496,778	348,581	467,312	283,224	62,542
Earnings per unit (Rs.)	41.27	45.82	51.83	44.15	22.77
Annual return of the Fund (%)	8.29	9.02	11.33	11.64	10.16
Offer price **	502.54	502.19	502.54	516.97	513.60
Redemption price **	502.54	502.19	502.54	516.97	513.60
Highest offer price (Rs.)	506.35	508.59	508.12	517.25	513.60
Lowest offer price (Rs.)	501.14	502.07	502.27	501.41	502.07
Highest repurchase price per unit (Rs.)	506.35	508.59	508.12	517.25	513.60
Lowest repurchase price per unit (Rs.)	501.14	502.07	502.27	501.41	502.07
Weighted average portfolio (No. of days)	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.

## DISTRIBUTION HISTORY

Distribution detail	2020	2019	2018	2017	2016	2015
First Interim distribution cash dividend	4.25	20.00	-	30.00	33.00	42.00
First Interim distribution as a % of Ex-NAV of units	0.84	3.98	-	5.99	6.55	8.36
Date of disribution	26-Jul-19	18-Jan-19	-	20-Jun-17	24-Jun-16	29-Jun-15
Second Interim distribution cash dividend	4.85	4.50	-	-	-	-
Second Interim distribution as a % of Ex-NAV of units	0.96	0.90	-	-	-	-
Date of disribution	23-Aug-19	15-Feb-19	-	-	-	-
Third Interim distribution cash dividend	4.90	3.75	-	-	-	-
Third Interim distribution as a % of Ex-NAV of units	0.97	0.75	-	-	-	-
Date of disribution	20-Sep-19	15-Mar-19	-	-	-	-
Fourth Interim distribution cash dividend	6.30	3.90	-	-	-	-
Fourth Interim distribution as a % of Ex-NAV of units	1.25	0.78	-	-	-	-
Date of disribution	25-Oct-19	15-Apr-19	-	-	-	-
Fifth Interim distribution cash dividend	4.80	4.25	-	-	-	-
Fifth Interim distribution as a % of Ex-NAV of units	0.95	0.85	-	-	-	-
Date of disribution	22-Nov-19	15-May-19	-	-	-	-
Sixth Interim distribution cash dividend	6.20	6.15	-	-	-	-
Sixth Interim distribution as a % of Ex-NAV of units	1.23	1.22	-	-	-	-
Date of disribution	27-Dec-19	27-Jun-19	-	-	-	-
Seventh Interim distribution cash dividend	5.00	-	-	-	-	-
Seventh Interim distribution as a % of Ex-NAV of units	0.99	-	-	-	-	-
Date of disribution	24-Jan-20	-	-	-	-	-
Eighth Interim distribution cash dividend	4.75	-	-	-	-	-
Eighth Interim distribution as a % of Ex-NAV of units	0.94	-	-	-	-	-
Date of disribution	21-Feb-20	-	-	-	-	-
Nineth Interim distribution cash dividend	6.40	-	-	-	-	-
Nineth Interim distribution as a % of Ex-NAV of units	1.27	-	-	-	-	-
Date of disribution	27-Mar-20	-	-	-	-	-
Tenth Interim distribution cash dividend	5.00	-	-	-	-	-
Tenth Interim distribution as a % of Ex-NAV of units	0.99	-	-	-	-	-
Date of disribution	24-Apr-20	-	-	-	-	-
Eleventh Interim distribution cash dividend	2.60	-	-	-	-	-
Eleventh Interim distribution as a % of Ex-NAV of units	0.52	-	-	-	-	-
Date of disribution	29-May-20	-	-	-	-	-
Twelveth Interim distribution cash dividend	3.95	-	-	-	-	-
Twelveth Interim distribution as a % of Ex-NAV of units	0.79	-	-	-	-	-
Date of disribution	26-Jun-20	-	-	-	-	-
Final distribution cash dividend	-	-	27	-	-	-
Final distribution as a % of Ex-NAV of units	-	-	5.38	-	-	-
Date of disribution	-	-	6-Jul-18	-	-	-

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%

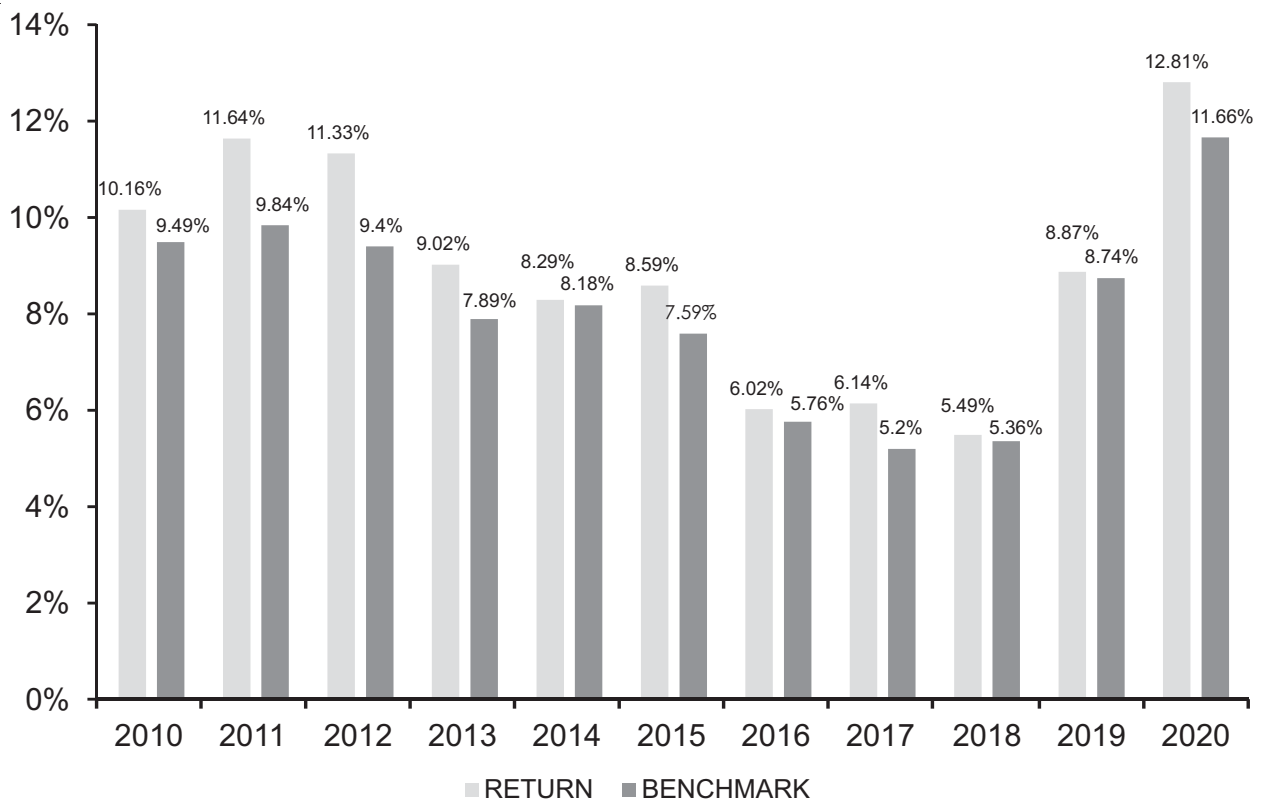
Quarterly Distribution	2011	2010*
First quarter Interim distribution (Bonus)	11.50	11.00
First quarter Interim distribution as a % of opening Ex-NAV of units	2.30%	2.20%
Date of distribution - Interim	12 October 2010	6 April 2010
Second quarter Interim distribution (Bonus)	13.75	-
Second quarter Interim 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

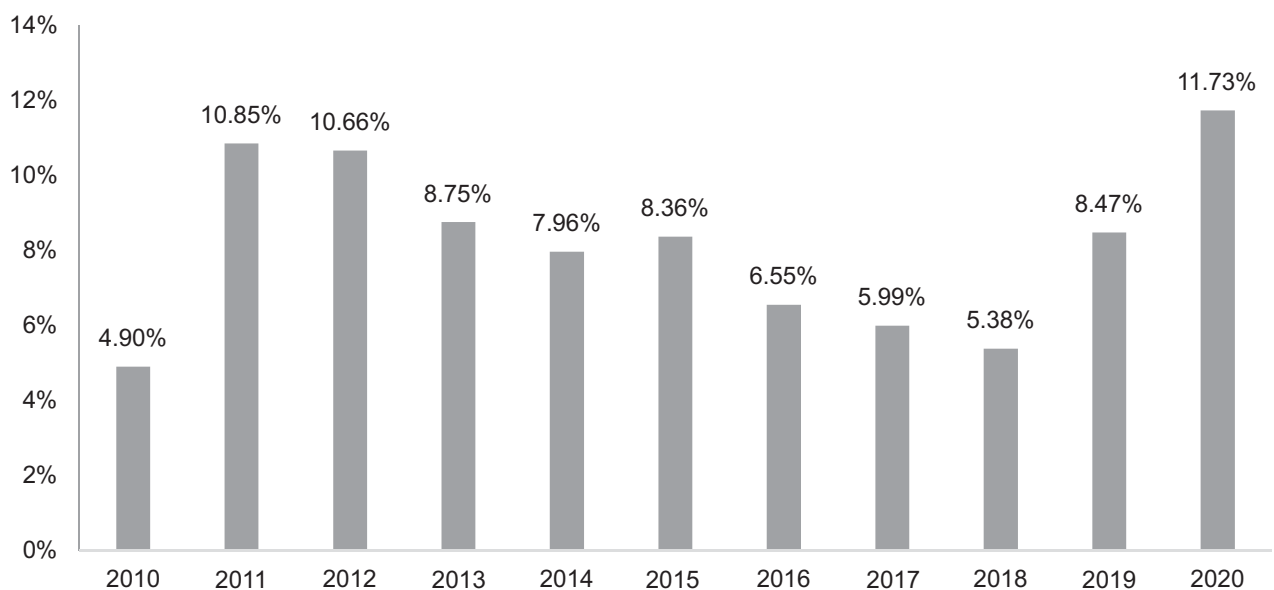
\* Date of Launch: 20 January 2010.

**Note:** The distribution % has been calculated on the opening Ex-NAV of units at the start of each financial year.

### Yearly Performance (Annualized)



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



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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, 2020 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: 28 September 2020

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Money Market Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Money Market Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, statement of comprehensive income, cash flows statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
<b>Investments in Debt Instruments</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the investments held by the Fund comprised of debt investments which represent significant portion of the total assets of the Fund as at the year end.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of debt instruments. Our key procedure included the following:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit.</li><li>• We performed substantive audit procedures on year-end balance of investments portfolio including review of custodian's statement valuations on such investments in accordance with the accounting policy of the Fund.</li></ul>

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of sukuk certificates and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the sukuk certificates portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting 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.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and

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perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

#### **Other Matter**

The financial statements of the Fund for the six-month period ended 31 December 2018 and for the year ended 30 June 2019, were reviewed and audited by another firm of chartered accountants who have expressed unmodified conclusion and unmodified opinion vide their review report and audit report issued on 28 February 2019 and 26 September 2019 respectively.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Karachi: 29 September 2020

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**



# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2020

	Note	2020 Rupees	2019
<b>Assets</b>			
Cash and bank balances	4	7,522,447,993	10,339,271,465
Investments	5	2,617,567,408	-
Profit receivable on bank balances		1,373,040	7,648,801
Other receivables	6	3,683,919	6,100,073
<b>Total assets</b>		<b>10,145,072,360</b>	<b>10,353,020,339</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	7	28,444,987	29,366,349
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	635,959	857,187
Payable to the Securities and Exchange Commission of Pakistan	9	2,295,677	10,938,706
Payable against redemption of units		16,431	8,034,982
Unclaimed dividend		25,152	5,394,915
Accrued expenses and other liabilities	10	82,173,939	58,924,453
<b>Total liabilities</b>		<b>113,592,145</b>	<b>113,516,592</b>
<b>NET ASSETS</b>		<b>10,031,480,215</b>	<b>10,239,503,747</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>10,031,480,215</b>	<b>10,239,503,747</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>19,854,239</b>	<b>20,351,995</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>505.26</b>	<b>503.12</b>

The annexed notes from 1 to 29 form an integral part of these financial statements

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
<b>Income</b>			
Profit on savings and term deposits		528,717,785	570,298,109
Income from government securities		929,808,706	807,026,124
<b>Gain / (loss) from investments at fair value through P&amp;L</b>			
Capital gain / (loss) on sale of investments - net		35,355,555	(12,892,884)
Net unrealized gain on remeasurement of investments classified as financial assets at fair value through profit or loss'		11,642,714	-
		<b>46,998,269</b>	<b>(12,892,884)</b>
<b>Total income</b>		<b>1,505,524,760</b>	<b>1,364,431,349</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	48,479,295	65,632,235
Sindh Sales Tax on remuneration of the Management Company	7.2	6,302,308	8,532,191
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	7,461,029	11,000,965
Sindh Sales Tax on remuneration of the Trustee	8.2	969,934	1,430,125
Annual fees to the Securities and Exchange Commission of Pakistan	9.1	2,295,701	10,938,706
Accounting and operational charges	12	16,763,643	14,584,941
Auditors' remuneration	13	681,329	522,705
Annual rating fee		473,979	467,186
Annual listing fee		27,500	27,500
Securities transaction cost		161,983	110,615
Printing charges		15,084	(24,408)
Legal and professional charges		128,529	117,069
Bank charges		149,047	181,133
Provision for Sindh Workers' Welfare Fund	10.1	28,432,308	25,018,208
<b>Total expenses</b>		<b>112,341,669</b>	<b>138,539,171</b>
<b>Net income for the year before taxation</b>		<b>1,393,183,091</b>	<b>1,225,892,178</b>
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<b>1,393,183,091</b>	<b>1,225,892,178</b>
<b>Earnings per unit</b>	16		
<b>Allocation of net income for the period:</b>			
- Net income for the period after taxation		1,393,183,091	1,225,892,178
- Income already paid on units redeemed		(154,154,234)	(305,185,212)
		<b>1,239,028,857</b>	<b>920,706,966</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		46,998,269	-
- Excluding capital gains		1,192,030,588	920,706,966
		<b>1,239,028,857</b>	<b>920,706,966</b>

The annexed notes from 1 to 29 form an integral part of these financial statements

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	Rupees	
Net income for the year after taxation	1,393,183,091	1,225,892,178
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,393,183,091</b>	<b>1,225,892,178</b>

The annexed notes from 1 to 29 form an integral part of these financial statements

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2020

Capital value

**Net assets at the beginning of the year (Units outstanding: 20,351,995) (Rs. 503.12 per unit)**

Issue of 52,089,215 units (2019: 47,324,003)

- Capital value (at net asset value per unit at the beginning of the period)

- Element of income

**Total proceeds on issuance of units**

Redemption of 52,586,971 (2019: 51,831,140)

- Capital value (at net asset value per unit at the beginning of the period)

- Element of income

**Total payments on redemption of units**

Total comprehensive income for the period

Refund of capital

Final Cash distribution for year ended 30 June 2018 of Rs. 27 per unit for full year declared on 06 July 2018

First interim distribution of Rs. 4.25 per unit declared on 26 July 2019 (2019: Rs. 20 per unit declared on 18 January 2019)

Second interim distribution of Rs. 4.85 per unit declared on 23 August 2019 (2019: Rs. 4.50 per unit declared on 15 February 2019)

Third interim distribution of Rs. 4.90 per unit declared on 20 September 2019 (2019: Third interim distribution of Rs. 3.75 per unit declared on 15 March 2019)

Fourth interim distribution of Rs. 6.30 per unit declared on 25 October 2019 (2019: Rs. 3.90 per unit declared on 15 April 2019)

Fifth interim distribution of Rs. 4.80 per unit declared on 22 November 2019 (2019: Rs. 4.25 per unit declared on 15 May 2019)

Sixth interim distribution of Rs. 6.20 per unit declared on 27 December 2019 (2019: Rs. 6.15 per unit declared on 27 June 2019)

Seventh interim distribution of Rs. 5.00 per unit declared on 24 January 2020

Eighth interim distribution of Rs. 4.75 per unit declared on 21 February 2020

Ninth interim distribution of Rs. 6.40 per unit declared on 27 March 2020

Tenth interim distribution of Rs. 5.00 per unit declared on 24 April 2020

Eleventh interim distribution of Rs. 6.55 per unit declared on 29 May 2020

Twelfth interim distribution of Rs. 3.95 per unit declared on 26 June 2020

**Net assets at end of the year (Units outstanding: 19,854,239)**

**(Rs. 505.26 per unit)**

**Undistributed income brought forward**

- Realised income

- Unrealised income

**Accounting income available for distribution:**

- Relating to capital gains

- Excluding capital gains

First interim distribution of Rs. 4.25 per unit declared on 26 July 2019 (2019: Rs. 20 per unit declared on 18 January 2019)

Second interim distribution of Rs. 4.85 per unit declared on 23 August 2019 (2019: Rs. 4.50 per unit declared on 15 February 2019)

Third interim distribution of Rs. 4.90 per unit declared on 20 September 2019 (2019: Third interim distribution of Rs. 3.75 per unit declared on 15 March 2019)

Fourth interim distribution of Rs. 6.30 per unit declared on 25 October 2019 (2019: Rs. 3.90 per unit declared on 15 April 2019)

Fifth interim distribution of Rs. 4.80 per unit declared on 22 November 2019 (2019: Rs. 4.25 per unit declared on 15 May 2019)

Sixth interim distribution of Rs. 6.20 per unit declared on 27 December 2019 (2019: Rs. 6.15 per unit declared on 27 June 2019)

Seventh interim distribution of Rs. 5.00 per unit declared on 24 January 2020

Eighth interim distribution of Rs. 4.75 per unit declared on 21 February 2020

Ninth interim distribution of Rs. 6.40 per unit declared on 27 March 2020

Tenth interim distribution of Rs. 5.00 per unit declared on 24 April 2020

Eleventh interim distribution of Rs. 6.55 per unit declared on 29 May 2020

Twelfth interim distribution of Rs. 3.95 per unit declared on 26 June 2020

Final Cash distribution for year ended 30 June 2018 of Rs. 27 per unit

**Undistributed income carried forward**

**Undistributed income carried forward**

- Realised income

- Unrealised income

Net assets value per unit at beginning of the year

Net assets value per unit at end of the year

The annexed notes from 1 to 29 form an integral part of these financial statements

2020			2019		
Capital Value	Undistributed income	Net Assets	Capital Value	Undistributed income	Net Assets
Rupees			Rupees		
10,204,508,746	34,995,001	10,239,503,747	12,754,057,197	406,825,990	13,160,883,187
<b>10,204,508,746</b>	<b>34,995,001</b>	<b>10,239,503,747</b>	<b>12,754,057,197</b>	<b>406,825,990</b>	<b>13,160,883,187</b>
26,201,957,457	-	26,201,957,457	23,776,482,315	-	23,776,482,315
163,070,850	-	163,070,850	317,849,810	-	317,849,810
<b>26,365,028,307</b>	<b>-</b>	<b>26,365,028,307</b>	<b>24,094,332,125</b>	<b>-</b>	<b>24,094,332,125</b>
(26,311,326,554)	(154,154,234)	(26,465,480,788)	(26,041,237,824)	(305,185,212)	(26,346,423,036)
(163,570,137)	-	(163,570,137)	(146,929,727)	-	(146,929,727)
<b>(26,474,896,691)</b>	<b>(154,154,234)</b>	<b>(26,629,050,925)</b>	<b>(26,188,167,551)</b>	<b>(305,185,212)</b>	<b>(26,493,352,763)</b>
-	1,393,183,091	1,393,183,091	-	1,225,892,178	1,225,892,178
(142,788,553)	-	(142,788,553)	(455,713,025)	-	(455,713,025)
-	-	-	-	(386,348,605)	(386,348,605)
-	(90,150,581)	(90,150,581)	-	(359,028,549)	(359,028,549)
-	(93,826,792)	(93,826,792)	-	(106,637,844)	(106,637,844)
-	(91,424,999)	(91,424,999)	-	(104,217,404)	(104,217,404)
-	(113,012,086)	(113,012,086)	-	(102,633,744)	(102,633,744)
-	(96,145,088)	(96,145,088)	-	(106,192,435)	(106,192,435)
-	(126,915,944)	(126,915,944)	-	(127,479,374)	(127,479,374)
-	(98,720,119)	(98,720,119)	-	-	-
-	(83,877,996)	(83,877,996)	-	-	-
-	(158,227,469)	(158,227,469)	-	-	-
-	(129,878,104)	(129,878,104)	-	-	-
-	(45,653,206)	(45,653,206)	-	-	-
-	(66,563,068)	(66,563,068)	-	-	-
<b>9,951,851,809</b>	<b>79,628,406</b>	<b>10,031,480,215</b>	<b>10,204,508,746</b>	<b>34,995,001</b>	<b>10,239,503,747</b>
34,995,001	-	34,995,001	406,825,990	-	406,825,990
<b>46,998,269</b>	<b>1,192,030,588</b>	<b>1,239,028,857</b>	<b>920,706,966</b>	<b>-</b>	<b>920,706,966</b>
(90,150,581)	-	(90,150,581)	(359,028,549)	-	(359,028,549)
(93,826,792)	-	(93,826,792)	(106,637,844)	-	(106,637,844)
(91,424,999)	-	(91,424,999)	(104,217,404)	-	(104,217,404)
(113,012,086)	-	(113,012,086)	(102,633,744)	-	(102,633,744)
(96,145,088)	-	(96,145,088)	(106,192,435)	-	(106,192,435)
(126,915,944)	-	(126,915,944)	(127,479,374)	-	(127,479,374)
(98,720,119)	-	(98,720,119)	-	-	-
(83,877,996)	-	(83,877,996)	-	-	-
(158,227,469)	-	(158,227,469)	-	-	-
(129,878,104)	-	(129,878,104)	-	-	-
(45,653,206)	-	(45,653,206)	-	-	-
(66,563,068)	-	(66,563,068)	-	-	-
-	-	-	(386,348,605)	-	(386,348,605)
<b>79,628,406</b>	<b>-</b>	<b>79,628,406</b>	<b>34,995,001</b>	<b>-</b>	<b>34,995,001</b>
-	21,477,608	21,477,608	-	34,995,001	34,995,001
-	58,150,798	58,150,798	-	-	-
<b>-</b>	<b>79,628,406</b>	<b>79,628,406</b>	<b>-</b>	<b>34,995,001</b>	<b>34,995,001</b>
(Rupees)			(Rupees)		
503.12			529.42		
505.26			503.12		

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year after taxation	1,393,183,091	1,225,892,178
<b>Adjustments for:</b>		
Profit on savings and term deposits	(528,717,785)	(570,298,109)
Income from government securities	(929,808,706)	(807,026,124)
Capital (gain) / loss on sale of investments - net	(35,355,555)	12,892,884
Net unrealized (gain) on remeasurement of investments classified as financial assets at fair value through profit or loss	(11,642,714)	-
Provision for Sindh Workers' Welfare Fund	28,432,308	25,018,208
	<b>(1,477,092,452)</b>	<b>(1,339,413,141)</b>
<b>Decrease / (Increase) in assets</b>		
Other receivables	2,416,154	(2,513,469)
<b>(Decrease) / Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(921,362)	(1,597,172)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(221,228)	(177,964)
Payable to the Securities and Exchange Commission of Pakistan	(8,643,029)	3,246,055
Unclaimed dividend	(5,369,763)	5,369,763
Accrued expenses and other liabilities	(5,182,822)	2,085,603
	<b>(20,338,204)</b>	<b>8,926,285</b>
	<b>(101,831,411)</b>	<b>(107,108,147)</b>
Interest received	534,993,546	567,676,454
Investments made during the year	(114,015,467,454)	(150,107,275,329)
Investments sold / matured during the year	112,366,688,470	150,901,408,569
	<b>(1,113,785,438)</b>	<b>1,361,809,694</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,215,616,849)</b>	<b>1,254,701,547</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	26,365,028,307	24,094,332,125
Net payments against redemption of units	(26,629,050,925)	(26,485,627,293)
Refund of capital	(142,788,553)	(455,713,025)
First interim distribution of Rs. 4.25 per unit declared on 26 July 2019 (2019: Rs. 20 per unit declared on 18 January 2019)	(90,150,581)	(359,028,549)
Second interim distribution of Rs. 4.85 per unit declared on 23 August 2019 (2019: Rs. 4.50 per unit declared on 15 February 2019)	(93,826,792)	(106,637,844)
Third interim distribution of Rs. 4.90 per unit declared on 20 September 2019 (2019: Third interim distribution of Rs. 3.75 per unit declared on 15 March 2019)	(91,424,999)	(104,217,404)
Fourth interim distribution of Rs. 6.30 per unit declared on 25 October 2019 (2019: Rs. 3.90 per unit declared on 15 April 2019)	(113,012,086)	(102,633,744)
Fifth interim distribution of Rs. 4.80 per unit declared on 22 November 2019 (2019: Rs. 4.25 per unit declared on 15 May 2019)	(96,145,088)	(106,192,435)
Sixth interim distribution of Rs. 6.20 per unit declared on 27 December 2019 (2019: Rs. 6.15 per unit declared on 27 June 2019)	(126,915,944)	(127,479,374)
Seventh interim distribution of Rs. 5.00 per unit declared on 24 January 2020	(98,720,119)	-
Eighth interim distribution of Rs. 4.75 per unit declared on 21 February 2020	(83,877,996)	-
Ninth interim distribution of Rs. 6.40 per unit declared on 27 March 2020	(158,227,469)	-
Tenth interim distribution of Rs. 5.00 per unit declared on 24 April 2020	(129,878,104)	-
Eleventh interim distribution of Rs. 6.55 per unit declared on 29 May 2020	(45,653,206)	-
Twelfth interim distribution of Rs. 3.95 per unit declared on 26 June 2020	(66,563,068)	-
Final Cash distribution for year the ended 30 June 2018 of Rs. 27 per unit	-	(386,348,605)
<b>Net cash used in financing activities</b>	<b>(1,601,206,623)</b>	<b>(4,139,546,148)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,816,823,472)</b>	<b>(2,884,844,601)</b>
Cash and cash equivalents at the beginning of the year	10,339,271,465	13,224,116,066
<b>Cash and cash equivalents at the end of the year</b>	<b>7,522,447,993</b>	<b>10,339,271,465</b>

The annexed notes from 1 to 29 form an integral part of these financial statements

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar 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 2020

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Money Market Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on 4 December 2009 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 Supplement dated 23 May 2017. The offering document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplements dated 24 March 2015, 3 August 2015, 30 September 2016, 2 June 2017, 2 October 2019, 30 October 2019 and 1 April 2020 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been 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 Limited. 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), certificates of Musharaka (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.
- 1.4 The titles to the assets of the Fund are held in the name of the Central Depository Company Limited (CDC) as the Trustees of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

### 2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

IFRS 16 – Leases  
 IFRIC 23 – Uncertainty over Income Tax Treatments  
 IFRS 3 – Business Combinations – Previously held interests in a joint operation  
 IFRS 9 – Financial instruments – Prepayment Features with Negative Compensation (Amendments)  
 IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)  
 IFRS 11 – Joint Arrangements – Previously held interests in a joint operation  
 IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity  
 IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation  
 IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)  
 IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 January 2009
IFRS 17 - Insurance Contracts	01 January 2023

## 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 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 of the Fund relate to classification, valuation and impairment of financial assets.

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

## 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 as below. These policies have been applied consistently to all years except for the changes in accounting policies as explained in the note 3.1 below.

### 3.1 Financial instruments

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.



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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### b) Classification

#### Debt instruments

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

### **c) Subsequent Measurement**

#### **Debt instruments at fair value through profit or loss**

Debt instruments at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

Interest earned on debt instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

#### **Debt instruments at Amortised Cost**

"Under IFRS 9, after initial measurement, such debt instruments are subsequently measured at amortised cost . Under Regulation 66 of NBFC Regulations, debt securities are required to be carried at fair value. The Fund has not used this classification for its investment portfolio."

#### **Debt instruments at FVOCI**

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment and the impairment is charged profit or loss.

#### **Financial liabilities**

##### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

### **d) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### e) **Reclassification of financial assets and liabilities**

From the application date of IFRS 9, the Fund does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Fund acquires, disposes of, or terminates a business line.

### f) **Impairment of financial assets**

The Fund only considers expected credit losses for bank balances and trade and other receivables. The Fund measures expected credit losses on bank balances using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

### g) **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### h) **Determination of fair value**

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan

### 3.2 **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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 3.3 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.

### 3.4 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 as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the 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 as processing fee.

### 3.5 Distribution to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Investment 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. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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.

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

The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, specified methodology of determination of income paid on units redeemed under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year.

### 3.7 Revenue recognition

- 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.
- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- Unrealised appreciation / (loss) in the value 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.

## 3.8 Expenses

All expenses chargeable to the Fund including remuneration of Management Company and Trustee and annual fee of SECP are recognised in the income statement on an accrual basis.

## 3.9 Taxation

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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

## 3.10 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 year end.

## 3.11 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculation of EPU is not practicable.

		2020	2019
4	CASH AND BANK BALANCES	Note	Rupees
	Balances with banks in savings accounts	4.1	7,458,580,094
	Cheques in hand	4.2	63,867,899
			<u>7,522,447,993</u>
			<u>10,339,271,465</u>

4.1 The rate of return on these accounts ranges between 6.00% and 12.50% (2019: 6.00% to 13.40%) per annum.

4.2 This denotes cheques received against issue of units which were deposited and cleared in the bank account subsequent to the year end by 03 July 2020 (30 June 2019: 03 July 2019).

		2020	2019
5	INVESTMENTS	Note	Rupees
	At fair value through profit or loss		
	Investments in government securities		
	- Market Treasury Bills	5.1	<u>2,617,567,408</u>
			<u>-</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 5.1 Government Securities - Market Treasury Bills

Particulars	Face value				Amortised cost as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of	
	As at 01 July 2019	Purchased during the year	Sold / matured during the year	As at 30 June 2020			Total Investment	Net Assets
----- (Rupees) -----							----- (Percentage) -----	
3 Months	-	86,169,815,000	86,044,815,000	125,000,000	123,162,769	123,298,000	4.71	1.23
6 Months	-	9,573,000,000	7,623,000,000	1,950,000,000	1,899,955,643	1,910,613,100	72.99	19.05
12 Months	-	892,780,000	300,000,000	592,780,000	582,806,265	583,656,308	22.30	5.82
30 June 2020	-	96,635,595,000	93,967,815,000	2,667,780,000	2,605,924,677	2,617,567,408	100.00	26.10
30 June 2019	-	-	-	-	-	-	-	-

5.1.2 The cost of investments as on 30 June 2020 is Rs. 2,559,416,610 (30 June 2019: Nil).

5.1.3 These Market Treasury Bills carry purchase yields ranging from 7.48% to 11.24% (30 June 2019: Nil) per annum and will mature between 10 September 2020 to 17 December 2020 (30 June 2019: Nil).

## 5.2 Government Securities - Pakistan Investment Bonds

Particulars	Face value				Amortised cost as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of	
	As at 01 July 2019	Purchased during the year	Sold / matured during the year	As at 30 June 2020			Total Investment	Net Assets
----- (Rupees) -----							----- (Percentage) -----	
3 Year PIB	-	16,456,500,000	16,456,500,000	-	-	-	-	-
10 Year PIB	-	2,970,900,000	2,970,900,000	-	-	-	-	-
30 June 2020	-	19,427,400,000	19,427,400,000	-	-	-	-	-
30 June 2019					-	-	-	-

## 6 OTHER RECEIVABLES

Other receivables

Note	2020	2019
	Rupees	Rupees
6.1	3,683,919	6,100,073

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 and 150. However, withholding tax on profit on debt 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 tax withheld as at June 30, 2020 amounts to Rs. 3.684 million (Rs 6.100 million).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 January 28, 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 on debt has been shown as other receivables as at June 30, 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (Related party)	Note	2020	2019
		----- Rupees -----	-----
Remuneration of the Management Company	7.1	3,030,437	4,302,315
Sindh Sales Tax payable on remuneration of the Management Company	7.2	3,514,120	3,679,463
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,428,502	20,428,502
Accounting and operational charges payable	12	1,471,928	956,069
		<b>28,444,987</b>	<b>29,366,349</b>

**7.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (I) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio. The management company has set the maximum limit of 2.5% per annum of average annual net assets, within allowed expense in the offering document. The management company has charged its remuneration at the rate of 0.45% per annum of the average annual net assets till 31 March 2020 and with effect from 01 April 2020 charged the remuneration at the rate of 0.35 % of the average annual net assets of the Fund. Previously, the Management Company was entitled to an amount not exceeding 2% of the average annual net assets and therefore charged its remuneration at a rate of 0.45% per annum of the average annual net assets of the Fund. The fee is payable to the Management Company monthly in arrears.

**7.2** During the year, an amount of Rs. 6,302,308 (2019: Rs. 8,532,191) 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. 6,467,651 (2019: Rs 8,685,740) 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) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

During the year ended 30 June 2017, the SHC passed an order whereby 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) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 amounting to Rs 20.429 million (30 June 2019: Rs 20.429 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained, the net asset value of the Fund as at 30 June 2020 would have been higher by Rs. 1.03 (30 June 2019: Re. 1.00 ) per unit.

		2020	2019
8	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	Rupees
	Trustee fee	8.1	562,796
	Sindh Sales Tax on trustee fee	8.2	73,163
			<b>635,959</b>
			<b>758,573</b>
			<b>98,614</b>
			<b>857,187</b>

- 8.1 With effect from June 28, 2019, the trustee is entitled to monthly remuneration for services rendered to the fund at the flat rate of 0.065% p.a. of Net Assets based on the letter no. CDC/CEO/L-112/01/2019 dated 27 June 2019 issued by CDC. Previously, the trustee fee was charged in accordance with the following slab rates:

On net assets	Tariff per annum
- upto Rs 1,000 million	0.15% per annum of net assets
- Rs 1,000 million 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 ended 30 June 2020, an amount of Rs. 969,934 (2019: Rs 1,430,125) 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. 995,385 (2019: Rs 1,450,599) was paid to the Trustee which acts as a collecting agent.

		2020	2019
9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	Rupees
	Annual fee payable	9.1	2,295,677
			<b>10,938,706</b>

- 9.1 In accordance with NBFC regulations, a collective investment scheme (CIS) is required to pay an annual fee to the Securities and Exchange Commission of Pakistan (SECP). With effect from 01 July 2019, the SECP vide SRO No.685(1)2019 dated 28 June 2019 revised the rate of annual fee to 0.02% of net assets on all categories of CISs. Previously, the rate of annual fee applicable to the money market scheme was 0.075% of net assets.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
10 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	Rupees	
Auditors' remuneration payable		500,850	618,300
Printing charges payable		-	77,972
Withholding tax payable		10,043,989	18,170,295
Capital gain tax payable		4,217,082	1,108,008
Provision for Sindh Workers' Welfare Fund	10.1	67,373,577	38,941,269
Zakat payable		38,441	8,609
		<b>82,173,939</b>	<b>58,924,453</b>

**10.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Rs. 3.39 per unit (2019: Re 1.91 per unit).

## 11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2020 and 30 June 2019.

## 12 ACCOUNTING AND OPERATIONAL CHARGES

The Management Company is allowed to charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019 as per SECP SRO 639 (I) / 2019 dated 20 June 2019.

The Management Company has charged expenses at the rate of 0.1% of the average annual net assets of the Fund for the period from 01 July 2019 to 30 September 2019, 0.15% of the average annual net assets of the Fund from 01 October 2019 till 04 March 2020 and 0.17% of the average annual net assets of the Fund from 05 March 2020 onwards for allocation of such expenses to the Fund.

	2020	2019
13 AUDITORS' REMUNERATION	Rupees	
Annual audit fee	345,000	315,000
Half yearly review of condensed interim financial information	175,000	157,500
Other Certifications	55,000	50,000
Code of Corporate Governance	50,000	-
Out of pocket expenses	40,000	50,000
Sindh Sales Tax on services	53,200	45,800
Prior year adjustment	(36,871)	(95,595)
	<b>681,329</b>	<b>522,705</b>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 0.98% (2019: 0.95%) which includes 0.33%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(2019:0.32%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

## 15 TAXATION

- 15.1 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% 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. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has paid the required minimum percentage of income earned by the Fund during the year ended 30 June 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 16 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1 Connected persons include Atlas Asset Management Limited being the Management Company, the 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, directors and their close family members 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, 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.
- 17.3 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.
- 17.4 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:

	2020	2019
	----- Rupees -----	
<b>Atlas Asset Management Limited - Management Company</b>		
Remuneration of the Management Company	48,479,295	65,632,235
Remuneration paid	49,751,173	66,813,380
Sindh Sales Tax on remuneration of the Management Company	6,302,308	8,532,191
Accounting and operational charges billed	16,763,643	14,584,941
Issue of 453,120 (2019: 372,611) units	228,939,004	189,160,580
Redemption of 276,931 (2019: 372,611) units	140,000,304	187,872,711
Dividend declared	4,998,119	8,091,020
Outstanding 176,189 (2019: 1) units - at net asset value	89,020,759	298
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	7,461,029	11,000,965
Sindh Sales Tax on remuneration of the Trustee	969,934	1,430,125
Remuneration paid	7,656,806	11,158,455

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees -----	
<b>Atlas Foundation (Group Company)</b>		
Issue of 93,763 (2019: 11,851) units	47,480,402	56,236,967
Dividend declared	15,342,573	7,314,935
Redemption of 46,463 (2019: Nil) units	23,500,000	-
Outstanding 259,800 (2019: 212,500) units - at net asset value	131,265,678	106,913,042
<b>Atlas Battery Limited</b>		
Issue of 30 (2019: 31,622) units	14,986	15,888,580
Redemption of 4,157 (2019: 560,022) units	2,100,381	283,372,212
Dividend declared	17,543	14,403,364
Outstanding Nil (2019: 4,127) units - at net asset value	-	2,076,707
<b>Atlas Fund of Funds (Fund under common management)</b>		
Issue of units 484,666 (2019: 222,834) units	244,620,000	112,150,000
Redemption of 484,666 (2019: 222,834) units	246,443,660	113,150,000
<b>Atlas Group of Companies, M.S.G.Fund</b>		
Issue of 318,585 (2019: 252,031) units	161,166,274	127,778,346
Redemption of 414,794 (2019: 147,482) units	210,000,000	74,300,000
Dividend declared	5,752,355	7,778,346
Outstanding 117,461 (2019: 213,670) units - at net asset value	59,347,713	107,501,398
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 2,691,828 (2019: 1,609,457) units	1,360,191,713	812,285,435
Redemption of 4,750,794 (2019: 5,040,039) units	2,406,000,000	2,550,000,000
Dividend declared	309,066,830	590,249,863
Outstanding 4,096,035 (2019: 6,155,001) units - at net asset value	2,069,545,461	3,096,704,288
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 2,799,425 (2019: 2,063,181) units	1,413,099,944	1,053,108,979
Dividend declared	31,824,679	17,007,997
Redemption of 2,582,615 (2019: 2,063,181) units	1,308,913,495	1,050,995,516
Outstanding 216,810 (2019: Nil) units - at net asset value	109,544,551	-
<b>Atlas Engineering Limited Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 17,666 (2019: Nil) units	8,934,496	-
Redemption of 11,902 (2019: Nil) units	6,000,000	-
Dividend declared	402,774	-
Outstanding 5,763 (2019: Nil) units - at net asset value	2,911,927	-
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 132,666 (2019: 137,877) units	66,913,478	69,317,303
Redemption of 118,699 (2019: 237,987) units	60,000,000	120,000,000
Dividend declared	6,713,864	16,997,194
Outstanding 157,231 (2019: 143,264) units - at net asset value	79,441,919	72,079,270

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees -----	
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 2,290 (2019: 2,755) units	1,153,212	1,385,256
Redemption of 6,907 (2019: Nil) units	3,500,000	-
Dividend declared	1,381,802	1,385,256
Outstanding 17,056 (2019: 21,673) units - at net asset value	8,617,857	10,904,341
<b>Honda Atlas Cars (Pakistan) Limited (Group Company)</b>		
Issue of 2,825 (2019: 737,324) units	1,423,583	375,836,755
Redemption of 2,825 (2019: 4,254,774) units	1,436,692	2,186,388,415
Dividend declared	-	131,403,157
<b>Batools Benefit Trust</b>		
Issue of 43,234 (2019: 1,355) units	21,811,260	681,353
Dividend declared	2,063,407	779,509
Outstanding 55,295 (2019: 12,061) units - at net asset value	27,938,122	6,068,058
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 8,704 (2019: 36,673) units	4,395,277	18,502,631
Redemption of 25,883 (2019: 39,676) units	13,100,000	20,000,000
Dividend declared	2,851,223	3,782,631
Outstanding 37,227 (2019: 54,406) units - at net asset value	18,809,076	27,372,391
<b>Shirazi Investments (Private) Limited</b>		
Issue of 983,554 (2019: 158,463) units	495,199,640	79,671,949
Redemption of 534,337 (2019: 833,325) units	270,000,000	425,000,000
Dividend declared	74,488,879	101,743,194
Outstanding 1,443,983 (2019: 944,767) units - at net asset value	729,580,878	500,486,813
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of Nil (2019: 2,409) units	-	1,211,474
Redemption of Nil (2019: 23,490) units	-	11,874,188
Dividend declared	-	1,228,054
<b>Atlas Die Casting (Private) Limited (Group Company)</b>		
Issue of 80,804 (2019: 780,763) units	40,547,455	395,031,266
Dividend declared	177,796	5,494,705
Redemption of 79,951 (2019: 780,763) units	40,303,317	399,099,536
Outstanding 53 (2019: Nil) units - at net asset value	26,851	-
<b>Fauji Fertilizer Company Limited (Unit Holder with more than 10% holding)</b>		
Issue of Nil (2019: 16,287,897) units	-	8,284,891,901
Redemption of Nil (2019: 11,202,348) units	-	5,786,932,117
Outstanding Nil (2019: 5,085,549) units - at net asset value	-	2,558,641,525

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees -----	
<b>Pakistan Petroleum Limited (Unit Holder with more than 10% holding)</b>		
Issue of 2,163,275 (2019: Nil) units	1,094,119,228	-
Redemption of 1,408,798 (2019: Nil) units	709,794,879	-
Dividend declared	33,008,444	-
Outstanding 2,153,232 (2019: Nil) units - at net asset value	1,087,933,119	-
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Issue of 1,000,715 (2019: 196,504) units	506,414,337	99,644,920
Redemption of 461,671 (2019: 569,138) units	233,687,680	291,391,158
Dividend declared	19,417,863	36,545,071
Outstanding 798,559 (2019: 298,070) units - at net asset value	403,476,734	149,964,978

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

\*The holding during the current period is less than 10%

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2020			
	At Amortised Cost	At fair value through profit or loss	At Fair Value through OCI	Total
	----- (Rupees) -----			
<b>Financial assets</b>				
Cash and bank balances	7,522,447,993	-	-	7,522,447,993
Investments	-	2,617,567,408	-	2,617,567,408
Profit receivable on bank balances	1,373,040	-	-	1,373,040
	<b>7,523,821,033</b>	<b>2,617,567,408</b>	<b>-</b>	<b>10,141,388,441</b>

	As at 30 June 2020			
	At amortised cost	At fair value through profit or loss	At Fair Value through OCI	Total
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Payable to Atlas Asset Management Limited - Management Company	28,444,987	-	-	28,444,987
Payable to the Central Depository Company of Pakistan Limited - Trustee	635,959	-	-	635,959
Payable against redemption of units	16,431	-	-	16,431
Unclaimed dividend	25,152	-	-	25,152
Accrued expenses and other liabilities	539,291	-	-	539,291
	<b>29,661,820</b>	<b>-</b>	<b>-</b>	<b>29,661,820</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	As at 30 June 2019		
	At amortised cost	At fair value through profit or loss	At Fair Value through OCI
	(Rupees)		
<b>Financial assets</b>			
Cash and bank balances	10,339,271,465	-	-
Profit receivable on bank balances	7,648,801	-	-
	<b>10,346,920,266</b>	<b>-</b>	<b>-</b>

	As at 30 June 2019		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees)		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	29,366,349	29,366,349
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	857,187	857,187
Payable against redemption of units	-	8,034,982	8,034,982
Unclaimed dividend	-	5,394,915	5,394,915
Accrued expenses and other liabilities	-	704,881	704,881
	<b>-</b>	<b>44,358,314</b>	<b>44,358,314</b>

### 19 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.

During the year ended June 30, 2020, the global economic environment including Pakistan has been severely affected by the COVID -19 outbreak. COVID-19 has impacted the businesses in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, challenges to continuity of business operations and managing cybersecurity threat. The State Bank of Pakistan has also responded to the crisis by cutting the policy rate by 225 bps to 11% in March '20, by 200 bps to 9% on April '20, by 100 bps to 8% in May '20 and again by 100 bps to 7% in June '20. SECP has also provided certain relaxation to the asset management companies in Pakistan for specific period.

The Fund's management and Board is fully cognizant of the business challenges posed by the COVID-19 outbreak and constantly monitoring the situation and believe that its current policies for managing credit, liquidity, market and operational risk are adequate in response to the current situation.

#### 19.1 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## (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 2020, the Fund is exposed to such risk in respect of balances with other 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.

## a) Sensitivity analysis for variable rate instruments

As at 30 June 2020, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in market interest rates as at 30 June 2020, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 74,585,801 (2019: Rs 102,282,805).

## b) Sensitivity analysis for fixed rate instruments

The sensitivity analysis for fixed rate instrument is not performed as the Fund do not hold investments in fixed interest rate instrument as at 30 June 2020. There will be no impact on net assets of the future movements in fixed interest rates.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2020 and 30 June 2019 can be determined as follows:

----- As at 30 June 2020 -----						
Effective yield / interest rate	Exposed to yield / interest 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			
----- (Rupees) -----						
<b>Financial assets</b>						
Cash and bank balances	6.00% - 12.50%	7,458,580,094	-	-	63,867,899	7,522,447,993
Investments		2,617,567,408	-	-	-	2,617,567,408
Profit receivable on bank balances		1,373,040	-	-	-	1,373,040
		<b>10,077,520,542</b>	<b>-</b>	<b>-</b>	<b>63,867,899</b>	<b>10,141,388,441</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	28,444,987	28,444,987
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	635,959	635,959
Payable against redemption of units		-	-	-	16,431	16,431
Unclaimed dividend		-	-	-	25,152	25,152
Accrued expenses and other liabilities		-	-	-	539,291	539,291
		-	-	-	<b>29,661,820</b>	<b>29,661,820</b>
<b>On-balance sheet gap (a)</b>		<b>10,077,520,542</b>	<b>-</b>	<b>-</b>	<b>34,206,079</b>	<b>10,111,726,621</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a + b)</b>		<b>10,077,520,542</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>10,077,520,542</b>	<b>10,077,520,542</b>	<b>10,077,520,542</b>		



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

----- As at 30 June 2019 -----						
Effective yield / interest rate	Exposed to yield / interest 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			
----- (Rupees) -----						
<b>Financial assets</b>						
Cash and bank balances	6.00% - 13.40%	10,287,871,465	-	-	51,400,000	10,339,271,465
Profit receivable on bank balances		-	-	-	7,648,801	7,648,801
		<u>10,287,871,465</u>	<u>-</u>	<u>-</u>	<u>59,048,801</u>	<u>10,346,920,266</u>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	29,366,349	29,366,349
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	857,187	857,187
Payable against redemption of units		-	-	-	8,034,982	8,034,982
Unclaimed dividend		-	-	-	5,394,915	5,394,915
Accrued expenses and other liabilities		-	-	-	704,881	704,881
		<u>-</u>	<u>-</u>	<u>-</u>	<u>44,358,314</u>	<u>44,358,314</u>
<b>On-balance sheet gap (a)</b>		<u>10,287,871,465</u>	<u>-</u>	<u>-</u>	<u>14,690,487</u>	<u>10,302,561,952</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a + b)</b>		<u>10,287,871,465</u>	<u>-</u>	<u>-</u>		
<b>Cumulative interest rate sensitivity gap</b>		<u>10,287,871,465</u>	<u>10,287,871,465</u>	<u>10,287,871,465</u>		

### (ii) 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.

## 19.2 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 a 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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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, 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 2020 -----					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Financial assets</b>					
Cash and bank balances	7,522,447,993	-	-	-	7,522,447,993
Investments	2,617,567,408	-	-	-	2,617,567,408
Profit receivable on bank deposits	1,373,040	-	-	-	1,373,040
	<b>10,141,388,441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,141,388,441</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	28,444,987	-	-	-	28,444,987
Payable to the Central Depository Company of Pakistan Limited - Trustee	635,959	-	-	-	635,959
Payable against redemption of units	16,431	-	-	-	16,431
Unclaimed dividend	25,152	-	-	-	25,152
Accrued expenses and other liabilities	-	539,291	-	-	539,291
	<b>29,122,529</b>	<b>539,291</b>	<b>-</b>	<b>-</b>	<b>29,661,820</b>
<b>Net assets / (liabilities)</b>	<b>10,112,265,912</b>	<b>(539,291)</b>	<b>-</b>	<b>-</b>	<b>10,111,726,621</b>
----- As at 30 June 2019 -----					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
<b>Financial assets</b>					
Cash and bank balances	10,339,271,465	-	-	-	10,339,271,465
Profit receivable on bank deposits	7,648,801	-	-	-	7,648,801
	<b>10,346,920,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,346,920,266</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	29,366,349	-	-	-	29,366,349
Payable to the Central Depository Company of Pakistan Limited - Trustee	857,187	-	-	-	857,187
Payable against redemption of units	8,034,982	-	-	-	8,034,982
Unclaimed dividend	5,394,915	-	-	-	5,394,915
Accrued expenses and other liabilities	-	704,881	-	-	704,881
	<b>43,653,433</b>	<b>704,881</b>	<b>-</b>	<b>-</b>	<b>44,358,314</b>
<b>Net assets / (liabilities)</b>	<b>10,303,266,833</b>	<b>(704,881)</b>	<b>-</b>	<b>-</b>	<b>10,302,561,952</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 19.3 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 and profit receivable on bank deposits. 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 at 30 June 2020, 26.09% (2019: Nil) of Fund's net assets are invested in government securities. Furthermore, the Fund's maximum exposure to credit risk as of 30 June 2020 amounts to Rs. 7,523,821,033 (2019: Rs 10,349,423,761).

### 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. The credit risk associated with government securities is limited as these are guaranteed by the Federal Government. As at 30 June 2020, the Fund did not hold investments in government guaranteed securities. Banks with which the Fund has maintained balances are rated as follows:

Rating	2020	2019
AA	-	20.07%
AA+	6.39%	16.84%
AAA	93.61%	63.09%
	<b>100.00%</b>	<b>100.00%</b>

## 20 FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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 to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30 2020, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique. The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

## 21 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to distributions and to payment of a

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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.

### 22 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees)	Percentage of total	Number of unit holders	Investment amount (Rupees)	Percentage of total
Individuals	788	1,379,281,687	13.75%	643	603,890,620	5.90%
Associated Companies / Directors	11	3,419,789,104	34.09%	11	3,773,101,683	36.85%
Insurance Companies	1	10,207,776	0.10%	2	11,621,695	0.11%
Banks / DFIs	1	511,276,893	5.10%	0	-	-
Retirement Funds	26	602,303,300	6.00%	16	547,207,481	5.34%
Public Limited Companies	30	4,107,272,171	40.95%	28	5,276,976,911	51.54%
Others	1	1,337,879	0.01%	4	26,705,357	0.26%
	<b>858</b>	<b>10,031,468,810</b>	<b>100.00%</b>	<b>704</b>	<b>10,239,503,747</b>	<b>100.00%</b>

### 23 LIST OF TOP BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Pearl Securities Limited	50.30	Arif Habib Limited	25.30
Arif Habib Limited	44.45	JS Global Capital Limited	2.79
Optimus Capital Management (Private) Limited	5.25	Optimus Capital Management (Private) Limited	6.13
	<b>100.00</b>	Pearl Securities Limited	<b>65.78</b>
			<b>100.00</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 24 MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	20 Years
Mr. Ali H. Shirazi	Director	Masters in Law	16.5 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	16 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	12 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	12 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	9 Years

## 25 NAME AND QUALIFICATION OF THE FUND MANAGER

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

## 26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Names of Directors	Meeting held on					
	04 July 2019	26 September 2019	30 October 2019	27 February 2020	29 April 2020	26 June 2020
Mr. Yusuf H. Shirazi *	L	P	-	-	-	-
Mr. Iftikhar H. Shirazi ** (Appointed Chairman w.e.f. Feb. 27, 2020)	-	-	-	P	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Fahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. Muhammad Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim(Company Secretary)	P	P	P	L	P	P

P Present

L Leave of absence

\* Mr. Yusuf H. Shirazi passed away on October 20, 2019.

\*\* Mr. Iftikhar H. Shirazi appointed as chairman on February 27, 2020.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 27 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2019: AM2+ (AM Two Plus)] on 26 December 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Moreover, PACRA has updated the stability rating of the Fund at "AA+ (f)" (Double A Plus) [2019: "AA (f)"] on 17 April 2020.

### 28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 10 September 2020.

### 29 GENERAL

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

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Sovereign 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

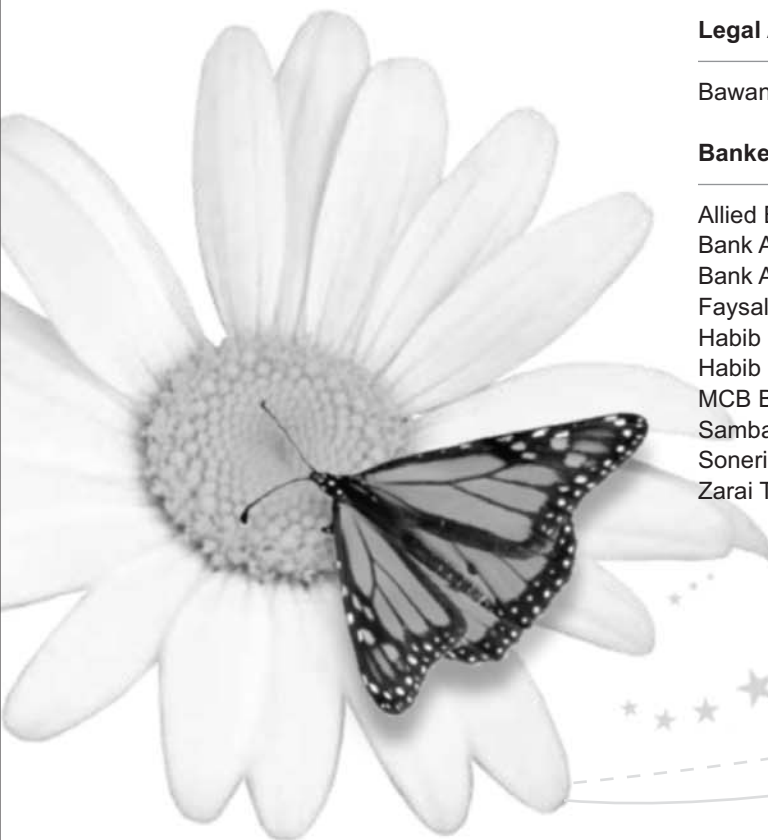
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Bawaney & Partners

### Bankers

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Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Samba Bank Limited  
Soneri Bank Limited  
Zarai Taraqati Bank Limited



## Fund Manager's Report

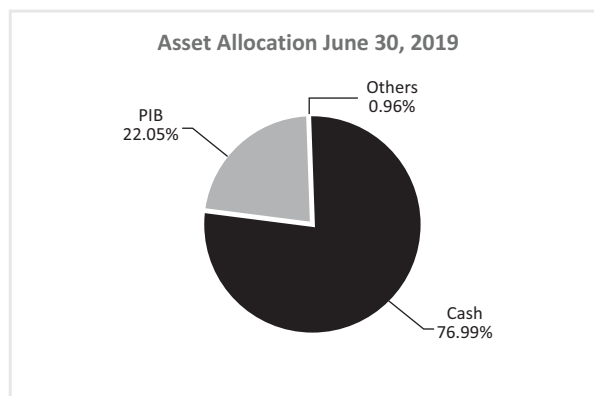
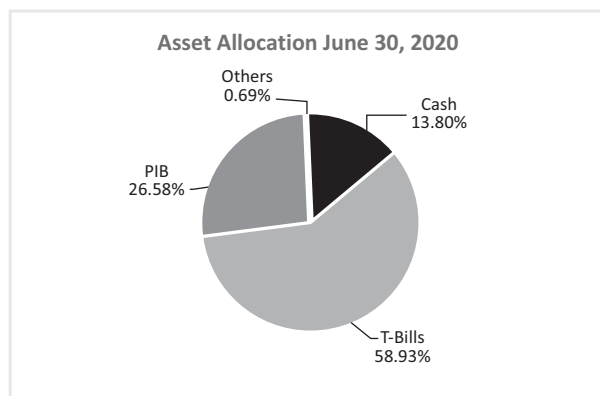
Atlas Sovereign Fund (ASF) is an Open-ended Income Fund. The objective of ASF is to provide unit holders competitive returns with medium risk and high liquidity by investing in Government Securities and Debt Instruments. The Fund's strategy is based on the conviction that economic environment drives 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 Sovereign Fund performance benchmark is average Six Months PKRV rates.

The Consumer Price Index (CPI) on average was recorded at 10.74% during financial year 2019-20, as compared to 7.34% for the financial year 2018-19. The YoY upsurge in inflation rate was due to increase in energy, health and food prices.

During the year, SBP has significantly shown an expansion in monetary policy which seeks to encourage economic growth to boost aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since March 2020 by decreasing 625 basis points as on June 30, 2020 due to the deceleration in domestic food prices, significant decline in consumer price expectations, sharp fall in global oil prices, and slowdown in external and domestic demand due to the Coronavirus pandemic. In recent monetary policy announced on June 25, 2020, SBP further decreased the policy rate by another 100 bps to 07.00%. The decision was taken on account of releasing the downside risks to growth since the MPC meeting on March 17, 2020. Going forward, the MPC continues to observe economic conditions and stands ready to take whatever further actions may become necessary in response to any adverse impact on the economy arising from the pandemic. On the other hand, an increase in domestic demand and upward revision in projected inflation would also provide grounds for tightening monetary conditions.

The Net Asset Value per unit of Atlas Sovereign Fund increased by 18.08% to Rs. 100.96 as on June 30, 2020. The benchmark average six months PKRV rate stood at 12.08% during the period under review. The ASF's total exposure in Pakistan Investment Bonds, Treasury Bills and Short-Term Deposits with Banks/Others stood at 26.58%, 58.93% and 14.49%, respectively. ASF presents a good investment opportunity for investors to earn competitive returns with medium risk. The Net Assets of the Fund stood at Rs. 2.08 billion, with 20.64 million units outstanding as of June 30, 2020.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 17.50 per unit for the period ended June 30, 2020 (17.5% 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.)	Percentage (%)
Individual	89	216,058,163	10.37%
Associated companies / Directors	7	1,561,415,195	74.94%
Retirement Funds	11	305,998,215	14.69%
<b>Total</b>	<b>107</b>	<b>2,083,471,573</b>	<b>100.00%</b>

The Fund has made provision against SWWF, which up till June 30, 2020 amounted to Rs. 9,957,264 (Rs. 0.48 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 905,341 up till June 30, 2020 (Rs. 0.04 per unit).

The Total Expense Ratio (TER) of the Fund is 1.61% including expenses representing Government levy, SWWF and SECP Fee of 0.46%.

During the year under review, the Investment Committee held fifty-one meetings to review investment of the Fund and the Risk Committee held fifteen meetings to review risk management.

Karachi: 10 September 2020

**Fawad Javaid**  
Head of Fixed Income



## PERFORMANCE SINCE INCEPTION

	2020	2019	2018	2017	2016	2015*
Net Assets (Rs. in '000)	2,083,472	2,301,237	358,197	250,510	746,960	604,907
Number of units in issue	20,635,634	22,936,104	3,411,400	2,287,658	7,461,205	5,898,379
Net assets value per unit (Rs.)	100.96	100.33	105.00	109.50	100.11	102.55
Net income (Rs. in 000)	391,074	45,984	14,631	21,473	12,781	15,854
Earnings per unit (Rs.)	18.95	2.00	4.29	9.39	1.71	2.69
Annual return of the fund (%)	18.08	7.71	5.00	9.39	5.79	8.32
Offer Price ** (Rs.)	100.95	100.33	105.00	109.54	100.11	102.55
Redemption Price ** (Rs.)	100.95	100.33	105.00	109.54	100.11	102.55
Highest offer Price (Rs.)	118.07	104.33	104.97	109.54	105.76	104.61
Lowest offer Price (Rs.)	100.49	100.27	100.14	100.25	100.02	100.12
Highest repurchase price per unit (Rs.)	118.07	104.33	104.97	109.54	105.76	104.61
Lowest repurchase price per unit (Rs.)	100.49	100.27	100.14	100.25	100.02	100.12
Weighted average portfolio (No. of days)	336.54	218.17	2.82	0.98	10.83	1.72

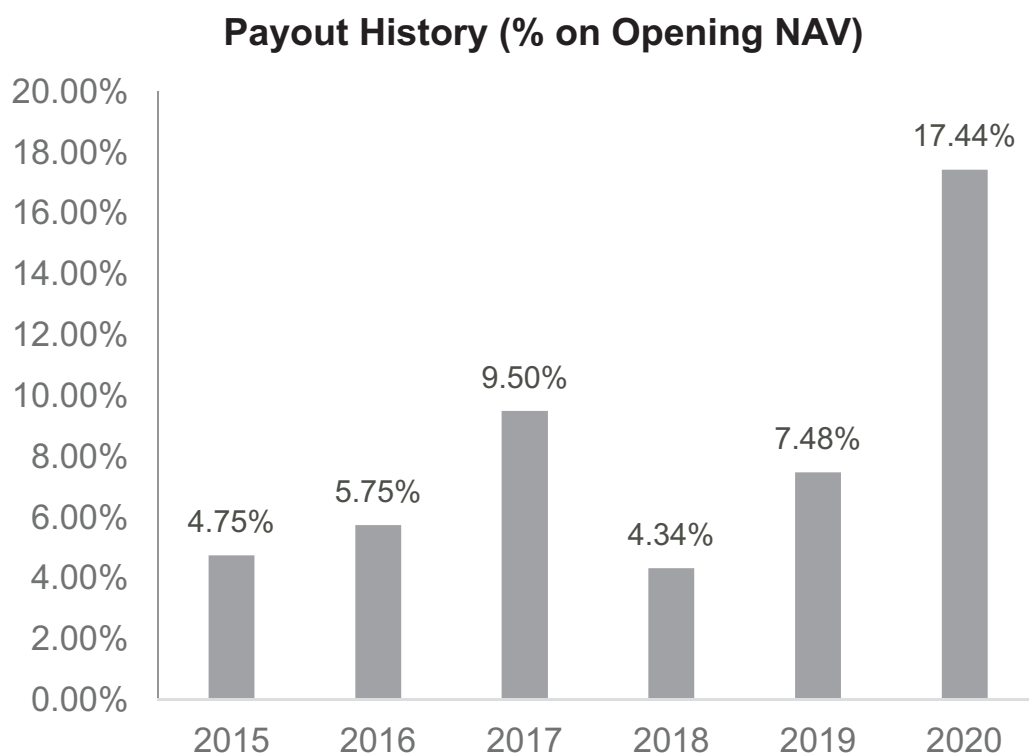
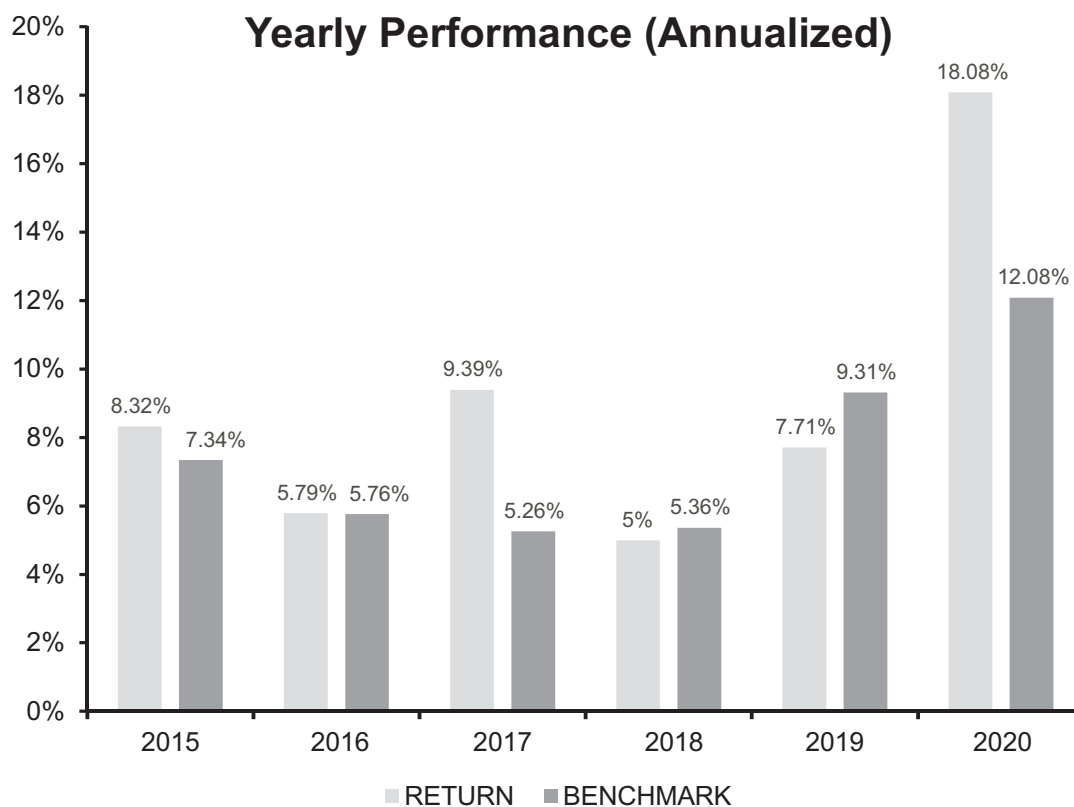
For the Period From 24 November 2014 to 30 June 2015 (Date of Launch: 01 December 2014)

\*\*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.

## Distribution Details

Distribution details	2020	2019	2018	2017	2016	2015
First Inteim Distribution - Cash Dividend (Rs.)	17.50	4.00	-	-	5.75	2.25
First Inteim Distribution as a % of opening NAV	17.44	3.99	-	-	5.75	2.25
Distribution date	26-Jun-20	18-Jan-19	-	-	24-Jun-16	8-Jun-15
Second Inteim Distribution - Cash Dividend (Rs.)	-	3.50	-	-	-	-
Second Inteim Distribution as a % of opening NAV	-	3.49	-	-	-	-
Distribution date	-	27-Jun-19	-	-	-	-
Final Distribution - Cash Dividend (Rs.)	-	-	4.75	9.50	-	2.50
Final Distribution as a % of opening NAV	-	-	4.75	9.49	-	2.50
Distribution date	-	-	6-Jul-18	7-Jul-17	-	7-Jul-15



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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 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, 2020 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: 29 September 2020

**Abdul Samad**  
Chief Operating Officer  
**Central Depository Company of Pakistan Limited**

# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Sovereign Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Sovereign Fund** ("the Fund"), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Following is the key audit matter:

S. No	Key audit matter	How our audit addressed the key audit matter
1	<b>Net Asset Value (NAV)</b> (Refer notes 4 and 5 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the NAV. Investments of the Fund as at June 30, 2020 amounted to Rs. 1,867.852 million and balances with banks aggregated to Rs. 301.478 million. The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>• Tested the design and operating effectiveness of the key controls for valuation of investments;</li><li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2020 and reconciled balances in these confirmations with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

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## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting 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. In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether

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the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirement**

Based on our audit, we further report that 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.

#### **Other Matter**

The financial statements of the Fund for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated September 26, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Salman Hussain.

Karachi: 29 September 2020

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

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
<b>Assets</b>			
Bank balances	4	301,477,720	1,786,431,695
Investments	5	1,867,851,534	511,602,698
Mark-up receivable	6	14,446,366	21,782,840
Other receivables	7	479,185	469,410
Deferred formation cost	8	-	-
<b>Total assets</b>		<b>2,184,254,805</b>	<b>2,320,286,643</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	9	3,660,853	1,854,683
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	139,491	255,914
Payable to the Securities and Exchange Commission of Pakistan	11	495,192	430,422
Accrued expenses and other liabilities	12	96,487,696	16,508,933
<b>Total liabilities</b>		<b>100,783,232</b>	<b>19,049,952</b>
<b>NET ASSETS</b>		<b>2,083,471,573</b>	<b>2,301,236,691</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>2,083,471,573</b>	<b>2,301,236,691</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>20,635,634</b>	<b>22,936,104</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>100.96</b>	<b>100.33</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Note	Rupees	
<b>Income</b>			
Interest Income	14	290,837,766	55,788,183
Capital gain / (loss) on sale of investments - net		64,303,878	(1,596,694)
Net unrealized gain / (loss) on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		75,891,034	(1,849,043)
		<b>140,194,912</b>	<b>(3,445,737)</b>
<b>Total income</b>		<b>431,032,678</b>	<b>52,342,446</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	9.1	22,252,623	2,121,413
Sindh sales tax on remuneration of the Management Company	9.2	2,892,841	275,784
Accounting and operational charges	9.4	3,544,224	573,890
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	10.1	1,609,396	848,381
Sindh sales tax on Remuneration of Trustee		209,221	110,290
Annual fees to the Securities and Exchange Commission of Pakistan	11.1	495,192	430,422
Auditors' remuneration	16	359,446	146,100
Annual rating fee		366,235	362,233
Annual listing fee		27,500	27,500
Securities transaction cost		33,969	927
Printing charges		28,809	946
Legal and professional charges		128,529	228,119
Amortisation of formation cost	8	-	260,000
Bank charges		29,277	33,555
Provision for Sindh Workers' Welfare Fund	12.1	7,981,108	938,458
<b>Total expenses</b>		<b>39,958,370</b>	<b>6,358,018</b>
<b>Net income for the year before taxation</b>		<b>391,074,308</b>	<b>45,984,428</b>
<b>Taxation</b>	17	-	-
<b>Net income for the year after taxation</b>		<b>391,074,308</b>	<b>45,984,428</b>
<b>Earnings per unit</b>	18		
<b>Allocation of net income for the year:</b>			
Net income for the year after taxation		391,074,308	45,984,428
Income already paid on units redeemed		(170,717,628)	(6,354,851)
		<b>220,356,680</b>	<b>39,629,577</b>
<b>Accounting income available for distribution:</b>			
-Relating to capital gains		140,194,912	-
-Excluding capital gains		80,161,768	39,629,577
		<b>220,356,680</b>	<b>39,629,577</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	Rupees	
Net income for the year after taxation	391,074,308	45,984,428
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>391,074,308</b>	<b>45,984,428</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020			30 June 2019		
	Capital Value	Undistributed income	Net Assets	Capital Value	Undistributed income	Net Assets
	Rupees			Rupees		
<b>Net assets at the beginning of the year</b> (Units outstanding: 22,936,104) (Rs 100.33 per unit) (2019: Units outstanding: 3,411,400) (Rs 105.00 per unit)	2,298,220,458	3,016,233	2,301,236,691	343,141,842	15,054,925	358,196,767
Issuance of 23,140,077 units (2019: 23,792,387 units)						
- Capital value (at net asset value per unit at the beginning of the period)	2,321,643,925	-	2,321,643,925	2,508,700,635	-	2,508,700,635
- Element of income	180,748,638	-	180,748,638	(70,356,038)	-	(70,356,038)
<b>Total proceeds on issuance of units</b>	<b>2,502,392,563</b>	<b>-</b>	<b>2,502,392,563</b>	<b>2,438,344,597</b>	<b>-</b>	<b>2,438,344,597</b>
Redemption of 25,440,547 units (2019: 4,267,683 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,552,450,127)	-	(2,552,450,127)	(448,106,715)	-	(448,106,715)
- Element of loss	(67,831,814)	(170,717,628)	(238,549,442)	15,832,839	(6,354,851)	9,477,988
<b>Total payment on redemption of units</b>	<b>(2,620,281,941)</b>	<b>(170,717,628)</b>	<b>(2,790,999,569)</b>	<b>(432,273,876)</b>	<b>(6,354,851)</b>	<b>(438,628,727)</b>
Total comprehensive income for the year	-	391,074,308	391,074,308	-	45,984,428	45,984,428
Refund of Capital	(106,439,138)	-	(106,439,138)	(50,992,105)	-	(50,992,105)
Cash dividend declared for the year ended 30 June 2020 at the rate of Rs. 17.50 per unit 26 June 2020	-	(213,793,282)	(213,793,282)	-	-	-
Cash dividend declared for the year ended 30 June 2018 at the rate of Rs. 4.75 per unit 06 July 2018	-	-	-	-	(13,834,502)	(13,834,502)
First interim distribution at Rs. 4.0 per unit declared on 18 January 2019	-	-	-	-	(10,084,761)	(10,084,761)
Second interim distribution at Rs. 3.5 per unit declared on 27 June 2019	-	-	-	-	(27,749,006)	(27,749,006)
	(106,439,138)	177,281,026	70,841,888	(50,992,105)	(5,683,841)	(56,675,946)
<b>Net assets at end of the year</b> (Units outstanding: 20,635,634) (Rs 100.96 per unit) (2019: Units outstanding: 22,936,104) (Rs 100.33 per unit)	<b>2,073,891,942</b>	<b>9,579,631</b>	<b>2,083,471,573</b>	<b>2,298,220,458</b>	<b>3,016,233</b>	<b>2,301,236,691</b>
<b>Undistributed income brought forward</b>						
- Realised income		4,865,277			13,858,968	
- Unrealised (loss) / Income		(1,849,044)			1,195,957	
		<b>3,016,233</b>			<b>15,054,925</b>	
<b>Accounting income available for distribution:</b>						
- Relating to capital gains	140,194,912			-		
- Excluding capital gains	80,161,768			39,629,577		
	<b>220,356,680</b>			<b>39,629,577</b>		
<b>Distributions during the year:</b>						
Cash dividend declared for the year ended 30 June 2020 at the rate of Rs. 17.50 per unit 26 June 2020	(213,793,282)			-		
Cash dividend declared for the year ended 30 June 2018 at the rate of Rs. 4.75 per unit 06 July 2018	-			(13,834,502)		
First interim distribution at Rs. 4.0 per unit declared on 18 January 2019	-			(10,084,761)		
Second interim distribution at Rs. 3.5 per unit declared on 27 June 2019	-			(27,749,006)		
	<b>(213,793,282)</b>			<b>(51,668,269)</b>		
<b>Undistributed income carried forward</b>		<b>9,579,631</b>			<b>3,016,233</b>	
<b>Undistributed income carried forward</b>						
- Realised income	-			4,865,277		
- Unrealised Income / (loss)		9,579,631		(1,849,044)		
		<b>9,579,631</b>			<b>3,016,233</b>	
Net assets value per unit at beginning of the year			100.33			105.00
Net assets value per unit at end of the year			100.96			100.33

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 ----- Rupees -----	2019 ----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		<b>391,074,308</b>	<b>45,984,428</b>
<b>Adjustments for:</b>			
Interest income		(290,837,766)	(55,788,183)
Capital (gain) / loss on sale of investments - net		(64,303,878)	1,596,694
Amortisation of formation cost		-	260,000
Net unrealized (gain) / loss on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(75,891,034)	1,849,043
Provision for Sindh Workers' Welfare Fund		7,981,108	938,458
		<b>(423,051,570)</b>	<b>(51,143,988)</b>
<b>Increase in assets</b>			
Investments		(1,033,906,683)	(384,721,762)
Profit received on investments and bank balances		116,026,999	(3,210,877)
Other receivables		(9,775)	(15,928)
		<b>(917,889,459)</b>	<b>(387,948,567)</b>
<b>Increase in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		1,806,170	119,338
Payable to the Central Depository Company of Pakistan Limited - Trustee		(116,423)	206,125
Payable to the Securities and Exchange Commission of Pakistan		64,770	205,867
Accrued expenses and other liabilities		71,997,655	14,007,122
		<b>73,752,172</b>	<b>14,538,452</b>
<b>Net cash used in operating activities</b>		<b>(876,114,549)</b>	<b>(378,569,675)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amount received against issuance of units		2,502,392,563	2,438,344,597
Amount paid against redemption of units		(2,790,999,569)	(438,628,727)
Refund of Capital		(106,439,138)	
Cash payout against distribution		(213,793,282)	(102,660,374)
<b>Net cash (used in) / generated from financing activities</b>		<b>(608,839,426)</b>	<b>1,897,055,496</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,484,953,975)</b>	<b>1,518,485,821</b>
Cash and cash equivalents at the beginning of the year		1,786,431,695	267,945,874
<b>Cash and cash equivalents at the end of the year</b>	4	<b>301,477,720</b>	<b>1,786,431,695</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar 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 2020

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Sovereign 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 Trust Deed has been revised through the First and Second Supplemental Trust Deeds dated May 23, 2017 and September 3, 2018 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth and Tenth Supplements dated March 24, 2015, August 3, 2015, June 23, 2016, October 13, 2016, June 2, 2017, April 18, 2018, August 20, 2018, October 2, 2019, October 30, 2019 and April 1, 2020 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund was launched as a money market scheme. Effective from January 2, 2019 the Funds' category was changed to Income Scheme with approval of the SECP. The Fund is listed on Pakistan Stock Exchange Limited. The units of the Fund are being offered for public subscription on a continuous basis from December 1, 2014 and are transferable and redeemable by surrendering them to the Fund.
- 1.3 The objective of the Fund is to provide unit holders competitive returns by investing in a portfolio of medium risk securities including investments in Government securities and debt instruments. The investment objectives and policies are more fully defined in Fund's Offering document.
- 1.4 The title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS OF PREPERATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- "Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed."

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

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

There are certain new standards, interpretations and amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on 1 July 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financials statements.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	1 January 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	1 January 2020

These amendments may impact the financial statements of the Fund on adoption. The management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain other standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after 1 July 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and, therefore, have not been detailed in these financial statements.

### 2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires 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 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 of the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets.

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

### 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.

### 3.1 Financial assets

#### 3.1.1 Classification and subsequent measurement

##### Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified based on the business model of the entity as:

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); or
- at fair value through profit or loss (FVPL).

IFRS 9 also provides an option for securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the Statement of Assets and Liabilities at fair value, with gains and losses recognised in the Income Statement, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income from equity securities classified under FVPL is recognised in the Income Statement. The subsequent movement in the fair value of equity securities under FVPL is routed through the Income Statement.

The Fund can only invest in equity securities for the purpose of spread transactions.

### 3.1.2 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

#### 3.1.2.1 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 in accordance with the guidelines issued by the SECP. 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.

### 3.1.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 3.1.4 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.

## 3.1.5 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.

## 3.1.6 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.

## 3.2 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, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

## 3.3 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.

## 3.4 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.

## 3.5 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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 3.6 Expenses

All expenses chargeable to the Fund including remuneration of Management Company, Trustee and annual fee of 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 amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.8 Taxation

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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

### 3.9 Distribution to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Investment 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. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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 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.

### 3.11 Earnings per unit

Earnings / loss per unit is calculated by dividing the net income of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

### 3.12 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.

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

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.



		2020	2019
	Note	----- Rupees -----	-----
<b>4 BANK BALANCES</b>			
In local currency			
- Profit and loss sharing accounts	4.1	301,477,720	1,736,431,695
- Cheque in hand		-	50,000,000
		<b>301,477,720</b>	<b>1,786,431,695</b>

		2020	2019
	Note	Rupees	Rupees
<b>5 INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
<b>Government Securities</b>			
Market Treasury Bills	5.1	1,287,200,883	-
Pakistan Investment Bonds	5.2	580,650,651	511,602,698
		<b>1,867,851,534</b>	<b>511,602,698</b>

Market treasury bills	As at 01 July 2019	Acquired during the year	Sold / matured during the year	As at 30 June 2020	Amortised cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets
	----- Face value (Rupees) -----			----- (Rupees) -----		----- Percentage -----		
03 Months - T-bills	-	9,200,000,000	9,200,000,000	-	-	-	-	-
06 Months - T-bills	-	715,000,000	540,000,000	175,000,000	169,513,829	169,851,475	9.09	8.15
12 Months - T-bills	-	2,562,245,000	1,419,200,000	1,143,045,000	1,101,513,992	1,117,349,408	59.82	53.63
<b>30 June 2020</b>	<b>-</b>	<b>12,477,245,000</b>	<b>11,159,200,000</b>	<b>1,318,045,000</b>	<b>1,271,027,821</b>	<b>1,287,200,883</b>	<b>68.91</b>	<b>61.78</b>
<b>30 June 2019</b>					-	-	-	-

Pakistan investment bonds	As at 01 July 2019	Acquired during the year	Sold / matured during the year	As at 30 June 2020	Amortised cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets
	----- Face value (Rupees) -----				----- (Rupees) -----		----- Percentage -----	
3 Years PIB	390,500,000	990,500,000	910,500,000	470,500,000	438,052,534	485,948,407	26.02	23.32
5 Years PIB	200,000,000	329,000,000	439,000,000	90,000,000	82,880,145	94,702,244	5.07	4.55
10 Years PIB	-	537,500,000	537,500,000	-	-	-	-	-
<b>30 June 2020</b>	<b>590,500,000</b>	<b>1,857,000,000</b>	<b>1,887,000,000</b>	<b>560,500,000</b>	<b>520,932,679</b>	<b>580,650,651</b>	<b>31.09</b>	<b>27.87</b>
<b>30 June 2019</b>					<b>513,451,742</b>	<b>511,602,698</b>	<b>100.00</b>	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.2.1 The cost of investments as on 30 June 2020 is Rs. 520,932,679 (30 June 2019: Rs. 513,451,742).

5.2.2 These Pakistan Investment Bonds carry purchase yields ranging from 11.52% to 14.59% (30 June 2019: 11.80% to 13.80%) per annum and will mature between 19 September 2022 and 19 September 2024 (30 June 2019: 12 July 2021 and 12 July 2023).

		2020	2019
	Note	Rupees	Rupees
<b>5.3 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial asset at fair value through profit or loss - net</b>			
Market value of investments	5.1 & 5.2	1,867,851,534	511,602,698
Less: carrying value of investments	5.1 & 5.2	1,791,960,500	513,451,742
		<b>75,891,034</b>	<b>(1,849,044)</b>
<b>6 MARK-UP RECEIVABLE</b>			
<b>Mark-up receivable on:</b>			
Bank balances		62,997	973,690
Pakistan Investment Bonds		14,383,369	20,809,150
		<b>14,446,366</b>	<b>21,782,840</b>
<b>7 OTHER RECEIVABLES</b>			
Other receivables	7.1	<b>479,185</b>	<b>469,410</b>
<p>7.1 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.</p> <p>In this connection, a petition has been filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) 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. Pending resolution of the matter, the cumulative amount of withholding tax deducted on profit received by the Fund on bank deposits till June 30, 2020 has been shown as other receivables as, in the opinion of the management, the amount of tax deducted at source will be refunded.</p>			
<b>8 DEFERRED FORMATION COST</b>	Note	2020	2019
Deferred formation cost		-	260,000
Amortisation of formation cost		-	(260,000)
		<b>-</b>	<b>-</b>
<b>9 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>			
Remuneration of the Management Company	9.1	2,036,614	330,804
Sindh sales tax payable on remuneration of the Management Company	9.2	396,036	174,284
Federal excise duty payable on remuneration of the Management Company	9.3	905,341	905,341
Formation cost payable		-	260,000
Accounting and operational charges payable	9.4	322,862	184,254
		<b>3,660,853</b>	<b>1,854,683</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- 9.1** The management company has charged remuneration at the rate of 10% of the gross earnings calculated on a daily basis subject to a minimum fee of 0.45% of average daily net asset and maximum fee of 0.80% of average annual net assets. The amount of the remuneration is being paid on monthly basis in arrears.
- 9.2** During the year, an amount of Rs. 2,892,836 (2019: Rs. 275,784) 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. 2,671,084 (2019: Rs. 249,964) has been paid to the Management Company which acts as a collecting agent.
- 9.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 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.

During the year ended June 30, 2017, the SHC passed an order whereby 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) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.905 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.04 (June 30, 2019: Re 0.04) per unit.

### 9.4 Accounting and operational charges

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The Management Company has charged expenses at the rate 0.1% of the average annual net assets of the Fund for the period from July 1, 2019 to September 30, 2019, at 0.15% of the average annual net assets of the Fund from October 01, 2019 till March 04, 2020 and at 0.17% of the average annual net assets of the Fund from March 05, 2020 till June 30, 2020 for allocation of such expenses to the Fund.

		2020	2019
10 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	Rupees	
Trustee fee	10.1	123,443	226,473
Sindh sales tax on trustee fee		16,048	29,441
		<b>139,491</b>	<b>255,914</b>

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed. Effective from July 1, 2019, this has been charged as follows:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Previous Tariff		Revised Tariff
Net Assets (Rs.)	Fee	(Flat Rate)
Upto Rs. 1 billion	0.15% per annum of net assets	0.065% per
From Rs. 1 billion to Rs. 10 billion	Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion.	annum of Net
Exceeding Rs. 10 billion	Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion.	Assets.

	Note	2020	2019
		Rupees	Rupees
<b>11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	11.1	<b>495,192</b>	<b>430,422</b>

- 11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to income funds was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

	Note	2020	2019
		Rupees	Rupees
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Transaction charges payable		1,204	1,611
Auditors' remuneration payable		252,450	177,120
Printing charges payable		8,025	3,641
Fund Rating Fee Payable		-	410
Withholding tax payable		31,010,400	4,032,096
Capital Gain Tax Payable		511,711	30,816
Dividend payable		54,735,658	10,287,083
Provision for Sindh Workers' Welfare Fund	12.1	9,957,264	1,976,156
Other payables		10,984	-
		<b>96,487,696</b>	<b>16,508,933</b>

- 12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.48 (June 30, 2019: Re. 0.09) per unit.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 13 CONTINGENCIES AND COMMITMENTS

There were no material contingencies and commitments outstanding as at 30 June 2020 and 30 June 2019.

## 14 INTEREST INCOME

	2020	2019
	Rupees	
Profit and loss sharing accounts	26,394,655	8,328,613
Government securities - Market Treasury Bills	182,147,241	37,448,375
Government securities - Pakistan Investment Bonds	82,295,870	10,011,195
	<b>290,837,766</b>	<b>55,788,183</b>

## 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 1.61% (June 30, 2019: 1.10%) which includes 0.45% (June 30, 2019: 0.31%) on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 16 AUDITORS' REMUNERATION

	2020	2019
	Rupees	
Annual audit fee	123,750	111,000
Half yearly review of condensed interim financial information	68,750	62,500
Certification charges	55,000	50,000
Code of Corporate Governance	50,000	-
Out of pocket expenses	25,000	8,000
Sindh sales tax on services	25,800	18,520
Prior year adjustment	11,146	(103,920)
	<b>359,446</b>	<b>146,100</b>

## 17 TAXATION

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% 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. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund during the year ended June 30, 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 18 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**19.1** Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Company, any entity in which the Management Company, its CIs or their connected persons have material interest, 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, directors and their close family members and key management personnel of the Management Company.

- 19.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, 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 of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

	2020	2019
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	22,252,623	2,121,413
Remuneration paid	20,546,813	1,922,772
Sindh sales tax on remuneration of the Management Company	2,892,841	275,784
Issue of Nil (2019: 712,652) units	-	71,569,094
Redemption of 416,133 (2019: 344,720) units	44,051,586	35,500,000
Cash dividend	-	1,843,647
Accounting and operational charges	3,544,224	573,890
Outstanding Nil (2019: 416,133) units at - net asset value	-	41,750,659
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,609,396	848,381
Sindh sales tax payable on remuneration of the Trustee	209,221	110,290
Remuneration paid	1,712,426	665,969
<b>Atlas Foundation (Group Company)</b>		
Issue of 248,631 (2019: 852,367) units	25,944,499	86,117,645
Cash dividend	13,385,013	1,198,982
Redemption of 272,776 (2019: Nil) units	31,000,000	-
Bank balances - cheque in hand	-	50,000,000
Outstanding 828,222 (2019: 852,367) units at - net asset value	83,617,293	85,518,023
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 23,760 (2019: 625,078) units	2,413,064	62,788,347
Redemption of 30,374 (2019: 510,248) units	3,400,000	51,780,000
Cash dividend	1,588,864	388,347
Outstanding 108,216 (2019: 114,830) units at - net asset value	10,925,487	11,520,859
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 81,925 (2019: 1,204,433) units	8,238,411	124,073,320
Cash dividend	8,238,411	4,073,320
Redemption of 733,666 (2019: Nil) units	80,000,000	-
Outstanding 552,692 (2019: 1,204,433) units - at net asset value	55,799,784	120,840,784

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees -----	
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 8,647,971 (2019: 7,031,519) units	940,984,082	722,939,257
Cash dividend	84,507,414	23,810,858
Redemption of 5,497,023 (2019: Nil) units	600,000,000	-
Outstanding 10,182,572 (2019: 7,031,624 ) units at - net asset value	1,028,032,469	705,482,820
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of Nil (2019: 5,829,391) units	-	598,084,965
Cash dividend	50,904,638	40,599,688
Redemption of 4,586,315 (2019: Nil) units	500,000,000	-
Outstanding 2,908,836 (2019: 7,495,151 ) units at - net asset value	293,676,083	751,988,488
<b>Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 510,060 (2019: 656,886) units	54,952,324	67,221,547
Cash dividend	11,406,359	2,221,547
Redemption of 163,837 (2019: Nil) units	18,000,000	-
Outstanding 1,003,109 (2019: 656,886) units - at net asset value	101,273,885	65,905,323
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 9,622,116 (2019: 550,455) units	1,025,733,909	55,978,054
Cash dividend	4,321,757	-
Redemption of 8,794,993 (2019:550,455 ) units	973,458,719	56,721,339
Outstanding 827,123 (2019: Nil) units - at net asset value	83,506,338	-
<b>Directors and their close family members and key management Personnel and executive of the Management Company</b>		
Issue of 297,765 (2019: 4,183,922) units	30,537,685	430,573,260
Redemption of 3,224,757 (2019: 15,421) units	350,391,371	1,575,000
Cash dividend	10,392,471	14,257,797
Outstanding 720,446 (2019: 4,180,952) units at - net asset value	72,736,228	419,474,910
<b>19.5</b> Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.		
<b>19.6</b> 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.		

	As at 30 June 2020		
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income
	----- (Rupees) -----		
<b>Financial assets</b>			
Bank balances	301,477,720	-	-
Investments	-	1,867,851,534	-
Mark-up receivable	14,446,366	-	-
	<b>315,924,086</b>	<b>1,867,851,534</b>	<b>-</b>
			<b>2,183,775,620</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	As at 30 June 2020		
	At fair value through profit or loss	At amortised Cost	Total
	(Rupees)		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	3,660,853	3,660,853
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	139,491	139,491
Accrued expenses and other liabilities	-	54,997,338	54,997,338
	-	<b>58,797,682</b>	<b>58,797,682</b>

	As at 30 June 2019			
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	(Rupees)			
<b>Financial assets</b>				
Bank balances	1,786,431,695	-	-	1,786,431,695
Investments	-	511,602,698	-	511,602,698
Mark-up receivable	21,782,840	-	-	21,782,840
	<b>1,808,214,535</b>	<b>511,602,698</b>	<b>-</b>	<b>2,319,817,233</b>

	As at 30 June 2019		
	At fair value through profit or loss	At amortised Cost	Total
	(Rupees)		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	1,854,683	1,854,683
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	255,914	255,914
Accrued expenses and other liabilities	-	10,469,865	10,469,865
	-	<b>12,580,462</b>	<b>12,580,462</b>

## 21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**21.1** 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.

### 21.2 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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## (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 June 30, 2020, the Fund is exposed to such risk in respect of its investments and bank balances. 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 / decrease in market interest rates as at June 30, 2020, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 3.014 million (2019: Rs. 17.364 million).

## b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds Pakistan investment bond which exposes the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in market interest rates as at June 30, 2020, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 18.679 million (2019: 5.905 million).

The composition of the fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 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.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2020 can be determined as follows:

----- As at 30 June 2020 -----					
Effective yield / interest rate	Exposed to yield / interest 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	6.50% - 8.50%	301,477,720	-	-	301,477,720
Investments	7.48% - 14.19%	1,867,851,534	-	-	1,867,851,534
Mark-up receivable		-	-	14,446,366	14,446,366
		<b>2,169,329,254</b>	<b>-</b>	<b>14,446,366</b>	<b>2,183,775,620</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	3,660,853	3,660,853
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	139,491	139,491
Accrued expenses and other liabilities		-	-	54,997,338	54,997,338
		<b>-</b>	<b>-</b>	<b>58,797,682</b>	<b>58,797,682</b>
<b>Total interest rate sensitivity gap</b>		<b>2,169,329,254</b>	<b>-</b>	<b>(44,351,316)</b>	<b>2,124,977,938</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

----- As at 30 June 2019-----

Effective yield / interest rate	Exposed to yield / interest 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	6.00% - 13.40%	1,786,431,695	-	-	1,786,431,695
Investments	11.80% - 13.80%	511,602,698	-	-	511,602,698
Mark-up receivable		-	-	21,782,840	21,782,840
		<b>2,298,034,393</b>	-	<b>21,782,840</b>	<b>2,319,817,233</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	1,854,683	1,854,683
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	255,914	255,914
Accrued expenses and other liabilities		-	-	10,469,865	10,469,865
		-	-	<b>12,580,462</b>	<b>12,580,462</b>
<b>Total interest rate sensitivity gap</b>		<b>2,298,034,393</b>	-	<b>9,202,378</b>	<b>2,307,236,771</b>

## (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.

## (iii) 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.

## 21.3 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.

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 summarises the maturity profile of the Fund's financial instruments. The analysis into relevant maturity

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 2020 -----					
	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	301,477,720	-	-	-	301,477,720
Investments	-	221,388,932	1,065,811,951	580,650,651	1,867,851,534
Mark-up receivable	14,446,366	-	-	-	14,446,366
	<b>315,924,086</b>	<b>221,388,932</b>	<b>1,065,811,951</b>	<b>580,650,651</b>	<b>2,183,775,620</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	3,660,853	-	-	-	3,660,853
Payable to the Central Depository Company of Pakistan Limited - Trustee	139,491	-	-	-	139,491
Accrued expenses and other liabilities	54,997,338	-	-	-	54,997,338
	<b>58,797,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,797,682</b>
<b>Net assets / (liabilities)</b>	<b>257,126,404</b>	<b>221,388,932</b>	<b>1,065,811,951</b>	<b>580,650,651</b>	<b>2,124,977,938</b>

----- As at 30 June 2019 -----					
	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	1,786,431,695	-	-	-	1,786,431,695
Investments	-	-	-	511,602,698	511,602,698
Mark-up receivable	21,782,840	-	-	-	21,782,840
	<b>1,808,214,535</b>	<b>-</b>	<b>-</b>	<b>511,602,698</b>	<b>2,319,817,233</b>
<b>Financial liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	1,334,683	260,000	-	260,000	1,854,683
Payable to the Central Depository Company of Pakistan Limited - Trustee	255,914	-	-	-	255,914
Accrued expenses and other liabilities	10,288,694	181,171	-	-	10,469,865
	<b>11,879,291</b>	<b>441,171</b>	<b>-</b>	<b>260,000</b>	<b>12,580,462</b>
<b>Net assets / (liabilities)</b>	<b>1,796,335,244</b>	<b>(441,171)</b>	<b>-</b>	<b>511,342,698</b>	<b>2,307,236,771</b>

### 21.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. The

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Fund is exposed to credit risk with respect to its bank balances and 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 2020, 90.34% (2019: 22.23%) of Fund's net assets are invested in government securities. The Fund's maximum exposure to credit risk (excluding government securities) as of June 30, 2020 amounts to Rs. 301,540,703 (2019: Rs. 1,808,214,535).

## 21.4.1 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 with banks. The credit rating profile of banks is as follows:

Ratings of amounts placed with banks	% of financial assets exposed to credit risk	
	2020	2019
AAA	91.23	97.80
AA+	8.73	1.89
AA	0.04	0.31
AA-	0.00	-
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2020 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

## 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.

## 22 FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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 tradeable in an open market are revalued at 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 to be significantly different from the respective book values.

### 22.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2020 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

ASSETS	As as June 30, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Market Treasury Bills	-	1,287,200,883	-	1,287,200,883
Pakistan Investment Bonds	-	580,650,651	-	580,650,651
	-	<b>1,867,851,534</b>	-	<b>1,867,851,534</b>
	As as June 30, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Pakistan Investment Bonds	-	511,602,698	-	511,602,698
	-	<b>511,602,698</b>	-	<b>511,602,698</b>

### 23 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 21, 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.

### 24 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit	Amount (Rupees)	Percentage of total	Number of unit	Amount (Rupees)	Percentage of total
Individuals	89	216,058,163	10.37	47	326,167,197	14
Associated Companies / Directors	7	1,561,415,195	74.94	7	1,699,859,915	74
Retirement Funds	11	305,998,215	14.69	6	275,209,579	12
	<b>107</b>	<b>2,083,471,573</b>	<b>100</b>	<b>60</b>	<b>2,301,236,691</b>	<b>100</b>

### 25 LIST OF BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	54.66%	Arif Habib Limited	43.96%
Invest Capital Markets Limited	45.34%	Invest Capital Markets Limited	56.04%
	<b>100.00%</b>		<b>100.00%</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 26 MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	20 Years
Mr. Ali H. Shirazi	Director	Masters in Law	16.5 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	16 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	12 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	12 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	9 Years

## 27 NAME AND QUALIFICATION OF FUND MANAGER

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

## 28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and attendance of its members are given below:

Particulars	Meeting held on					
	Jul 04, 2019	Sep 26, 2019	Oct 30, 2019	Feb 27, 2020	Apr 29, 2020	Jun 26, 2020
<b>Directors:</b>						
Mr. Yusuf H. Shirazi *	No	Yes	-	-	-	-
Mr. Iftikhar H. Shirazi **	-	-	-	Yes	Yes	Yes
Mr. Tariq Amin	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Frahim Ali Khan	No	Yes	Yes	Yes	Yes	Yes
Mr. Ali H. Shirazi	No	Yes	Yes	Yes	Yes	Yes
Mr. M. Habib-ur-Rahman	Yes	No	Yes	Yes	Yes	Yes
Ms Zehra Naqvi	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdul Samad	Yes	Yes	Yes	Yes	Yes	Yes
<b>Key executives:</b>						
Ms Qurrat-ul-ain Jafari	Yes	Yes	Yes	Yes	Yes	Yes
Ms Zainab Kazim	Yes	Yes	Yes	No	Yes	Yes

\* Mr. Yusuf H. Shirazi passed away on October 20, 2019.

\*\* Mr. Iftikhar H. Shirazi appointed as chairman on February 27, 2020.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 29 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (2019: AM2+) on December 26, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Moreover, PACRA maintained the stability rating of the Fund at "AA (f)" [2019: "AA (f)"] on 17 April 2020.

### 30 GENERAL

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

**30.2** Units have been rounded off to the nearest decimal place.

### 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 10 September 2020.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar 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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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

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Mohsin Tayebaly & Co.

### Bankers

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Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Samba Bank Limited  
Soneri Bank Limited  
Zarai Taraqiat Bank Limited





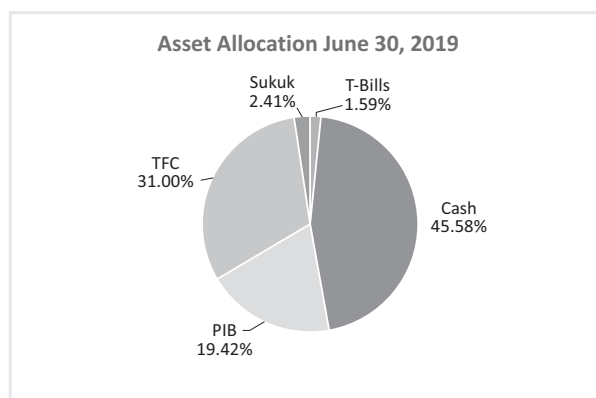
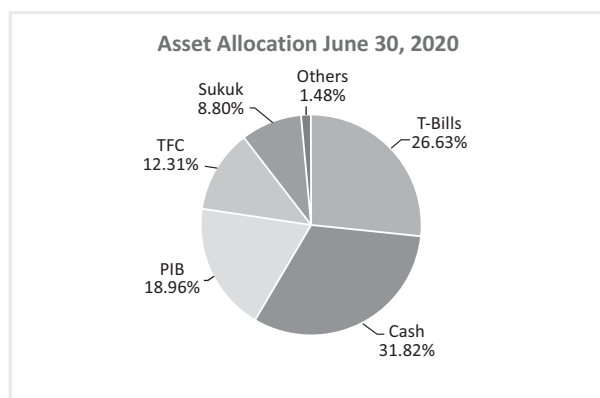
## Fund Manager's Report

Atlas Income Fund (AIF) is an Open-ended Income Fund. The objective of AIF is to achieve a good rate of current income with medium risk 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 performance benchmark is average Six Months KIBOR (offer) rate.

The Consumer Price Index (CPI) on average was recorded at 10.74% during financial year 2019-20, as compared to 7.34% for the financial year 2018-19. The YoY upsurge in inflation rate was due to increase in energy, health and food prices.

During the year, SBP has significantly shown an expansion in monetary policy which seeks to encourage economic growth to boost aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since March 2020 by decreasing 625 basis points as on June 30, 2020 due to the deceleration in domestic food prices, significant decline in consumer price expectations, sharp fall in global oil prices, and slowdown in external and domestic demand due to the Coronavirus pandemic. In recent monetary policy announced on June 25, 2020, SBP further decreased the policy rate by another 100 bps to 07.00%. The decision was taken on account of releasing the downside risks to growth since the MPC meeting on March 17, 2020. Going forward, the MPC continues to observe economic conditions and stands ready to take whatever further actions may become necessary in response to any adverse impact on the economy arising from the pandemic. On the other hand, an increase in domestic demand and upward revision in projected inflation would also provide grounds for tightening monetary conditions.



The Net Asset Value per unit of Atlas Income Fund increased by 16.26% to Rs. 519.53 as on June 30, 2020. The benchmark average six months KIBOR rate stood at 12.28% during the period under review. AIF's total exposure in Pakistan Investment Bonds, Term Finance Certificates, Sukuks, Treasury Bills and Bank Deposits/MTS/Others stood at 18.96%, 12.31%, 8.80%, 26.63% and 33.30%, respectively. AIF presents a good investment opportunity for investors to earn competitive returns while taking medium risk. The Net Assets of the Fund stood at Rs. 3.72 billion with 7.15 million units outstanding as of June 30, 2020.

The Investment Committee 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 aggregated interim distribution of Rs 77.50 per unit for the period ended June 30, 2020 (15.5% 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)	-	-	21,770.06
Agritech Limited-PPTFC	29,976	(29,976)	-	-	39,585.28
Agritech Limited-TFC-IV	7,494	(7,494)	-	-	9,985.31
Agritech Limited-TFC II	11,015	(11,015)	-	-	-
Azgard Nine Limited TFC	7,872	(7,872)	-	-	7,989.92
Azgard Nine Limited - V	5,375	(5,375)	-	-	-
Telecard Limited	4,669	(4,669)	-	-	1,583.91
<b>Total</b>	<b>81,626</b>	<b>81,626</b>			<b>80,914.49</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	2016-17	2017-18	2018-19	2019-20
Atlas Bachat Plan	85%	15%	9.72%	3.38%	3.41%	14.5%
Atlas Bachat Balanced Plan	50%	50%	19.61%	0.04%	-5.75%	10.4%
Atlas Bachat Growth Plan	15%	85%	29.50%	-3.31%	-14.91%	6.37%

#### Breakdown of Unit Holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	348	669,130,518	18.01%
Associated Companies / Directors	9	2,758,952,448	74.26%
Retirement Funds	13	231,786,190	6.24%
Insurance Companies	3	19,005,779	0.51%
Others	11	36,572,823	0.98%
<b>Total</b>	<b>384</b>	<b>3,715,447,758</b>	<b>100.00%</b>

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The Fund has made provision against SWWF, which up till June 30, 2020 amounted to 38,823,895 (Rs. 5.43 per unit). The Scheme has held provision for FED liability that amounted to Rs. 23,582,971 up till June 30, 2020 (Rs. 3.30 per unit).

The Total Expense Ratio (TER) of the Fund is 1.67% including expenses representing Government levy, SWWF and SECP Fee of 0.45%.

During the year under review, the Investment Committee held fifty-one meetings to review investment of the Fund and the Risk Committee held fifteen meetings to review risk management.

Karachi: 10 September 2020

**Fawad Javaid**  
Head of Fixed Income

## PERFORMANCE SINCE INCEPTION

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net assets (Rs. in '000)	3,715,454	2,988,495	6,736,308	12,550,927	7,808,327	5,576,232	3,896,867	1,939,998	931,487
Number of units in issue	7,151,571	5,820,926	12,545,428	24,501,811	15,273,112	10,928,688	7,734,075	3,851,364	1,855,552
Net asset value per unit (Rs.)	519.53	513.41	536.95	512.24	511.25	510.24	503.86	503.72	502.00
Net income (Rs. in '000)	499,648	292,891	460,808	213,245	444,672	168,149	184,945	139,186	53,314
Earnings per unit (Rs.)	69.87	50.32	36.73	8.70	29.11	15.39	23.91	36.14	28.73
Annual return of the Fund (%)	16.26	7.33	4.82	5.48	8.02	10.19	8.45	9.58	6.06
Offer price **	519.53	513.41	536.95	512.24	511.25	510.24	503.80	508.56	507.02
Redemption price **	519.53	513.41	536.95	512.24	511.25	510.24	503.86	503.52	502.00
Highest offer price (Rs.)	596.65	531.63	536.86	538.50	550.09	565.53	518.68	523.74	535.51
Lowest offer price (Rs.)	514.18	513.06	513.00	510.39	510.77	504.10	502.10	507.30	483.57
Highest repurchase price per unit (Rs.)	596.65	531.63	536.86	538.50	550.09	565.53	518.11	518.55	530.21
Lowest repurchase price per unit (Rs.)	514.18	513.06	513.00	510.39	510.77	504.10	502.10	502.28	478.78
Weighted average portfolio (No. of days)	612.86	774.82	652.86	417.19	845.19	98.20	329.65	59.05	87.24

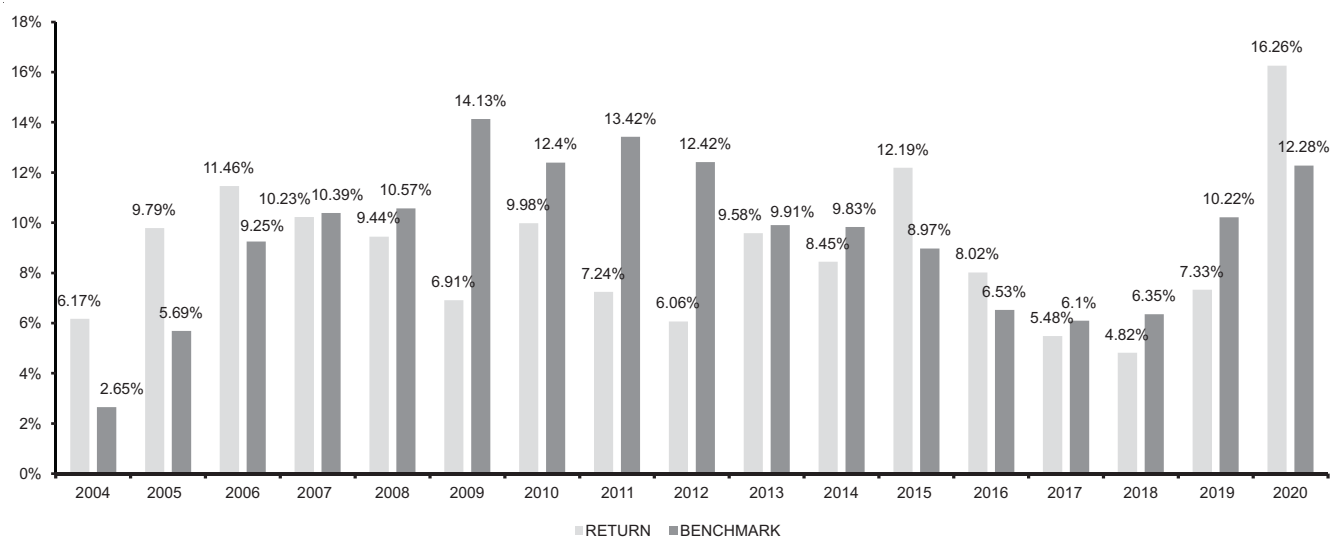
	2011	2010	2009	2008	2007	2006	2005	2004*
Net assets (Rs. in '000)	786,935	1,282,287	1,748,265	4,150,406	3,853,940	2,675,604	1,153,856	371,324
Number of units in issue	1,530,383	2,509,323	3,403,895	7,930,536	6,988,480	4,796,790	2,101,528	742,343
Net asset value per unit (Rs.)	514.21	511.01	513.61	523.34	551.47	557.79	549.06	500.21
Net income (Rs. in '000)	63,171	161,118	154,107	433,326	357,866	276,820	103,093	13,941
Earnings per unit (Rs.)	41.28	64.21	45.27	54.64	51.21	57.71	49.06	18.78
Annual return of the Fund (%)	7.24	9.98	6.91	9.44	10.23	11.46	9.79	6.17
Offer price **	519.35	516.04	518.75	533.81	557.60	566.65	554.55	505.21
Redemption price **	514.21	510.93	513.61	523.34	546.67	555.54	549.06	500.21
Highest offer price (Rs.)	524.74	525.88	528.18	547.01	557.60	566.79	556.84	529.24
Lowest offer price (Rs.)	500.55	507.89	474.68	513.92	513.33	511.77	510.90	520.91
Highest repurchase price per unit (Rs.)	519.54	520.67	517.82	536.28	546.67	555.54	545.92	518.86
Lowest repurchase price per unit (Rs.)	495.59	501.32	466.39	503.84	503.26	500.45	500.88	510.70
Weighted average portfolio (No. of days)	67.57	70.58	58.63	76.47	26.19	47.17	21.47	33.70

Date of Launch: 22 March 2004.

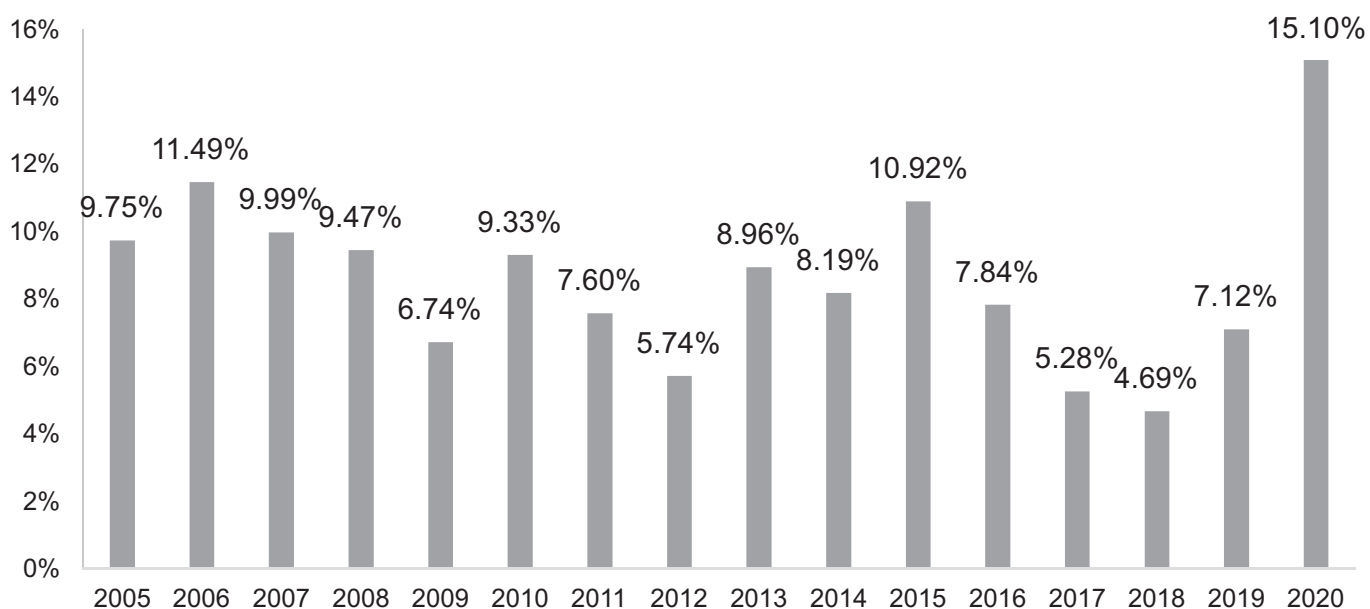
\* For the period from 15 September 2003 to 30 June 2004.

\*\* Relates to announced prices.

## Yearly Performance (Annualized)



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



## DISTRIBUTION HISTORY

Distribution detail	2020	2019	2018	2017	2016	2015
First Interim distribution cash dividend (Rs.)	77.50	18.00	-	27.00	40.00	55.00
First Interim distribution as a % of Ex-NAV of units	15.10	3.51	-	5.28	7.84	10.92
Date of disribution - Interim	26-Jun-20	18-Jan-19	-	20-Jun-17	24-Jun-16	29-Jun-15
Second Interim distribution cash dividend (Rs.)	-	18.50	-	-	-	-
Second Interim distribution as a % of Ex-NAV of units	-	3.61	-	-	-	-
Date of disribution - Interim	-	27-Jun-19	-	-	-	-
Final distribution cash dividend (Rs.)	-	-	24	-	-	-
Final distribution as a % of Ex-NAV of units	-	-	4.69	-	-	-
Date of disribution	-	-	6-Jul-18	-	-	-

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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## 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, 2020 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: 28 September 2020

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Income Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Income Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, statement of comprehensive income, cash flows statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
<b>Investments in Debt Instruments</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the investments held by the Fund comprised of debt investments which represent significant portion of the total assets of the Fund as at the year end.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of debt investments. Our key procedure included the following:</p> <ul style="list-style-type: none"><li>• We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit.</li><li>• We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on the basis of prices determined by Mutual Funds Association of Pakistan (MUFAP).</li></ul>



Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of debt investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the debt investments portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting 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.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and

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perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Karachi: 29 September 2020

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
<b>Assets</b>			
Cash and bank balances	4	1,318,246,149	1,426,198,107
Investments	5	2,762,821,946	1,627,495,030
Receivable against Margin Trading System		-	4,041,602
Interest / profit accrued	6	49,575,012	59,934,706
Deposits, prepayment and other receivables	7	11,555,833	11,372,859
<b>Total assets</b>		<b>4,142,198,940</b>	<b>3,129,042,304</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	31,165,608	29,719,418
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	265,807	334,646
Payable to the Securities and Exchange Commission of Pakistan	10	665,764	3,216,111
Payable against redemption of units	11	114,638	590,973
Unclaimed dividend		291,511,586	61,568,254
Accrued expenses and other liabilities	12	103,021,494	45,117,760
<b>Total liabilities</b>		<b>426,744,897</b>	<b>140,547,162</b>
<b>NET ASSETS</b>		<b>3,715,454,043</b>	<b>2,988,495,142</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>3,715,454,043</b>	<b>2,988,495,142</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>7,151,571</b>	<b>5,820,926</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>519.53</b>	<b>513.41</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 ----- Rupees -----	2019 -----
<b>Income</b>			
Interest income	14	409,606,059	394,699,909
<b>Gain / (loss) from investments at fair value through P&amp;L</b>			
Capital gain / (loss) on sale of investments - net		51,496,412	(22,738,556)
Net unrealised gain / (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		93,971,904	(15,972,908)
		145,468,316	(38,711,464)
		<b>555,074,375</b>	<b>355,988,445</b>
<b>Total income</b>			
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	30,545,740	34,305,177
Sindh Sales Tax on remuneration of the Management Company	8.2	3,970,946	4,459,673
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	9.1	2,496,711	4,459,628
Sindh Sales Tax on remuneration of the Trustee	9.2	324,572	579,752
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	665,764	3,216,110
Securities transaction cost	15	725,612	3,746,906
Auditors' remuneration	16	745,135	505,440
Accounting and operational charges	17	4,851,038	4,288,147
Annual rating fee		475,702	469,973
Annual listing fee		27,500	27,500
Printing charges		17,938	(144,260)
Legal and professional charges		302,429	1,156,855
Bank charges		80,128	49,122
Provision for Sindh Workers' Welfare Fund	12.1	10,196,903	5,977,368
<b>Total expenses</b>		<b>55,426,118</b>	<b>63,097,391</b>
<b>Net income for the year before taxation</b>		<b>499,648,257</b>	<b>292,891,054</b>
<b>Taxation</b>	19	-	-
<b>Net income for the year after taxation</b>		<b>499,648,257</b>	<b>292,891,054</b>
<b>Earnings per unit</b>	20		
<b>Allocation of net income for the year:</b>			
Net income for the year after taxation		499,648,257	292,891,054
Income already paid on units redeemed		(12,697,145)	(58,495,865)
		<b>486,951,112</b>	<b>234,395,189</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		145,468,316	-
- Excluding capital gains		341,482,796	234,395,189
		<b>486,951,112</b>	<b>234,395,189</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	-----Rupees-----	
Net income for the year after taxation	499,648,257	292,891,054
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>499,648,257</b>	<b>292,891,054</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2020

	2020		
	Capital value	Undistributed income	Net assets
	Rupees		
Capital value	2,848,807,829	-	2,848,807,829
<b>Undistributed income brought forward</b>			
- Realised income	-	154,356,101	154,356,101
- Unrealised loss	-	(14,668,787)	(14,668,787)
<b>Net assets at the beginning of the year (Units outstanding: 5,820,926)</b>	<b>2,848,807,829</b>	<b>139,687,314</b>	<b>2,988,495,142</b>
(Rs. 513.41 per unit)			
Issue of 4,273,077 units	2,405,968,468	-	2,405,968,468
Redemption of 2,942,432 units	(1,654,704,708)	(12,697,145)	(1,667,401,853)
Total comprehensive income for the year	-	499,648,257	499,648,257
Refund of capital	(73,031,069)	-	(73,031,069)
Cash distribution for year the ended 30 June 2020 at Rs. 77.50 per unit declared on 26 June 2020	-	(438,224,902)	(438,224,902)
<b>Net assets at end of the year (Units outstanding: 7,151,571)</b>	<b>3,527,040,520</b>	<b>188,413,524</b>	<b>3,715,454,043</b>
(Rs. 519.53 per unit)			
<b>Undistributed income carried forward</b>			
- Realised income	-	104,252,481	-
- Unrealised gain	-	84,161,043	-
	-	<b>188,413,524</b>	-
	2019		
	Capital value	Undistributed income	Net assets
	Rupees		
Capital value	6,307,067,372	-	6,307,067,372
<b>Undistributed income brought forward</b>			
- Realised income	-	457,388,456	457,388,456
- Unrealised loss	-	(28,148,138)	(28,148,138)
<b>Net assets at the beginning of the year (Units outstanding: 12,545,428)</b>	<b>6,307,067,372</b>	<b>429,240,318</b>	<b>6,736,307,690</b>
(Rs. 536.95 per unit)			
Issue of 1,442,451 units	745,121,821	-	745,121,821
Redemption of 8,166,953 units	(4,192,740,241)	(58,495,865)	(4,251,236,106)
Total comprehensive income for the year	-	292,891,054	292,891,054
Refund of capital	(10,641,124)	-	(10,641,124)
Cash distribution for the year ended 30 June 2018 at Rs. 24.00 per unit declared on 06 July 2018	-	(292,161,630)	(292,161,630)
First interim distribution of Rs. 18 per unit declared on 18 January 2019	-	(125,736,525)	(125,736,525)
Second interim distribution of Rs. 18.50 per unit declared on 27 June 2019	-	(106,050,038)	(106,050,038)
<b>Net assets at end of the year (Units outstanding: 5,820,926)</b>	<b>2,848,807,829</b>	<b>139,687,314</b>	<b>2,988,495,142</b>
(Rs. 513.41 per unit)			
<b>Undistributed income carried forward</b>			
- Realised income	-	154,356,101	-
- Unrealised loss	-	(14,668,787)	-
	-	<b>139,687,314</b>	-

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
Note	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year after taxation	499,648,257	292,891,054
<b>Adjustments for:</b>		
Interest / profit income	(409,606,059)	(394,699,909)
Capital (gain) / loss on sale of investments - net	(51,496,412)	22,738,556
Net unrealised (gain) / loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(93,971,904)	15,972,908
Provision for Sindh Workers' Welfare Fund	10,196,903	5,977,368
	<b>(544,877,472)</b>	<b>(350,011,077)</b>
<b>Decrease in assets</b>		
Receivable against Margin Trading System	4,041,602	152,611,390
Deposits, prepayment and other receivables	(182,974)	(232,823)
	<b>3,858,628</b>	<b>152,378,567</b>
<b>Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	1,446,190	(4,140,885)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(68,839)	(351,769)
Payable to the Securities and Exchange Commission of Pakistan	(2,550,347)	(4,149,412)
Unclaimed dividend	229,943,332	61,527,790
Accrued expenses and other liabilities	47,706,831	(2,687,000)
	<b>276,477,167</b>	<b>50,198,724</b>
	<b>235,106,580</b>	<b>145,457,268</b>
Interest received	286,799,229	212,241,382
Investments made during the year	(10,956,516,150)	(26,510,866,627)
Investments sold / redeemed / matured during the year	10,099,824,074	27,143,802,426
<b>Net cash generated from operating activities</b>	<b>(334,786,267)</b>	<b>990,634,449</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	2,405,968,468	745,121,821
Net payments against redemption of units	(1,667,878,188)	(4,292,102,879)
Refund of capital	(73,031,069)	(10,641,124)
Cash distribution for year the ended 30 June 2020 at Rs. 77.50 per unit declared on 26 June 2020 (2019: Rs. 24.00 per unit declared on 06 July 2018)	- (438,224,902)	- (292,161,630)
First interim distribution of Rs. 20 per unit declared on 18 January 2019	-	(125,736,525)
Second interim distribution of Rs. 18.50 per unit declared on 27 June 2019	-	(106,050,038)
<b>Net cash (used in) financing activities</b>	<b>226,834,309</b>	<b>(4,081,570,374)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(107,951,958)</b>	<b>(3,090,935,925)</b>
Cash and cash equivalents at the beginning of the year	1,426,198,107	4,566,844,339
<b>Cash and cash equivalents at the end of the year</b>	<b>1,318,246,149</b>	<b>1,475,908,414</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar 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 2020

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Income Fund (the Fund) is an open ended mutual fund constituted under 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 was revised through the Deed of Change of Trustee and the First, Second, Third, Fourth and Fifth Supplemental Trust Deeds dated 11 June 2005, 29 October 2007, 23 June 2010, 12 November 2010 and 23 May 2017 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteen and Fourteen 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, 13 April 2016, 29 September 2016, 02 June 2017, 02 October 2019, 30 October 2019 and 01 April 2020 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 has been 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. 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 for public subscription on a continuous basis from 22 March 2004 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 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 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 SECP. The investment objectives and policies are explained 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 (CDC) as the Trustee of the Fund.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

"These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:"

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 16 – Leases  
 IFRIC 23 – Uncertainty over Income Tax Treatments  
 IFRS 3 – Business Combinations – Previously held interests in a joint operation  
 IFRS 9 – Financial instruments – Prepayment Features with Negative Compensation (Amendments)  
 IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)  
 IFRS 11 – Joint Arrangements – Previously held interests in a joint operation  
 IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity  
 IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation  
 IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)  
 IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	01 January 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	01 January 2020
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	01 June 2020
Property, Plant and Equipment: Proceeds before Intended Use –	01 January 2020
- Amendments to IAS 16	
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not Yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 January 2009
IFRS 17 - Insurance Contracts	01 January 2023

## 2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires 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 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.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets.

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

## 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 except for the changes in accounting policies as explained in note 3.1 below.

### 3.1 Financial instruments

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### b) Classification

##### Debt instruments

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Business model assessment**

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

### c) Subsequent Measurement

#### Debt instruments at fair value through profit or loss

Debt instruments at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

Interest earned on debt instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

#### Debt instruments at Amortised Cost

"Under IFRS 9, after initial measurement, such debt instruments are subsequently measured at amortised cost. Under Regulation 66 of NBFC Regulations, debt securities are required to be carried at fair value. The Fund has not used this classification for its investment portfolio."

#### Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment and the impairment is charged profit or loss.

#### Financial liabilities

##### Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

### d) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### e) **Reclassification of financial assets and liabilities**

From the application date of IFRS 9, the Fund does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Fund acquires, disposes of, or terminates a business line.

### f) **Impairment of financial assets**

"The Fund only considers expected credit losses for bank balances and trade and other receivables. The Fund measures expected credit losses on bank balances using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters."

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The expected credit losses in respect of debt securities are not considered since SECP vide its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 has deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated 24 October 2012 will be followed.

### g) **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### h) **Determination of fair value**

#### **Debt securities (other than government securities)**

The debt securities are 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 vide its Circular No. 33 of 2012 dated October 24, 2012.

#### **Government securities**

The government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan

### 3.2 **Cash and cash equivalents**

These comprise balances with banks with original maturities of three months or less.

### 3.3 **Issue and redemption of units**

Units issued are recorded at the offer price, determined by the Management Company for the application received by the Management Company / distributors 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 as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the distribution company / management company / distributors receives redemption application during business hours of that day. The redemption

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

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

"The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, specified methodology of determination of income paid on units redeemed under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year."

### 3.5 Revenue recognition

- Income from investments in term finance certificates / sukuks and government securities is recognised on an accrual basis using effective interest method at the rate of return implicit in the instrument.
- Interest income on bank balances, term deposits and MTS transactions is recognised on an accrual basis.
- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised appreciation / (loss) in the value 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.

### 3.6 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% exposure is automatically released at expiry of every 15th day from the day of contract.

### 3.7 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.

### 3.8 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.

### 3.9 Taxation

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 ninety percent of its accounting income for the year,

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

## 3.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Investment 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. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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.

## 3.11 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 year end.

## 3.12 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year before taxation of the Fund by the weighted average number of units outstanding during the year.

4 CASH AND BANK BALANCES	Note	2020	2019
		Rupees	Rupees
In local currency			
- Profit and loss sharing accounts	4.1	1,188,844,960	1,426,193,107
- Current account		5,000	5,000
- Cheques in hand	4.2	129,396,189	-
		<b>1,318,246,149</b>	<b>1,426,198,107</b>

4.1 The rate of return on these accounts ranges between 6.00% to 7.80% (2019: 6.00% to 13.40%) per annum.

4.2 This denotes cheque received against issue of units which was deposited and cleared in the bank account subsequent to the year end by 08 July 2020.

5 INVESTMENTS	Note	2020	2019
		Rupees	Rupees
<b>At fair value through profit or loss</b>			
Term finance certificates - listed	5.1 & 5.7	324,639,911	527,021,722
Term finance certificates - unlisted	5.2 & 5.7	185,418,554	196,451,556
Sukuk certificates	5.3 & 5.7	364,308,040	246,598,872
Government securities - Market Treasury Bills	5.4	1,103,202,480	49,710,307
Government securities - Pakistan Investment Bonds	5.5	785,252,961	607,712,573
		<b>2,762,821,946</b>	<b>1,627,495,030</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 5.1 Term finance certificates - listed

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

Name of Investee Company	Note	As at 01 July 2019	Purchased during the year	Disposed / matured during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of total issue size
-----Number of certificates-----Rupees----- % age -----										
BANKS										
Bank Alfalah Limited - V		38,463	-	38,463	-	-	-	-	-	-
Habib Bank Limited Tier - II (face value of Rs 100,000 per certificate)		2,945	-	-	2,945	289,390,388	287,799,212	10.42	7.75	2.95
Soneri Bank Limited		9,428	-	2,000	7,428	35,960,923	36,840,699	1.33	0.99	1.24
TELECOMMUNICATION										
Telecard Limited	5.7.1	4,000	-	-	4,000	-	-	-	-	-
PERSONAL GOODS										
Azgard Nine Limited	5.7.1	5,000	-	-	5,000	-	-	-	-	-
Total - 30 June 2020						325,351,311	324,639,911	11.75	8.74	4.18
Total - 30 June 2019						531,340,031	527,021,722	32.38	17.64	8.36

5.1.1 The terms and conditions of listed term finance certificates outstanding as at 30 June 2020 are as follows:

Name of the Investee Company	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	15 years	Quarterly	Dec 2020	3 month KIBOR
<b>PERSONAL GOODS</b>					
Azgard Nine Limited	NPA	7 years	Semi-annually	Sept 2012	6 month KIBOR + 2.40%

## 5.2 Term finance certificates - unlisted

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

Name of Investee Company	Note	As at 01 July 2019	Purchased during the year	Disposed / matured during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of total issue size
<div>-----Number of certificates-----Rupees----- % age -----</div>										
<b>BANKS</b>										
Askari Bank Limited - V		20,000	-	-	20,000	97,531,172	93,810,162	3.40	2.52	2.50
Bank AL Habib Limited		20,000	-	-	20,000	98,841,572	91,608,392	3.32	2.47	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	-	-	-	-	-
<b>PERSONAL GOODS</b>										
Azgard Nine Limited - V	5.7.1	1,075	-	-	1,075	-	-	-	-	-
<b>Total - 30 June 2020</b>						<b>196,372,744</b>	<b>185,418,554</b>	<b>6.71</b>	<b>4.99</b>	<b>5.00</b>
<b>Total - 30 June 2019</b>						<b>200,772,046</b>	<b>196,451,556</b>	<b>12.07</b>	<b>6.57</b>	<b>5.00</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.2.1 The terms and conditions of unlisted term finance certificates outstanding as at 30 June 2020 are as follows:

Name of the Investee Company	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%
Bank AL Habib Limited	AA	10 years	Semi-annually	Mar 2026	6 month KIBOR + 0.75%
<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

## 5.3 Sukuk certificates

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

Name of Investee Company	As at 01 July 2019	Purchased during the year	Disposed during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of total investments	Market value as a percentage of net assets	Market value as a percentage of total issue size
-----Number of sukuk certificates----- Rupees----- % age-----									
<b>CHEMICALS</b>									
Agritech Limited (note 5.7.1)	4,060	-	-	4,060	-	-	-	-	-
<b>BANKS</b>									
Meezan Bank Limited Tier - II - Unlisted (face value of Rs. 1,000,000 per certificate)	47	-	-	47	46,998,872	48,175,000	1.74	1.30	0.67
<b>FERTILIZERS</b>									
Dawood Hercules Corporation Limited Sukuk 2 - Listed (Face Value Rs. 80,000)	2,000	-	-	2,000	159,680,000	162,915,840	5.90	4.38	2.67
<b>POWER GENERATION &amp; DISTRIBUTION</b>									
The Hub Power Company Limited -unlisted (Face value of Rs. 100,000 per certificate)	-	1,500	-	1,500	150,000,000	153,217,200	5.55	4.12	2.50
<b>Total - 30 June 2020</b>					<b>356,678,872</b>	<b>364,308,040</b>	<b>13.19</b>	<b>9.81</b>	<b>5.84</b>
<b>Total - 30 June 2019</b>					<b>247,834,200</b>	<b>246,598,872</b>	<b>15.15</b>	<b>8.25</b>	<b>4.00</b>

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

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
Agritech Limited	NPA	7 years	Semi -annually	Aug 2015	6 month KIBOR + 2.00%
Meezan Bank Limited Tier - II	AA	10 years	Semi -annually	Sept 2026	6 month KIBOR + 0.50%
Dawood Hercules Sukuk Tier - II	AA	5 years	Semi -annually	March 2023	3 month KIBOR + 1.00%
The Hub Power Company Sukuk	AA+	4 years	Quarterly	August 2023	3 month KIBOR + 1.90%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 5.4 Government securities - Market Treasury Bills

Tenor	As at 01 July 2019	Purchased during the year	Disposed / Matured during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
	Face value (Rupees)				Rupees		% age	
3 months	50,000,000	8,087,000,000	8,137,000,000	-	-	-	-	-
6 months	-	560,000,000	260,000,000	300,000,000	291,195,555	292,752,325	10.60	7.88
12 months	-	1,080,000,000	245,000,000	835,000,000	796,809,713	810,450,155	29.33	21.81
<b>Total - 30 June 2020</b>	<b>50,000,000</b>	<b>9,727,000,000</b>	<b>8,642,000,000</b>	<b>1,135,000,000</b>	<b>1,088,005,268</b>	<b>1,103,202,480</b>	<b>39.93</b>	<b>29.69</b>
<b>Total - 30 June 2019</b>					<b>49,714,671</b>	<b>49,710,307</b>	<b>3.05</b>	<b>1.66</b>

**5.4.1** Market treasury bills carry purchase yield of 7.48% to 13.30% (2019: 12.44%) per annum and will mature between 24 September 2020 and 25 March 2021 (2019: 18 July 2019). The cost of these investments as on 30 June 2020 is Rs. 1,045,141,985 (2019: Rs. 49,244,750).

**5.4.2** These treasury bills amounting to Rs. Nil (face value: Rs. Nil) [2019: Rs. 49,714,671 (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 in respect of Margin Trading System (MTS) transactions and spread transactions respectively due to mature on Nil (2019: 18 July 2019).

## 5.5 Government securities - Pakistan Investment Bonds

Tenor	As at 01 July 2019	Purchased during the year	Disposed / Matured during the year	As at 30 June 2020	Carrying value as at 30 June 2020	Market value as at 30 June 2020	Market value as a percentage of total investments	Market value as a percentage of net assets
	Face value (Rupees)				Rupees		% age	
3 Years	444,000,000	1,035,500,000	795,500,000	684,000,000	632,988,166	706,334,425	25.57	19.01
5 Years	259,000,000	254,800,000	438,800,000	75,000,000	69,453,675	78,918,536	2.86	2.12
10 Years	-	187,500,000	187,500,000	-	-	-	-	-
<b>Total - 30 June 2020</b>	<b>703,000,000</b>	<b>1,477,800,000</b>	<b>1,421,800,000</b>	<b>759,000,000</b>	<b>702,441,841</b>	<b>785,252,961</b>	<b>28.42</b>	<b>21.13</b>
<b>Total - 30 June 2019</b>					<b>613,806,990</b>	<b>607,712,573</b>	<b>37.34</b>	<b>20.34</b>

**5.5.1** Pakistan Investment Bonds carry purchase yield of 11.52% to 12.65% (2019: 11.80% to 13.80%) per annum and will mature between 12 July 2021 and 19 September 2024 (2019: 12 July 2021 and 12 July 2023). The cost of these investments is Rs. 702,513,897 (2019: Rs. 613,806,990).

## 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:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Non-compliant investment	Type of Investment	Value before provision	Provision held	Net carrying value	Percentage of	
					Net assets	Gross assets
		-----Rupees-----			-----% age-----	
<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	-	-	-
		<b>12,540,501</b>	<b>12,540,501</b>	-	-	-
<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	-	-	-
		<b>53,860,000</b>	<b>53,860,000</b>	-	-	-
<b>Unlisted</b>						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
<b>Total - 30 June 2020</b>		<b>81,625,501</b>	<b>81,625,501</b>	-	-	-
<b>Total - 30 June 2019</b>		<b>81,625,501</b>	<b>81,625,501</b>	-	-	-

**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. 81.63 million (30 June 2019: Rs 81.63 million), has been made in accordance with the provisioning requirements specified by the SECP.

**5.7.3** During the FY 2012-13, the Fund received zero coupon term finance certificates of Azgard Nine Limited having face value of Rs. 5,375,000. These TFCs were received against outstanding mark-up of Azgard Nine Limited's TFCs payable as of 31 March 2012.

6	INTEREST / PROFIT ACCRUED	Note	2020 -----Rupees-----	2019
	Interest / profit accrued on:			
	Savings and term deposits		358,431	1,336,341
	Margin Trading System		-	74,628
	Term finance certificates		24,582,029	29,597,202
	Sukuk certificates		5,084,306	4,079,297
	Pakistan investment bonds		19,550,246	24,847,238
			<b>49,575,012</b>	<b>59,934,706</b>
7	DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES			
	Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
	National Clearing Company of Pakistan Limited (NCCPL)		2,750,000	2,750,000
	Prepaid annual fee to the NCCPL		101,582	126,582
	Other receivables	7.1	8,604,251	8,396,277
			<b>11,555,833</b>	<b>11,372,859</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- 7.1 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 withholders. The amount of tax withheld on profit on bank deposits and debt securities as at 30 June 2020 amounts to Rs. 3.02 million and Rs. 5.58 million (2019: Rs 2.82 million and Rs 5.58 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 Funds managed by the Company 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 2020 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY	Note	2020	2019
		-----Rupees-----	-----Rupees-----
Remuneration of the Management Company	8.1	3,123,029	2,082,668
Sindh sales tax payable on remuneration of the Management Company	8.2	3,928,692	3,793,445
Federal excise duty payable on remuneration of the Management Company	8.3	23,582,971	23,582,971
Accounting and operational charges payable	17	530,916	260,334
		<b>31,165,608</b>	<b>29,719,418</b>

- 8.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (I) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio. The management company set the maximum limit of 2% of average annual net assets, within allowed expense ratio. With effect from 10 December 2020 the Management Company decided to revise the management fee from 0.08% to 0.1%. Previously the Management Company was entitled to an amount not exceeding 1.5% of the average annual net assets per annum and therefore charged 0.08% of the average annual net assets per annum. The fee is payable to the Management Company monthly in arrears.
- 8.2 During the year, an amount of Rs. 3,970,946 (2019: Rs. 4,459,673) 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. 3,835,699 (2019: Rs. 4,888,608) 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 were already subject to provincial sales tax on services levied by the Sindh Revenue Board (as explained in note 8.2 above) which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

On 04 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.

During the previous year, the SHC passed an order whereby 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) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 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.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 01 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 23.583 million (30 June 2019: Rs 23.583 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 30 June 2020 would have been higher by Rs. 3.30 per unit (30 June 2019: Rs. 4.05 per unit).

		2020	2019
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	-----Rupees-----
	Trustee fee payable		234,227
	Sindh sales tax payable on trustee fee	9.1	30,450
	Settlement charges payable	9.2	1,000
	Sindh sales tax payable on settlement charges		130
			<b>265,807</b>
			<b>334,646</b>

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the fund at the flat rate of 0.075% p.a. of Net Assets based on the letter no. CDC/CEO/L-112/01/2019 dated 27 June 2019 issued by CDC. However, during the year ended 30 June 2019, the trustee fee was charged in accordance with the following slab rates:

### On net assets:

- up to Rs 1,000 million 0.17% per annum of net assets.
- 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.

- 9.2 During the year, an amount of Rs. 324,572 (2019: Rs. 579,752) 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. 331,971 (2019: Rs. 620,221) was paid to the Trustee which acts as a collecting agent.

		2020	2019
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	-----Rupees-----
	Annual fee payable	10.1	<b>665,764</b>
			<b>3,216,111</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

**10.1** In accordance with NBFC regulations, a collective investment scheme (CIS) is required to pay an annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from 01 July 2019, the SECP vide SRO No.685(1)2019 dated 28 June 2019 revised the rate of annual fee to 0.02% of net assets on all categories of CISs. Previously, the rate of annual fee applicable to the equity scheme was 0.095% of net assets.

## 11 PAYABLE AGAINST REDEMPTION OF UNITS

This represents payable against units redeemed to the unit holders based on their request for cash payout managed by the Management Company.

		2020	2019
	Note	-----Rupees-----	
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		499,646	417,960
NCCPL charges payable		61,366	21,290
Printing charges payable		5,294	22,871
Brokerage payable		84,374	22,223
Zakat payable		1,649	1,648
Withholding tax payable		62,697,926	14,773,495
Capital gain tax payable		513,001	896,938
Provision for Sindh Workers' Welfare Fund	12.1	38,823,895	28,626,992
Other payable		334,343	334,343
		<b>103,021,494</b>	<b>45,117,760</b>

**12.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under the Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP took up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, reverse the entire provision against WWF on 12 January 2017 held by the CISs till 30 June 2015; and
- as a matter of abundant caution, create provision in respect of SWWF on 12 January 2017 with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 in response to which the SECP vide its letter dated 01 February 2017 advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds.

Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on 12 January 2017 whereby the entire provision for WWF was reversed and the provision for SWWF was made for the period from 21



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

May 2015 to 12 January 2017. Thereafter, the provision for SWWF is being made by the Fund on a daily basis going forward.

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 June 2020 would have been higher by Rs. 5.43 per unit (30 June 2019: Rs. 4.92 per unit).

## 13 CONTINGENCIES AND COMMITMENTS

**13.1.1** On October 26, 2018, a show cause notice under section 161 (1A) of the Income Tax Ordinance, 2001 was issued to the taxpayer in respect of monitoring of withholding taxes paid/deducted under various sections of the Income Tax Ordinance, 2001 for tax year 2017 along with reconciliation under rule 44(4) of the Income Tax Rules, 2002.

The Fund had filed an appeal before the Commissioner (Appeals) against the order contending that the Fund had duly deducted and deposited the tax from payments liable to withholding tax and accordingly there was no cause available to the department to pass recovery order for alleged default in withholding tax. It was further explained that the reply furnished including reconciliation of tax deduction on payment of expenses was not duly considered and instead an artificial default was made out by applying incorrect withholding rate on expenses recorded in profit and loss account which included accrual of expenses yet to be paid after year end.

The Commissioner (Appeals) has passed appellate order and upheld the action of Deputy Commissioner Inland Revenue (DCIR) in computing default of withholding tax on amounts inclusive of accruals yet to be paid instead of actual payment as required under section 158 of the Ordinance. He, however, has accepted the Fund's contention that the DCIR had worked out the default by applying incorrect withholding rates. Therefore, he has directed the DCIR to rework the alleged default. The Commissioner (Appeals) has further acknowledged the tax advisor's argument that default was erroneously computed without excluding dividends which were exempted from withholding tax. The DCIR has been directed to rework the default, if any, in respect of payment of dividend.

Furthermore, the Commissioner (Appeals) has not given specific findings on non-consideration of reconciliation of expenses furnished under rule 44(4) and non-application of withholding provisions on reimbursement of certain expenses to the Management Company. However, he remanded back the matter of non-deduction of tax on payments of securities transaction cost which were subject to separate withholding of tax under section 233A by Pakistan Stock Exchange Limited. He has also set aside the default surcharge and penalty for re-adjudication by the tax officer. The effect to the appellate order of the Commissioner (Appeals) is pending.

An appeal has been filed before the Appellate Tribunal against the appellate order of the Commissioner (Appeals) which is pending for hearing. Based on consultation with the tax advisor, the Management Company of the fund is confident that the matter will be decided favorably and hence, no provision is considered necessary in the financial statements.

**13.1.2** There were no commitments outstanding as at 30 June 2020 and on 30 June 2019.

14 INTEREST / PROFIT INCOME	Note	2020	2019
		-----Rupees-----	-----
Interest / profit on:			
Savings and term deposits		51,575,101	61,395,618
Income from Margin Trading System		1,154,244	24,180,962
Term Finance Certificates	14.1	98,934,655	84,702,987
Sukuk certificates		51,569,314	31,908,664
Commercial Papers		-	688,117
Government Securities - Market Treasury Bills		133,166,524	171,308,133
Government Securities - Pakistan Investment Bonds		73,206,221	20,515,428
		<b>409,606,059</b>	<b>394,699,909</b>

**14.1** This includes mark-up received on non-performing term finance certificates amounting to Rs. Nil (30 June 2019: 0.138 million). Furthermore, in accordance with the requirements specified by the SECP, mark-up on non-performing securities amounting to Rs. 62.65 million (2019: Rs. 58.60 million) based on outstanding principal has not been recognised during the period.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 15 SECURITIES TRANSACTION COST

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

## 16 AUDITORS' REMUNERATION

	2020	2019
	-----Rupees-----	
Audit fee	354,200	322,000
Half yearly review of condensed interim financial information	177,100	161,000
Certification charges	55,000	50,000
Code of Corporate Governance	50,000	-
Out of pocket expenses	30,000	30,000
Sindh sales tax on services	53,304	45,040
Prior year adjustment	25,531	(102,600)
	<b>745,135</b>	<b>505,440</b>

## 17 ACCOUNTING AND OPERATIONAL CHARGES

The Management Company is allowed to charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019 as per SECP SRO 639 (I) /2019 dated 20 June 2019.

The Management Company has charged expenses at the rate 0.1% of the average annual net assets of the Fund for the period from 01 July 2019 to 30 September 2019, 0.15% of the average annual net assets of the Fund from 01 October 2019 till 04 March 2020 and 0.17% of the average annual net assets of the Fund from 05 March 2020 onwards for allocation of such expenses to the Fund.

## 18 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2020 is 1.67% (30 June 2019: 1.48%) which includes 0.45% (30 June 2019: 0.34%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

## 19 TAXATION

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% 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. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has paid the required minimum percentage of income earned by the Fund during the year ended 30 June 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 20 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 21 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**21.1** Connected persons include Atlas Asset Management Limited being the Management Company, the 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, directors and their close family members and key management personnel of the Management Company.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- 21.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load 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.
- 21.3** 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.
- 21.4** 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:

	2020	2019
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company charged	30,545,740	34,305,177
Remuneration paid	29,505,379	37,604,681
Sindh Sales Tax on remuneration of the Management Company	3,970,946	4,459,673
Accounting and operational charges billed	4,851,038	4,288,147
Issue of 11,304 (2019: 10,899) units	5,865,296	5,588,963
Redemption of Nil (2019 37,709) units	-	19,500,000
Dividend declared	6,899,984	6,546,776
Outstanding 100,335 (2019: 89,032 ) units - at net asset value	52,126,862	45,709,688
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee Fee charged	2,496,711	4,459,628
Sindh Sales Tax on remuneration of Trustee Fee	324,572	579,752
Trustee Fee paid	2,553,631	4,770,928
Settlement charges	33,983	431,441
Sindh Sales Tax on settlement charges	4,418	56,087
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Issue of 43,458 (2019: 58,549) units	23,735,589	30,047,483
Redemption of 23,074 (2019: 183,882) units	12,000,000	97,000,000
Dividend declared	38,908,113	35,251,732
Outstanding 522,933 (2019: 502,548) units - at net asset value	271,679,336	258,013,397
<b>Atlas Services Limited (Group Company)</b>		
Issue of Nil (2019:9,446) units	-	4,848,298
Redemption of Nil (2019: 143,770) units	-	76,312,803
Dividend declared	-	5,703,879
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 413,663 (2019: 51,315) units	236,155,284	26,325,467
Redemption of Nil (2019: 971,836) units	-	500,000,000
Dividend declared	14,928,829	30,949,465
Outstanding 564,023 (2019: 150,360) units - at net asset value	293,026,919	77,196,122
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 984,558 (2019: 163,100) units	545,386,735	85,096,101
Redemption of 885,988 (2019:163,100) units	488,994,657	85,776,520
Dividend declared	795,138	713,234
Outstanding 98,569 (2019: Nil) units - at net asset value	51,209,765	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	-----Rupees-----	
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 1,849 (2019: 6,889) units	959,750	3,535,133
Redemption of 34,313 (2019: 45,590) units	18,673,393	23,758,425
Dividend declared	1,128,316	4,158,747
Redemption Payable	-	499,313
Outstanding 16,408 (2019: 48,871) units - at net asset value	8,524,427	25,090,969
<b>Honda Atlas Cars (Pakistan) Limited (Group company)</b>		
Issue of Nil (2019: 140,888) units	-	72,268,392
Redemption of Nil (2019: 3,683,456) units	-	1,912,135,049
Dividend declared	-	85,021,638
Outstanding Nil (2019 Nil) units - at net asset value	-	-
<b>Shirazi Investments (Private) Limited (Group company)</b>		
Issue of 2,052 (2019: 354,807) units	1,089,846	182,146,373
Redemption of Nil (2019: 1,814,339) units	-	950,000,000
Dividend declared	303,895,415	283,322,255
Outstanding 3,921,763 (2019: 3,919,710) units - at net asset value	2,037,473,329	2,012,418,511
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of Nil (2019: 2,223) units	-	1,141,207
Redemption of Nil (2019: 28,861) units	-	14,990,671
Dividend declared	-	1,141,207
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of Nil (2019: 2,071) units	-	1,062,796
Redemption of Nil (2019: 26,878) units	-	13,969,960
Dividend declared	-	1,062,796
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 67,449 (2019: 13,349) units	39,548,046	6,851,016
Redemption of Nil (2019: 189,44) units	-	99,320,109
Dividend declared	-	6,851,016
Outstanding 67,449 (2019: Nil) units - at net asset value	35,041,818	-
<b>Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of Group Company)</b>		
Issue of 19,795 (2019: 14,469) units	10,271,881	7,425,079
Dividend declared	10,271,881	7,425,079
Outstanding 152,336 (2019: 132,540) units - at net asset value	79,142,868	68,047,566

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	-----Rupees-----	
<b>Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of Group Company)</b>		
Issue of Nil (2019: 1,449) units	-	743,026
Redemption of Nil (2019: 32,408) units	-	16,713,562
Dividend declared	-	743,026
<b>Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of Group Company)</b>		
Issue of 4,259 (2019: 3,113) units	2,210,271	1,597,705
Dividend declared	2,210,271	1,597,705
Outstanding 32,779 (2019: 28,520) units - at net asset value	17,029,710	14,642,258
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of Group Company)</b>		
Issue of 4,810 (2019: 3,516) units	2,495,727	1,804,048
Dividend declared	2,495,726	1,804,048
Outstanding 37,012 (2019: 32,203) units - at net asset value	19,229,093	16,533,302
<b>Honda Atlas Power Product (Private) Limited (Group company)</b>		
Issue of Nil (2019: 19,366) units	-	10,000,000
Redemption of Nil (2019: 19,366) units	-	10,026,531
<b>Directors and their close family members and key management personnel and executive of the Management Company</b>		
Issue of 96,784 (2019: 44,796) units	40,079,942	23,088,506
Redemption of 27,803 (2019: 4,003) units	252,845	2,077,255
Dividend declared	6,644,566	17,052,405
Outstanding 154,935 (2019: 306,999) units - at net asset value	80,493,240	157,616,220

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

		2020	2019
		-----Rupees-----	
<b>22 CASH AND CASH EQUIVALENTS</b>	<b>Note</b>		
Cash and bank balances	4	1,318,246,149	1,426,198,107
Treasury bills (with original maturity of three months)	5.4	196,750,600	49,710,307
		<b>1,514,996,749</b>	<b>1,475,908,414</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income
	Rupees		
<b>Financial assets</b>			
Cash and bank balances	1,318,246,149	-	-
Investments	-	2,762,821,946	-
Receivable against Margin Trading System	-	-	-
Interest / profit accrued	49,575,012	-	-
Deposits and other receivables	2,850,000	-	-
	<b>1,370,671,161</b>	<b>2,762,821,946</b>	<b>-</b>
			<b>4,133,493,107</b>

	2020	
	At fair value through profit or loss	Other financial liabilities
	Rupees	
<b>Financial liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	-	31,165,608
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	265,807
Payable against redemption of units	-	114,638
Unclaimed dividend	-	291,511,586
Accrued expenses and other liabilities	-	985,023
	<b>-</b>	<b>324,042,662</b>
		<b>324,042,662</b>

	2019		
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income
	Rupees		
<b>Financial assets</b>			
Cash and bank balances	1,426,198,107	-	-
Investments	-	1,627,495,030	-
Receivable against Margin Trading System	4,041,602	-	-
Interest / profit accrued	59,934,706	-	-
Deposits and other receivables	2,850,000	-	-
	<b>1,493,024,415</b>	<b>1,627,495,030</b>	<b>-</b>
			<b>3,120,519,445</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2019		
	At fair value through profit or loss	Other financial liabilities	Total
	Rupees		
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	29,719,418	29,719,418
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	334,646	334,646
Payable against redemption of units	-	590,973	590,973
Unclaimed dividend	-	61,568,254	61,568,254
Accrued expenses and other liabilities	-	818,687	818,687
	-	<b>93,031,978</b>	<b>93,031,978</b>

### 24 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.

During the year ended June 30, 2020, the global economic environment including Pakistan has been severely affected by the COVID-19 outbreak. COVID-19 has impacted the businesses in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, challenges to continuity of business operations and managing cybersecurity threat. The State Bank of Pakistan has also responded to the crisis by cutting the policy rate by 225 bps to 11% in March '20, by 200 bps to 9% on April '20, by 100 bps to 8% in May '20 and again by 100 bps to 7% in June '20. SECP has also provided certain relaxation to the asset management companies in Pakistan for specific period.

The Fund's management and Board is fully cognizant of the business challenges posed by the COVID-19 outbreak and constantly monitoring the situation and believe that its current policies for managing credit, liquidity, market and operational risk are adequate in response to the current situation.

#### 24.1 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 2020, 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 and sukuk certificates and balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher/lower by Rs. 21.140 million (2019: Rs. 24.019 million).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### b) Sensitivity analysis for fixed rate instruments

As at 30 June 2020, 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 and with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs. 18.940 million (2019: Rs. 7.530 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. 18.940 million (2019: Rs. 7.530 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 2020 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.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2020 can be determined as follows:

-----2020-----						
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
-----Rupees-----						
<b>Financial assets</b>						
Cash and bank balances	6.00% - 7.80%	1,318,241,149	-	-	5,000	1,318,246,149
Investments	7.48% - 14.86%	292,752,325	810,450,155	1,659,619,466	-	2,762,821,946
Receivable against Margin Trading System		-	-	-	-	-
Interest / profit accrued		-	-	-	49,575,012	49,575,012
Deposits and other receivables		-	-	-	2,850,000	2,850,000
		1,610,993,474	810,450,155	1,659,619,466	52,430,012	4,133,493,107
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	31,165,608	31,165,608
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	265,807	265,807
Payable against redemptions of units		-	-	-	114,638	114,638
Unclaimed dividend		-	-	-	291,511,586	291,511,586
Accrued expenses and other liabilities		-	-	-	985,023	985,023
		-	-	-	324,042,662	324,042,662
<b>On-balance sheet gap (a)</b>		1,610,993,474	810,450,155	1,659,619,466	(271,612,650)	3,809,450,445
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		1,610,993,474	810,450,155	1,659,619,466		
<b>Cumulative interest rate sensitivity gap</b>		1,610,993,474	2,421,443,629	4,081,063,095		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

-----2019-----					
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- Rupees -----

### Financial assets

Cash and bank balances	6.00% - 13.40%	1,426,193,107	-	-	5,000	1,426,198,107
Investments	11.80% - 13.80%	49,710,307	-	1,577,784,723	-	1,627,495,030
Receivable against Margin Trading System		-	-	-	4,041,602	4,041,602
Interest / profit accrued		-	-	-	59,934,706	59,934,706
Deposits and other receivables		-	-	-	2,850,000	2,850,000
		<b>1,475,903,414</b>	<b>-</b>	<b>1,577,784,723</b>	<b>66,831,308</b>	<b>3,120,519,445</b>

### Financial liabilities

Payable to Atlas Asset Management Limited - Management Company		-	-	-	29,719,418	29,719,418
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	334,646	334,646
Payable against redemptions of units		-	-	-	590,973	590,973
Unclaimed dividend		-	-	-	61,568,254	61,568,254
Accrued expenses and other liabilities		-	-	-	818,687	818,687
		<b>-</b>	<b>-</b>	<b>-</b>	<b>93,031,978</b>	<b>93,031,978</b>
<b>On-balance sheet gap (a)</b>		<b>1,475,903,414</b>	<b>-</b>	<b>1,577,784,723</b>	<b>(26,200,670)</b>	<b>3,027,487,467</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>1,475,903,414</b>	<b>-</b>	<b>1,577,784,723</b>		
<b>Cumulative interest rate sensitivity</b>		<b>1,475,903,414</b>	<b>1,475,903,414</b>	<b>3,053,688,137</b>		

### (ii) 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

## 24.2 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 summarises 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:

	2020						
	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	1,318,246,149	-	-	-	-	-	1,318,246,149
Investments	-	292,752,325	810,450,155	1,580,700,930	78,918,536	-	2,762,821,946
Receivable against Margin Trading System	-	-	-	-	-	-	-
Interest / profit accrued	358,431	49,216,581	-	-	-	-	49,575,012
Deposits and other receivables	-	-	-	-	-	2,850,000	2,850,000
	<b>1,318,604,580</b>	<b>341,968,906</b>	<b>810,450,155</b>	<b>1,580,700,930</b>	<b>78,918,536</b>	<b>2,850,000</b>	<b>4,133,493,107</b>
<b>Financial liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	31,165,608	-	-	-	-	-	31,165,608
Payable to Central Depository Company of Pakistan Limited - Trustee	265,807	-	-	-	-	-	265,807
Payable against redemption of units	114,638	-	-	-	-	-	114,638
Unclaimed dividend	291,511,586	-	-	-	-	-	291,511,586
Accrued expenses and other liabilities	145,740	839,283	-	-	-	-	985,023
	<b>323,203,379</b>	<b>839,283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>324,042,662</b>
<b>Net assets / (liabilities)</b>	<b>995,401,201</b>	<b>341,129,623</b>	<b>810,450,155</b>	<b>1,580,700,930</b>	<b>78,918,536</b>	<b>2,850,000</b>	<b>3,809,450,445</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2019							
	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	1,426,198,107	-	-	-	-	-	1,426,198,107
Investments	49,710,307	-	-	1,044,827,801	532,956,922	-	1,627,495,030
Receivable against Margin Trading System	4,041,602	-	-	-	-	-	4,041,602
Interest / profit accrued	1,410,969	58,523,737	-	-	-	-	59,934,706
Deposits and other receivables	-	-	-	-	-	2,850,000	2,850,000
	<b>1,481,360,985</b>	<b>58,523,737</b>	<b>-</b>	<b>1,044,827,801</b>	<b>532,956,922</b>	<b>2,850,000</b>	<b>3,120,519,445</b>
<b>Financial liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	29,719,418	-	-	-	-	-	29,719,418
Payable to Central Depository Company of Pakistan Limited - Trustee	334,646	-	-	-	-	-	334,646
Payable against redemption of units	590,973	-	-	-	-	-	590,973
Unclaimed dividend	61,568,254	-	-	-	-	-	61,568,254
Accrued expenses and other liabilities	43,513	775,174	-	-	-	-	818,687
	<b>92,256,804</b>	<b>775,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,031,978</b>
<b>Net assets / (liabilities)</b>	<b>1,389,104,181</b>	<b>57,748,563</b>	<b>-</b>	<b>1,044,827,801</b>	<b>532,956,922</b>	<b>2,850,000</b>	<b>3,027,487,467</b>

### 24.3 Credit risk

**24.3.1** 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:

	2020	2019
Rupees		
Bank balances and term deposits	1,318,246,149	1,426,198,107
Investments in debt instruments	874,366,505	970,072,150
Receivable against Margin Trading System	-	4,041,602
Interest / profit accrued	49,575,012	59,934,706
Deposits and other receivables	2,850,000	2,850,000
	<b>2,245,037,666</b>	<b>2,463,096,565</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2020 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.

### 24.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	68.21	41.48
AA+	10.78	19.67
AA	14.68	24.87
AA-	4.55	12.09
A+	1.79	1.91
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2020 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

**All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.**

### 24.3.3 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	
	2020	2019
Banks	63.84	79.42
Inv. Banks / Investment Cos. / Securities Cos.	18.63	20.58
Power Generation & Distribution	17.52	
	<b>100.00</b>	<b>100.00</b>

## 25 FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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 to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2019 and 30 June 2018, the Fund held the following financial instruments measured at fair values:

	Level 1	Level 2	Level 3
	Rupees		
<b>2020</b>			
At fair value through profit or loss	-	2,762,821,946	-
At fair value through other comprehensive income	-	-	-
	<b>-</b>	<b>2,762,821,946</b>	<b>-</b>
<b>2019</b>			
At fair value through profit or loss	-	1,627,495,030	-
Available-for-sale	-	-	-
	<b>-</b>	<b>1,627,495,030</b>	<b>-</b>

### 26 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 has historically maintained and complied with the requirement of minimum fund size at all times.

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 24, 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.

### 27 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Investment amount (Rupees)	Percentage of total	Number of unit holders	Investment amount (Rupees)	Percentage of total
Individuals	348	669,130,518	18.01%	318	204,941,022	6.86%
Associated Companies / Directors	9	2,758,952,448	74.26%	9	2,566,958,206	85.89%
Retirement Funds	13	231,786,190	6.24%	12	166,233,794	5.56%
Insurance Companies	3	19,005,779	0.51%	-	-	0.00%
Public Limited Companies		-	0.00%	6	14,858,238	0.50%
NBFCs		-	0.00%	1	11,261	0.00%
Others	11	36,572,823	0.98%	7	35,492,621	1.19%
	<b>384</b>	<b>3,715,447,758</b>	<b>100.00%</b>	<b>353</b>	<b>2,988,495,142</b>	<b>100.00%</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 28 LIST OF BROKERS BY PERCENTAGE OF COMMISSION PAID

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	9.99%	Next Capital Limited	48.64%
JS Global Capital Limited	90.01%	Arif Habib Limited	6.90%
	<b>100.00%</b>	Pearl Securities Limited	1.70%
		BMA Capital Management Ltd	40.04%
		ABA Ali Habib Securities (Pvt) Limited	0.55%
		JS Global Capital Limited	2.17%
			<b>100.00%</b>

## 29 MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	20 Years
Mr. Ali H. Shirazi	Director	Masters in Law	16.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	16 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	12 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	12 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	9 Years

## 30 NAME AND QUALIFICATION OF THE FUND MANAGER

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

## 31 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Meeting held on					
	04 July 2019	26 September 2019	30 October 2019	27 February 2020	29 April 2020	26 June 2020
Mr. Yusuf H. Shirazi *	L	P				
Mr. Iftikhar H. Shirazi ** (Appointed Chairman w.e.f. Feb. 27, 2020)				P	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. Muhammad Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Company Secretary)	P	P	P	L	P	P

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

P Present

L Leave of absence

\* Mr. Yusuf H. Shirazi passed away on October 20, 2019.

\*\* Mr. Iftikhar H. Shirazi appointed as chairman on February 27, 2020.

### 32 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2019: AM2+ (AM Two Plus)] on 26 December 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Furthermore, PACRA maintained the stability rating of "AA- (f)" (Double A minus) to the Fund [2019: "AA- (f)" (Double A minus)] on 17 April 2020.

### 33 GENERAL

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

**33.2** Units have been rounded off to the nearest decimal place.

### 34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 10 September 2020.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar 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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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

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Mohsin Tayebaly & Co.

### Bankers

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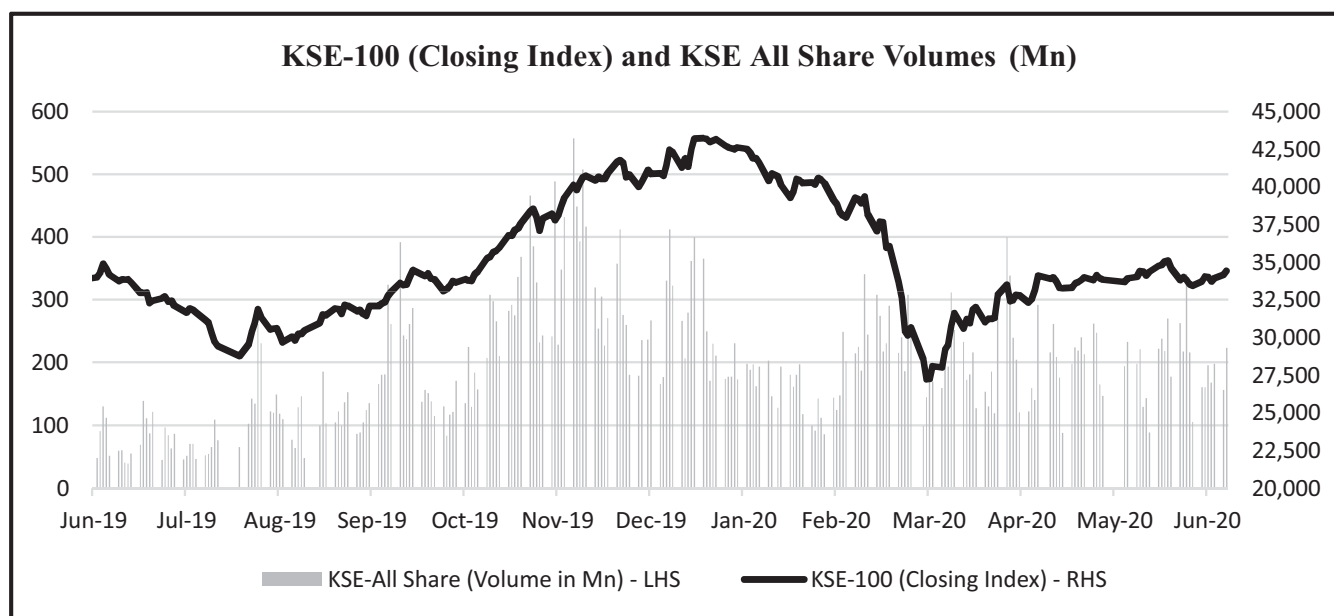
Bank Alfalah Limited  
Habib Bank Limited  
MCB Bank Limited



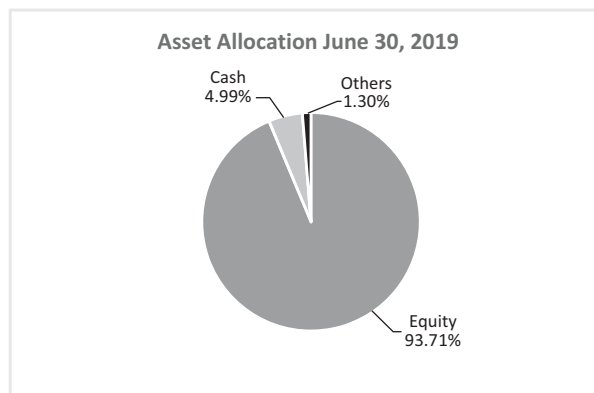
## Fund Manager's Report

Atlas Stock Market Fund (ASMF) is an open-ended equity fund. The Fund has a high-risk rating and aims to provide unit holder's with appreciation in the value of amount invested, modest income, liquidity and the facility to join or leave the fund at their convenience. ASMF investment strategy emphasizes on medium to long-term investment views and involves the application of relative value analysis of various industry sectors. The KSE-100 Index serves as the performance benchmark of Atlas Stock Market Fund.

The KSE-100 index increased 1.53% from 33,901.58 points as on June 28, 2019 to 34,421.92 points as on June 30, 2020. The daily average volume during the year increased by 26.52% to 196.36 million shares from 155.21 million shares traded last year. Net outflow of US \$284.83 was recorded by Foreign Portfolio Investors during FY20 compared to net outflow of US \$355.95 million in FY19. On the local front, Individuals, Insurance Companies and Other Organization were net buyers of US \$213.23 million, US \$128.64 million and US \$31.56 million during FY20. Banks, Mutual Funds and Broker Proprietary Trading Accounts remained net sellers of US \$55.40 million, US \$50.22 million and US \$13.34 million, respectively. During FY20, sectors that outperformed benchmark KSE-100 index were Pharmaceuticals, Technology & Communication, Cement, Engineering and Fertilizer that posted 56.42%, 35.41%, 33.31%, 27.64% and 8.14% returns, respectively. Sectors that underperformed KSE-100 index were Oil & Gas Marketing Companies, Oil & Gas Exploration, Commercial Banks and Power Generation & Distribution Companies that posted -3.14%, -14.26%, -16.70% and -19.19% returns, respectively.



The Net Asset Value per unit of Atlas Stock Market Fund increased by 4.62% to Rs. 516.71 as on June 30, 2020. The benchmark KSE-100 index increased by 1.53% during the same period. The KSE-100 index increased from 33,901.58 points as on June 28, 2019 to 34,421.92 points as on June 30, 2020. The ASMF's equity portfolio exposure stood at 98.73% that mainly comprised of Commercial Banks, Oil & Gas Exploration, Cement and Fertilizer sectors. ASMF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiple with prospects of earnings growth. The Net Assets of the Fund stood at Rs. 6.84 billion, with 13.24 million units outstanding as of Jun 30, 2020.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Stock Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 10.50 per unit for the period ended June 30, 2020 (2.10% on the face value of Rs. 500 per unit).

#### 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	2016-17	2017-18	2018-19	2019-20
Atlas Bachat Plan	85%	15%	9.72%	3.38%	3.41%	14.5%
Atlas Bachat Balanced Plan	50%	50%	19.61%	0.04%	-5.75%	10.4%
Atlas Bachat Growth Plan	15%	85%	29.50%	-3.31%	-14.91%	6.37%

#### Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	503	578,765,269	8.46%
Associated Companies / Directors	10	3,605,838,314	52.70%
Insurance Companies	5	130,366,510	1.91%
Retirement Funds	24	2,409,678,700	35.22%
Others	6	117,020,746	1.71%
<b>Total</b>	<b>548</b>	<b>6,841,669,539</b>	<b>100.00%</b>

The Fund has made provision against SWWF, which up till June 30, 2020 amounted to Rs. 44,571,373 (Rs. 3.37 per unit). The Scheme has held provision for FED liability that amounted to Rs. 20,301,988 up till June 30, 2020 (Rs. 1.53 per unit).

The Total Expense Ratio (TER) of the Fund is 3.13% including expenses representing Government levy, SWWF and SECP Fee of 0.46%.

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

Karachi: 10 September 2020

**Faran-UI-Haq**  
Head of Equities



## 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

ASMF	Resolution	For	Against	Abstain
Number	271	271	-	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

	2020	2019	2018	2017	2016	2015	2014	2013
Net assets (Rs. in '000)	6,841,670	5,044,438	5,375,332	5,527,676	4,017,187	3,304,662	1,049,717	1,035,727
Number of units in issue	13,240,837	10,009,549	8,657,936	8,289,668	7,979,640	6,257,738	2,379,851	1,981,235
Net asset value per unit (Rs.)	516.71	503.96	620.86	666.82	503.43	528.09	441.08	522.77
Net income / (loss) (Rs. in '000)	281,056	(1,171,613)	(255,744)	1,395,859	202,191	544,472	254,583	350,292
Earnings / (loss) per unit (Rs.)	21.23	(117.05)	(29.54)	168.39	25.34	87.01	106.97	176.80
Annual return of the Fund (%)	4.62	(18.83)	(4.75)	33.74	5.05	19.73	30.09	51.11
Offer price ** (Rs.)	528.39	515.35	620.86	666.82	503.43	528.09	441.08	533.32
Redemption price ** (Rs.)	516.71	503.96	620.86	666.82	503.43	528.09	441.08	522.86
Distribution Per Unit (Rs.)	10.50	-	-	15.00	5.00	50.00	75.00	125.00
Distribution as a % of opening Ex- NAV of units	2.08	-	-	3.00	1.05	11.34	18.86	36.13
Date of distribution	30-Jun-20	-	-	7-Jul-17	11-Jul-16	7-Jul-15	24-Jun-14	4-Jul-13
Highest offer price (Rs.)	662.80	651.76	670.30	741.32	519.23	536.44	523.17	561.36
Lowest offer price (Rs.)	412.35	506.30	545.53	519.17	420.92	420.61	423.67	368.11
Highest repurchase price per unit (Rs.)	648.15	645.99	670.30	741.32	519.23	536.44	523.17	550.35
Lowest repurchase price per unit (Rs.)	403.24	495.11	545.53	519.17	420.92	420.61	418.01	360.89

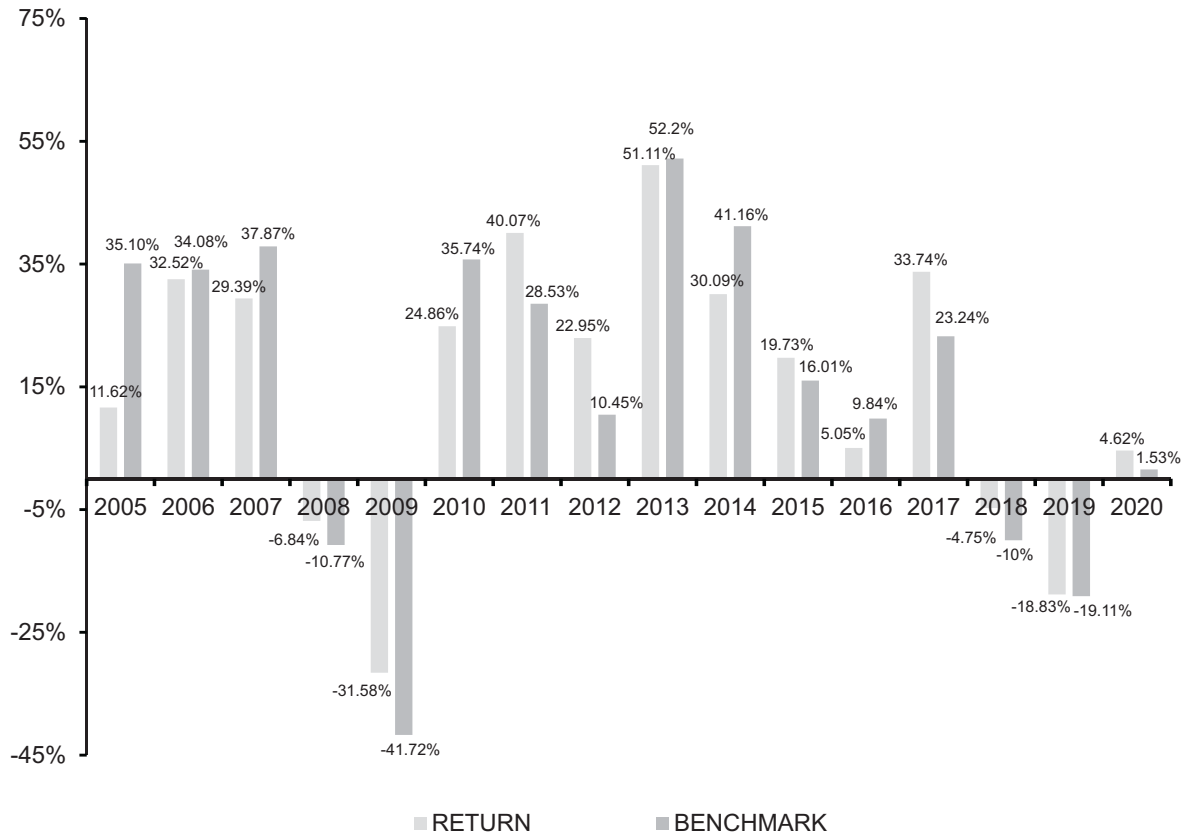
	2012	2011	2010	2009	2008	2007	2006	2005*
Net assets (Rs. in '000)	710,617	650,259	645,129	689,228	1,320,643	1,522,066	1,534,739	918,413
Number of units in issue	1,729,144	1,463,694	1,458,982	1,946,267	2,379,248	2,187,372	2,315,580	1,632,318
Net asset value per unit (Rs.)	410.96	444.26	442.18	354.13	555.07	695.84	662.79	562.64
Net income / (loss) (Rs. in '000)	132,635	186,008	199,544	(325,703)	(78,623)	334,451	371,585	103,097
Earnings / (loss) per unit (Rs.)	76.71	127.08	136.77	(167.35)	(33.05)	152.90	160.47	63.16
Annual return of the Fund (%)	22.95	40.07	24.86	(31.58)	(6.84)	29.39	32.52	11.62
Offer price ** (Rs.)	419.21	453.15	451.02	361.21	566.17	709.77	675.85	574.66
Redemption price ** (Rs.)	410.99	444.26	442.18	354.13	555.07	695.85	662.60	563.39
Distribution Per Unit (Rs.)	65.00	110.00	125.00	-	37.50	100.00	125.00	62.50
Distribution as a % of opening Ex- NAV of units	19.45	34.68	35.30	-	6.29	18.59	24.99	12.50
Date of distribution	5-Jul-12	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07	19-Jul-06	15-Jul-05
Highest offer price (Rs.)	437.30	469.09	525.81	509.76	698.28	710.81	793.44	676.57
Lowest offer price (Rs.)	308.05	328.38	377.77	211.57	515.74	535.97	507.03	503.86
Highest repurchase price per unit (Rs.)	428.73	459.89	515.50	499.76	684.59	696.87	777.88	663.30
Lowest repurchase price per unit (Rs.)	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)

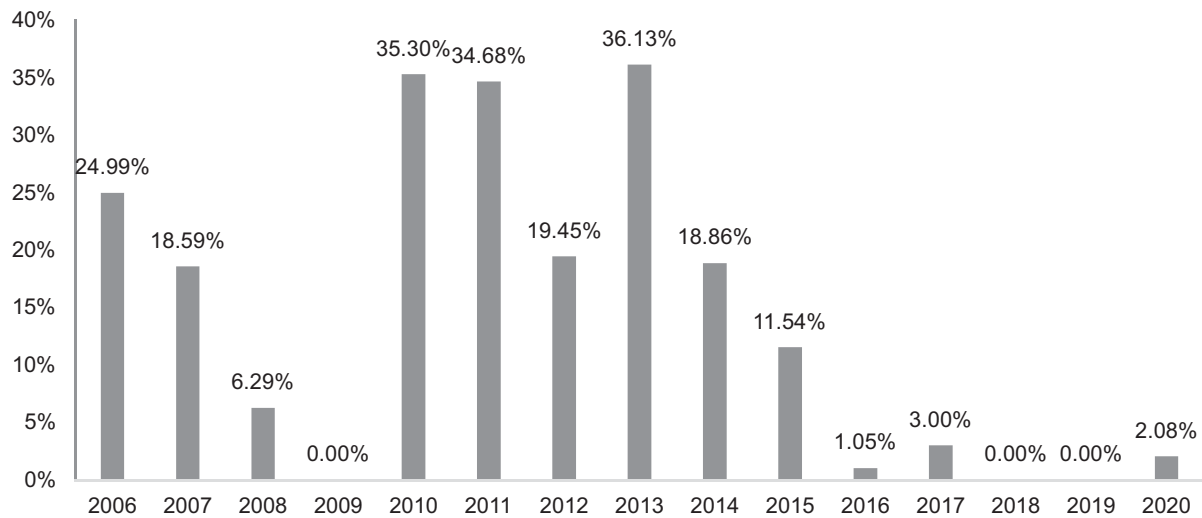
\*\* Relates to announced prices.

**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.

## Yearly Performance



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



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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, 2020 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: 28 September 2020

**Badiuddin Akber**  
Chief Executive Officer  
**Central Depository Company of Pakistan Limited**

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# INDEPENDENT AUDITOR'S REPORT

## To the Unit holders of Atlas Stock Market Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Stock Market Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, statement of comprehensive income, cash flows statement and statement of movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
<b>1. Equity investments</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2020, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the year end.</p> <p>In view of the above, we have considered this area as a key audit matter.</p>	<p>We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedures included the following:</p> <p>We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit.</p> <ul style="list-style-type: none"><li>• We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at 30 June 2020.</li></ul>

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting 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.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide

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a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

Karachi: 29 September 2020

**EY Ford Rhodes**  
Chartered Accountants

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2020

	Note	2020 ----- Rupees -----	2019 -----
<b>ASSETS</b>			
Cash and bank balances	4	75,706,293	266,018,200
Investments	5	6,990,442,843	4,987,285,163
Dividend receivable		-	2,103,138
Profit receivable on bank balances		413,904	287,651
Receivable against sale of investments		-	53,064,695
Security deposits and other receivable	6	13,529,987	13,529,987
<b>Total assets</b>		<b>7,080,093,027</b>	<b>5,322,288,834</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	39,612,278	33,820,284
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	736,735	601,378
Payable to the Securities and Exchange Commission of Pakistan	9	1,245,447	5,435,624
Payable against redemption of units	10	132,732,432	196,835,046
Unclaimed dividend		401,733	401,733
Accrued expenses and other liabilities	11	63,694,863	40,756,887
<b>Total liabilities</b>		<b>238,423,488</b>	<b>277,850,952</b>
<b>NET ASSETS</b>		<b>6,841,669,539</b>	<b>5,044,437,882</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>6,841,669,539</b>	<b>5,044,437,882</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>13,240,837</b>	<b>10,009,549</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>516.71</b>	<b>503.96</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Note	Rupees	Rupees
<b>INCOME</b>			
Profit on bank balances		14,646,439	28,112,418
Dividend income		310,696,067	280,966,328
<b>Gain / (loss) from investments at fair value through P&amp;L</b>			
Capital gain / (loss) on sale of investments - net		273,277,831	(297,432,593)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(122,783,414)	(1,025,126,704)
		<b>150,494,417</b>	<b>(1,322,559,297)</b>
<b>Total income</b>		<b>475,836,923</b>	<b>(1,013,480,551)</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	138,196,041	114,434,715
Sindh sales tax on remuneration of the Management Company	7.2	17,965,485	14,876,513
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	8.1	7,227,237	6,721,736
Sindh sales tax on remuneration of the Trustee	8.2	939,541	873,826
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	1,245,447	5,435,649
Accounting and operational charges	13	9,161,322	5,721,736
Auditors' remuneration	15	701,026	433,890
Annual listing fee		27,500	27,500
Legal and professional charges		195,500	177,978
Securities transaction cost	16	13,266,052	9,425,955
Printing charges		23,502	(48,272)
Bank charges		96,285	51,094
Provision for Sindh Workers' Welfare Fund	11.1	5,735,840	-
<b>Total expenses</b>		<b>194,780,778</b>	<b>158,132,320</b>
<b>Net income / (loss) for the year before taxation</b>		<b>281,056,145</b>	<b>(1,171,612,871)</b>
Taxation	17	-	-
<b>Net income / (loss) for the year after taxation</b>		<b>281,056,145</b>	<b>(1,171,612,871)</b>
<b>Earnings per unit</b>	18		
<b>Allocation of net income for the year:</b>			
- Net income for the year after taxation		281,056,145	-
- Income already paid on units redeemed		(9,335,468)	-
		<b>271,720,677</b>	<b>-</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		273,277,831	-
- Excluding capital gains		(1,557,154)	-
		<b>271,720,677</b>	<b>-</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees -----	-----
<b>Net income / (loss) for the year after taxation</b>	<b>281,056,145</b>	<b>(1,171,612,871)</b>
Other comprehensive (loss) / income	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>281,056,145</b>	<b>(1,171,612,871)</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
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Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2020

	2020		
	Capital Value	Undistributed income	Net Assets
	Rupees		
Capital value	4,841,549,792	-	4,841,549,792
<b>Undistributed income brought forward</b>			
- Realised income	-	1,073,009,596	1,073,009,596
- Unrealised loss	-	(870,121,506)	(870,121,506)
<b>Net assets at the beginning of the year (Units outstanding: 10,009,549) (Rs. 503.96 per unit)</b>	<b>4,841,549,792</b>	<b>202,888,090</b>	<b>5,044,437,882</b>
Issue of 5,185,957 units	2,704,284,267	-	2,704,284,267
Redemption of 1,954,669 units	(1,038,661,296)	(9,335,468)	(1,047,996,764)
Refund of Capital	(7,471,552)	-	(7,471,552)
Cash dividend declared @ Rs. 10.50 per unit declared on 30 June 2020	-	(132,640,439)	(132,640,439)
Total comprehensive income for the year	-	281,056,145	281,056,145
<b>Net assets at end of the year (Units outstanding: 13,240,837) (Rs. 516.71 per unit)</b>	<b>6,499,701,211</b>	<b>341,968,328</b>	<b>6,841,669,539</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	909,302,970	-
- Unrealised loss	-	(567,334,642)	-
	-	<b>341,968,328</b>	-
	2019		
	Capital Value	Undistributed income	Net Assets
	Rupees		
Capital value	4,000,831,035	-	4,000,831,035
<b>Undistributed income brought forward</b>			
- Realised income	-	1,345,586,577	1,345,586,577
- Unrealised income	-	28,914,384	28,914,384
<b>Net assets at beginning of the year (Unit outstanding: 8,657,937) (Rs. 620.86 per unit)</b>	<b>4,000,831,035</b>	<b>1,374,500,961</b>	<b>5,375,331,996</b>
Issuance of 3,527,450 units	2,110,910,623	-	2,110,910,623
Redemption of 2,175,838 units	(1,270,191,866)	-	(1,270,191,866)
Total comprehensive loss for the year	-	(1,171,612,871)	(1,171,612,871)
<b>Net assets at end of the year (unit outstanding: 10,009,549) (Rs. 503.96 per unit)</b>	<b>4,841,549,792</b>	<b>202,888,090</b>	<b>5,044,437,882</b>
<b>Undistributed income carried forward</b>			
- Realised income	-	1,073,009,596	-
- Unrealised income	-	(870,121,506)	-
	-	<b>202,888,090</b>	-

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

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Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 ----- Rupees -----	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the year after taxation		<b>281,056,145</b>	<b>(1,171,612,871)</b>
<b>Adjustments for:</b>			
Profit on bank balances		(14,646,439)	(28,112,418)
Dividend income		(310,696,067)	(280,966,328)
Capital (gain) / loss on sale of investments - net		(273,277,831)	297,432,593
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		122,783,414	1,025,126,704
Provision for Sindh Workers' Welfare Fund		5,735,840	-
		<b>(470,101,083)</b>	<b>1,013,480,551</b>
<b>Decrease / (increase) in assets</b>			
Receivable against sale of investments		53,064,695	(51,581,635)
Advances, deposits, prepayments and other receivables		-	8,605,208
		<b>53,064,695</b>	<b>(42,976,427)</b>
<b>Increase / (decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		5,791,994	(98,013)
Payable to the Central Depository Company of Pakistan Limited - Trustee		135,357	(4,702)
Payable to the Securities and Exchange Commission of Pakistan		(4,190,177)	330,748
Payable against purchase of investments		-	(18,082,010)
Accrued expenses and other liabilities		17,202,136	173,707
		<b>18,939,310</b>	<b>(17,680,270)</b>
Profit received on bank balances		14,520,186	30,118,151
Dividend received		312,799,205	286,857,327
Investments made during the year		(5,901,324,847)	(5,065,180,176)
Investments sold during the year		4,048,661,584	3,695,427,195
		<b>(1,525,343,872)</b>	<b>(1,052,777,503)</b>
<b>Net cash used in operating activities</b>		<b>(1,642,384,805)</b>	<b>(1,271,566,520)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		2,704,284,267	2,110,910,623
Net payments against redemption of units		(1,112,099,378)	(1,076,934,952)
Refund of Capital		(7,471,552)	-
Cash payout against distribution		(132,640,439)	-
<b>Net cash generated from financing activities</b>		<b>1,452,072,898</b>	<b>1,033,975,671</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(190,311,907)</b>	<b>(237,590,849)</b>
Cash and cash equivalents at the beginning of the year		266,018,200	503,609,049
<b>Cash and cash equivalents at the end of the year</b>	4	<b>75,706,293</b>	<b>266,018,200</b>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

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Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Stock Market Fund (the Fund) is an open ended Mutual Fund constituted under a trust deed entered into on 29 May 2004 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was revised through the First, Second, Third, Fourth, Fifth and Sixth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 06 March 2008, 04 December 2009 and 23 May 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteen and Fourteen Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 06 March 2008, 04 December 2009, 14 October 2013, 24 March 2015, 03 August 2015, 29 September 2016, 02 June 2017, 25 May 2018, 5 September 2019, 25 November 2019 and 1 April 2020 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as an 'equity scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. 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 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 FOR PREPARATION

### 2.1 Statement of compliance

"These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:"

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 16 – Leases  
 IFRIC 23 – Uncertainty over Income Tax Treatments  
 IFRS 3 – Business Combinations – Previously held interests in a joint operation  
 IFRS 9 – Financial Instruments – Prepayment Features with Negative Compensation (Amendments)  
 IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)  
 IFRS 11 – Joint Arrangements – Previously held interests in a joint operation  
 IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity  
 IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation  
 IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)  
 IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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 or Interpretation

### IASB Effective date (annual periods beginning on or after)

IFRS 1 - First-time Adoption of International Financial  
Reporting Standards

July 01, 2009

IFRS 17 - Insurance Contracts

January 01, 2023

## 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 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 of the Fund relate to classification, valuation and impairment of financial assets.

## 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

## 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 as below. These policies have been applied consistently to all years except for the changes in accounting policies as explained in the note 3.1 below.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 3.1 Financial instruments

#### a) Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### b) Classification

##### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL.

##### Debt instruments

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

### **c) Subsequent Measurement**

Financial assets (equity and debt instruments) at fair value through profit or loss

Financial assets (both equity and debt) at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Interest earned on debt instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

### **Debt instruments at Amortised Cost**

Under IFRS 9, after initial measurement, such debt instruments are subsequently measured at amortised cost. Under Regulation 66 of NBFC Regulations, debt securities are required to be carried at fair value. The Fund has not used this classification for its investment portfolio.

### **Debt instruments at FVOCI**

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in



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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment and the impairment is charged profit or loss.

### **Equity instruments at FVOCI**

Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

### **Financial liabilities**

#### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss.

#### **d) Derecognition**

"A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### **e) Reclassification of financial assets and liabilities**

From the application date of IFRS 9, the Fund does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Fund acquires, disposes of, or terminates a business line.

#### **f) Impairment of financial assets**

"The Fund only considers expected credit losses for bank balances and trade and other receivables. The Fund measures expected credit losses on bank balances using the probability of default (PD) and loss given default (LGD) estimates using the published information about these risk parameters.

For trade and other receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade and other receivables. The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### h) Determination of fair value

The equity securities are valued on the basis of closing quoted market prices available at Pakistan Stock Exchange (PSX)

### 3.2 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.

### 3.3 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.

### 3.4 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 as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the 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 as processing fee.

### 3.5 Distribution to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Investment 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. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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.

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

"The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated 03 August 2017 includes a definition and explanation relating to element of income and excludes the element of income from the expression accounting income as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. MUFAP, in consultation with the SECP, specified methodology of

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

determination of income paid on units redeemed under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year."

## 3.7 Revenue recognition

- 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.
- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.
- Unrealised appreciation / (loss) in the value 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.

## 3.8 Expenses

All expenses chargeable to the Fund including remuneration of Management Company and Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

## 3.9 Taxation

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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders.

## 3.10 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 year end.

## 3.11 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculation of EPU is not practicable.

		2020	2019
	Note	----- Rupees -----	-----
<b>4 CASH AND BANK BALANCES</b>			
In local currency			
- Profit and loss sharing accounts	4.1	74,051,293	266,003,200
- Current account		5,000	5,000
- Cheque in hand	4.2	1,650,000	10,000
		<b>75,706,293</b>	<b>266,018,200</b>
 4.1	The rate of return on these accounts ranges between 6.00% and 6.50% (30 June 2019: 6.00% and 13.15%) per annum.		
4.2	These cheques were received against issue of units which were cleared subsequent to the year end by 06 July 2020 (2019: 03 July 2019).		
 <b>5 INVESTMENTS</b>			
	Note	2020	2019
		----- Rupees -----	-----
<b>At fair value through profit or loss</b>			
Investments in listed equity securities	5.1	<b>6,990,442,843</b>	<b>4,987,285,163</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 5.1 At fair value through profit or loss - Listed equity securities

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

Name of Investee Company	As at 01 July 2019	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2020	Carrying cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets	Paid up capital of investee company held
	-----Number of shares-----			-----Rupees-----			-----% age-----			
<b>INV. BANK/INV.COMPANIES/SECURITIES CO.</b>										
Arif Habib Limited	533,800	337,000	-	870,800	-	-	-	-	-	-
	<b>533,800</b>	<b>337,000</b>	<b>-</b>	<b>870,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMMERCIAL BANKS</b>										
Bank Alfalah Limited	5,336,000	2,919,000	-	4,947,500	3,307,500	144,211,646	111,032,775	1.59	1.62	0.19
Bank Al Habib Limited	4,191,700	2,772,475	-	989,000	5,975,175	440,425,615	312,501,653	4.47	4.57	0.54
BankIslami Pakistan Limited	-	8,544,500	139,750	400,000	8,284,250	93,838,120	62,628,930	0.90	0.92	0.75
The Bank Of Punjab	8,137,500	14,124,500	-	17,087,500	5,174,500	45,631,765	43,465,800	0.62	0.64	0.20
Faysal Bank Limited*	7,637,125	1,692,000	(4,182)	4,224,000	5,100,943	106,839,749	71,056,136	1.02	1.04	0.34
Habib Bank Limited (see note 5.3)	2,009,500	2,004,100	-	380,000	3,633,600	441,788,099	351,986,832	5.04	5.14	0.25
Habib Metropolitan Bank Limited	-	4,626,500	-	415,000	4,211,500	160,129,948	117,121,815	1.68	1.71	0.40
MCB Bank Limited	300	677,300	-	262,300	415,300	65,179,235	67,307,671	0.96	0.98	0.04
Meezan Bank Limited	1,444,635	2,524,500	-	808,000	3,161,135	245,310,539	217,644,145	3.11	3.18	0.25
United Bank Limited (see note 5.3)	2,294,000	1,018,500	-	1,234,175	2,078,325	263,876,180	214,815,672	3.07	3.14	0.17
	<b>31,050,760</b>	<b>40,903,375</b>	<b>135,568</b>	<b>30,747,475</b>	<b>41,342,228</b>	<b>2,027,230,896</b>	<b>1,569,561,429</b>	<b>22.45</b>	<b>22.94</b>	<b>3.10</b>
<b>INSURANCE</b>										
Adamjee Insurance Company Limited	-	1,576,500	-	-	1,576,500	60,666,760	52,197,915	0.75	0.76	0.45
Pakistan Reinsurance Company Limited	-	1,028,500	-	-	1,028,500	29,563,921	23,398,375	0.33	0.34	0.34
	<b>-</b>	<b>2,605,000</b>	<b>-</b>	<b>-</b>	<b>2,605,000</b>	<b>90,230,681</b>	<b>75,596,290</b>	<b>1.08</b>	<b>1.10</b>	<b>0.79</b>
<b>TEXTILE SPINNING</b>										
Gadoon Textile Mills Limited	8,700	21,100	-	29,800	-	-	-	-	-	-
	<b>8,700</b>	<b>21,100</b>	<b>-</b>	<b>29,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TEXTILE COMPOSITE</b>										
Gul Ahmed Textile Mills Limited	908,000	1,850,000	-	908,000	1,850,000	50,721,075	52,965,500	0.76	0.77	0.43
Interloop Limited	1,075,000	931,500	-	2,003,500	3,000	134,058	131,760	0.00	0.00	0.00
Kohinoor Textile Mills Limited	2,157,500	-	-	650,000	1,507,500	37,762,875	53,531,325	0.77	0.78	0.50
Nishat (Chunian) Limited	1,130,000	303,500	-	564,000	869,500	30,038,105	28,215,275	0.40	0.41	0.36
Nishat Mills Limited	-	2,078,700	-	1,428,700	650,000	46,466,451	50,706,500	0.73	0.74	0.18
	<b>5,270,500</b>	<b>5,163,700</b>	<b>-</b>	<b>5,554,200</b>	<b>4,880,000</b>	<b>165,122,564</b>	<b>185,550,360</b>	<b>2.65</b>	<b>2.71</b>	<b>1.48</b>
<b>CEMENT</b>										
Attock Cement Pakistan Limited	323,600	392,000	-	327,000	388,600	45,190,937	48,431,218	0.69	0.71	0.28
Cherat Cement Company Limited	859,000	2,070,500	85,900	1,706,000	1,309,400	61,458,790	114,140,398	1.63	1.67	0.67
D.G. Khan Cement Company Limited	805,000	1,605,000	-	1,422,500	987,500	69,400,011	84,263,375	1.21	1.23	0.23
Fauji Cement Company Limited	-	2,030,500	-	2,000,000	30,500	521,925	514,840	0.01	0.01	0.00
Kohat Cement Company Limited	90	906,000	-	354,590	551,500	67,677,814	75,803,675	1.08	1.11	0.27
Lucky Cement Limited	471,350	491,600	-	222,450	740,500	300,527,947	341,799,990	4.89	5.00	0.23
Maple Leaf Cement Factory Limited	-	945,000	-	900,000	45,000	1,152,950	1,169,100	0.02	0.02	0.00
Pioneer Cement Limited	-	4,604,000	-	995,000	3,609,000	135,250,387	227,511,360	3.25	3.33	1.59
	<b>2,459,040</b>	<b>13,044,600</b>	<b>85,900</b>	<b>7,927,540</b>	<b>7,662,000</b>	<b>681,180,761</b>	<b>893,633,956</b>	<b>12.78</b>	<b>13.06</b>	<b>3.29</b>
<b>REFINERY</b>										
Attock Refinery Limited	-	140,000	-	140,000	-	-	-	-	-	-
National Refinery Limited	42,400	109,800	-	152,200	-	-	-	-	-	-
	<b>42,400</b>	<b>249,800</b>	<b>-</b>	<b>292,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>POWER GENERATION &amp; DISTRIBUTION</b>										
The Hub Power Company Limited	4,279,820	3,240,500	-	1,371,500	6,148,820	485,173,175	445,789,450	6.38	6.52	0.47
K-Electric Limited (face value of Rs.3.5 per share)	6,750,000	-	-	-	6,750,000	29,632,500	20,317,500	0.29	0.30	0.02
Lalpur Power Limited	300,000	2,650,000	-	-	2,950,000	39,751,080	34,426,500	0.49	0.50	0.78
Nishat Chunian Power Limited	619,000	-	-	-	619,000	10,776,790	9,359,280	0.13	0.14	0.17
Pakgen Power Limited	3,400,000	808,500	-	-	4,208,500	61,957,725	50,544,085	0.72	0.74	1.13
	<b>15,348,820</b>	<b>6,699,000</b>	<b>-</b>	<b>1,371,500</b>	<b>20,676,320</b>	<b>627,291,270</b>	<b>560,436,815</b>	<b>8.02</b>	<b>8.19</b>	<b>2.57</b>
<b>OIL &amp; GAS MARKETING COMPANIES</b>										
Attock Petroleum Limited	-	51,000	-	51,000	-	-	-	-	-	-
Hascol Petroleum Limited	2,960	-	-	2,960	-	-	-	-	-	-
Hi-Tech Lubricants Limited	-	690,500	-	688,500	2,000	60,911	60,560	0.00	0.00	0.00
Pakistan State Oil Company Limited*	1,270,460	328,000	277,593	706,900	1,169,153	168,322,830	184,913,238	2.65	2.70	0.25
Shell Pakistan Limited	-	264,700	-	-	264,700	46,888,843	48,328,926	0.69	0.71	0.25
Sui Northern Gas Pipelines Limited	625,200	940,000	-	-	1,565,200	96,288,428	85,459,920	1.22	1.25	0.25
	<b>1,898,620</b>	<b>2,274,200</b>	<b>277,593</b>	<b>1,449,360</b>	<b>3,001,053</b>	<b>311,561,012</b>	<b>318,762,644</b>	<b>4.56</b>	<b>4.66</b>	<b>0.74</b>
<b>OIL &amp; GAS EXPLORATION COMPANIES</b>										
Mari Petroleum Company Limited*	238,494	118,180	32,835	35,840	353,669	324,041,898	437,364,769	6.26	6.39	0.27
Oil & Gas Development Company Limited	3,584,900	1,120,000	-	1,701,800	3,003,100	381,067,179	327,337,900	4.68	4.78	0.07
Pakistan Oilfields Limited	593,620	144,000	-	204,600	533,020	213,490,978	186,892,803	2.67	2.73	0.19
Pakistan Petroleum Limited (see note 5.3)	2,083,085	938,200	466,617	1,339,300	2,148,602	258,626,535	186,455,682	2.67	2.73	0.08
	<b>6,500,099</b>	<b>2,320,380</b>	<b>499,452</b>	<b>3,281,540</b>	<b>6,038,391</b>	<b>1,177,226,590</b>	<b>1,138,051,154</b>	<b>16.28</b>	<b>16.63</b>	<b>0.60</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Name of Investee Company	As at 01 July 2019	Purchases during the year	Bonus / rights shares issued during the year	Sales during the year	As at 30 June 2020	Carrying cost	Market value	Market value as a percentage of total investment	Market value as a percentage of net assets	Paid up capital of investee company held
	Number of shares			Rupees		% age				
<b>ENGINEERING</b>										
International Industries Limited	932,900	670,500	123,340	1,426,740	300,000	34,530,453	27,519,000	0.39	0.40	0.23
International Steels Limited	510,000	200,000	-	710,000	-	-	-	-	-	-
Mughal Iron And Steel Industries Limited*	4,725	-	(4,512)	-	213	118,981	8,494	0.00	0.00	0.00
	<b>1,447,625</b>	<b>870,500</b>	<b>118,828</b>	<b>2,136,740</b>	<b>300,213</b>	<b>34,649,334</b>	<b>27,527,494</b>	<b>0.39</b>	<b>0.40</b>	<b>0.23</b>
<b>AUTOMOBILE ASSEMBLER</b>										
Indus Motor Company Limited	-	71,060	-	-	71,060	65,674,155	70,703,989	1.01	1.03	0.09
Millat Tractors Limited	-	84,850	-	-	84,850	57,698,664	59,917,676	0.86	0.88	0.17
	-	<b>155,910</b>	-	-	<b>155,910</b>	<b>123,372,819</b>	<b>130,621,665</b>	<b>1.87</b>	<b>1.91</b>	<b>0.26</b>
<b>AUTOMOBILE PARTS &amp; ACCESSORIES</b>										
Thal Limited (face value of Rs.5 per share)	-	275,000	-	27,000	248,000	73,263,263	80,585,120	1.15	1.18	0.31
	-	<b>275,000</b>	-	<b>27,000</b>	<b>248,000</b>	<b>73,263,263</b>	<b>80,585,120</b>	<b>1.15</b>	<b>1.18</b>	<b>0.31</b>
<b>TRANSPORT</b>										
Pakistan International Bulk Terminal Limited	-	6,397,500	-	1,500,000	4,897,500	51,174,795	43,098,000	0.62	0.63	0.27
	-	<b>6,397,500</b>	-	<b>1,500,000</b>	<b>4,897,500</b>	<b>51,174,795</b>	<b>43,098,000</b>	<b>0.62</b>	<b>0.63</b>	<b>0.27</b>
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>										
Pakistan Telecommunication Company Limited	-	4,073,000	-	4,073,000	-	-	-	-	-	-
Systems Limited	1,041,950	922,500	-	337,400	1,627,050	155,553,474	298,856,544	4.28	4.37	1.32
	<b>1,041,950</b>	<b>4,995,500</b>	-	<b>4,410,400</b>	<b>1,627,050</b>	<b>155,553,474</b>	<b>298,856,544</b>	<b>4.28</b>	<b>4.37</b>	<b>1.32</b>
<b>FERTILIZER</b>										
Engro Fertilizers Limited (see note 5.3)	4,219,000	4,753,000	-	5,808,500	3,163,500	204,720,211	190,695,780	2.73	2.79	0.24
Engro Corporation Limited	1,239,200	491,000	-	603,500	1,126,700	308,832,807	330,032,964	4.72	4.82	0.20
Fauji Fertilizer Bin Qasim Limited	-	1,520,500	-	-	1,520,500	30,723,450	24,267,180	0.35	0.35	0.16
Fauji Fertilizer Company Limited	1,561,500	2,527,500	-	2,943,000	1,146,000	110,322,113	126,048,540	1.80	1.84	0.09
	<b>7,019,700</b>	<b>9,292,000</b>	-	<b>9,355,000</b>	<b>6,956,700</b>	<b>654,598,581</b>	<b>671,044,464</b>	<b>9.60</b>	<b>9.81</b>	<b>0.69</b>
<b>PHARMACEUTICALS</b>										
Abbott Laboratories (Pakistan) Limited	43,000	136,500	-	50,300	129,200	48,189,968	85,659,600	1.23	1.25	0.13
AGP Limited	189,500	353,500	-	20,000	523,000	42,539,005	57,394,020	0.82	0.84	0.19
Ferozsons Laboratories Limited	201,100	-	-	201,100	-	-	-	-	-	-
Glaxosmithkline Pakistan Limited	209,000	153,000	-	-	362,000	41,347,837	63,016,960	0.90	0.92	0.11
Highnoon Laboratories Limited	-	121,100	11,220	-	132,320	59,145,244	66,329,370	0.95	0.97	0.38
The Searle Company Limited	355,414	530,500	-	179,000	706,914	123,349,987	140,776,316	2.01	2.06	0.33
	<b>998,014</b>	<b>1,294,600</b>	<b>11,220</b>	<b>450,400</b>	<b>1,853,434</b>	<b>314,572,041</b>	<b>413,176,266</b>	<b>5.91</b>	<b>6.04</b>	<b>1.15</b>
<b>CHEMICALS</b>										
Archroma Pakistan Limited	-	150,350	-	36,900	113,450	74,038,984	66,867,430	0.96	0.98	0.33
Engro Polymer & Chemicals Limited	-	5,458,000	-	118,000	5,340,000	165,794,985	133,393,200	1.91	1.95	0.59
ICI Pakistan Limited	-	136,500	-	64,500	72,000	43,150,965	50,019,120	0.72	0.73	0.08
Lotte Chemical Pakistan Limited	-	5,500,000	-	-	5,500,000	57,539,665	54,725,000	0.78	0.80	0.36
	-	<b>11,244,850</b>	-	<b>219,400</b>	<b>11,025,450</b>	<b>340,524,599</b>	<b>305,004,750</b>	<b>4.36</b>	<b>4.46</b>	<b>1.36</b>
<b>PAPER &amp; BOARD</b>										
Cherat Packaging Limited	198,500	-	-	198,500	-	-	-	-	-	-
Packages Limited	-	57,200	-	-	57,200	22,346,247	19,860,412	0.28	0.29	0.06
	<b>198,500</b>	<b>57,200</b>	-	<b>198,500</b>	<b>57,200</b>	<b>22,346,247</b>	<b>19,860,412</b>	<b>0.28</b>	<b>0.29</b>	<b>0.06</b>
<b>VANASPATI &amp; ALLIED INDUSTRIES</b>										
Unity Foods Limited	-	5,453,000	-	5,400,000	53,000	573,401	590,950	0.01	0.01	0.01
	-	<b>5,453,000</b>	-	<b>5,400,000</b>	<b>53,000</b>	<b>573,401</b>	<b>590,950</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>
<b>LEATHER &amp; TANNERIES</b>										
Bata Pakistan Limited	-	59,600	-	-	59,600	86,081,727	80,048,760	1.15	1.17	0.79
Service Industries Limited	125	83,550	1,025	4,225	80,475	58,953,960	65,646,675	0.94	0.96	0.43
	<b>125</b>	<b>143,150</b>	<b>1,025</b>	<b>4,225</b>	<b>140,075</b>	<b>145,035,687</b>	<b>145,695,435</b>	<b>2.08</b>	<b>2.13</b>	<b>1.22</b>
<b>FOODS &amp; PERSONAL CARE PRODUCTS</b>										
Al Shaheer Corporation Limited*	15,608	-	(15,608)	-	-	-	-	-	-	-
Matco Foods Limited	245	-	-	245	-	-	-	-	-	-
National Foods Limited (face value of Rs.5 per share)	-	74,800	-	2,600	72,200	17,218,213	18,082,490	0.26	0.26	0.10
Al-Tahur Limited	-	2,479,000	-	16,500	2,462,500	48,144,045	42,428,875	0.61	0.62	1.53
	<b>15,853</b>	<b>2,553,800</b>	<b>(15,608)</b>	<b>19,345</b>	<b>2,534,700</b>	<b>65,362,258</b>	<b>60,511,365</b>	<b>0.87</b>	<b>0.88</b>	<b>1.62</b>
<b>GLASS &amp; CERAMICS</b>										
Tariq Glass Industries Limited	-	672,000	76,750	518,500	230,250	16,275,556	14,855,730	0.21	0.22	0.21
	-	<b>672,000</b>	<b>76,750</b>	<b>518,500</b>	<b>230,250</b>	<b>16,275,556</b>	<b>14,855,730</b>	<b>0.21</b>	<b>0.22</b>	<b>0.21</b>
<b>MISCELLANEOUS</b>										
Shifa International Hospitals Limited	-	50,000	-	50,000	-	-	-	-	-	-
Synthetic Products Enterprises Limited	-	900,000	-	-	900,000	36,080,428	37,422,000	0.54	0.55	1.02
	-	<b>950,000</b>	-	<b>50,000</b>	<b>900,000</b>	<b>36,080,428</b>	<b>37,422,000</b>	<b>0.54</b>	<b>0.55</b>	<b>1.02</b>
<b>Total as at 30 June 2020</b>						<b>7,113,226,257</b>	<b>6,990,442,843</b>	<b>100.00</b>	<b>102.17</b>	
<b>Total as at 30 June 2019</b>						<b>6,012,411,867</b>	<b>4,987,285,163</b>			

\* Bonus shares were withheld @5% vide section 236M of ITO, 2001. AMC's filed various suits and obtained stay orders from time to time. Later, Supreme Court judgement dated June 27, 2018 held that suits must only be entertained on condition of depositing 50% of tax demand to tax authorities. SHC issued notices to deposit 50% of tax demand and later dismissed the cases. Therefore, withheld bonus shares have been excluded from the portfolio.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.2 The cost of listed equity securities as at 30 June 2020 is Rs. 7,557,777,485 (30 June 2019: Rs. 5,857,406,669).

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:

Name of Investee Company	Number of shares		Market value	
	2020	2019	2020	2019
			----- Rupees -----	
Pakistan Petroleum Limited	297,000	297,000	25,773,660	42,895,710
Habib Bank Limited	60,000	-	5,812,200	-
Engro Fertilizers Limited	425,000	425,000	25,619,000	27,187,250
United Bank Limited	100,000	100,000	10,336,000	14,738,000
	<b>882,000</b>	<b>822,000</b>	<b>67,540,860</b>	<b>84,820,960</b>

### 6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposits with:

- National Clearing Company of Pakistan Limited (NCCPL)
- Central Depository Company of Pakistan Limited (CDC)

Other receivable

Note	2020	2019
	----- Rupees -----	
	2,500,000	2,500,000
	100,000	100,000
6.1	10,929,987	10,929,987
	<b>13,529,987</b>	<b>13,529,987</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 withholders. The amount of tax withheld during the year on dividend and profit on bank deposits aggregates to Rs.10.269 million (30 June 2019: Rs. 10.269 million) and Rs. 0.661 million (30 June 2019: Rs. 0.661 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 Funds managed by the Company 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 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019	
7	PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED- MANAGEMENT COMPANY - RELATED PARTY	Note ----- Rupees -----		
	Remuneration of the Management Company	7.1	13,608,253	8,940,042
	Sindh sales tax payable on remuneration of the Management Company	7.2	4,738,119	4,131,252
	Federal Excise Duty payable on remuneration of the Management Company	7.3	20,301,988	20,301,988
	Accounting and operational charges	13	963,918	447,002
			<b>39,612,278</b>	<b>33,820,284</b>

**7.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (I) / 2019 dated 20 June 2019, the Management Company shall set and disclose in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio. With effect from 01 January 2020 the Management Company decided to revise the management fee from 2% to 2.4%. Previously the Management Company was entitled to an amount not exceeding 2% per annum of the average annual net assets and therefore charged 2% of the average annual net assets per annum. The fee is payable to the Management Company monthly in arrears.

**7.2** During the year, an amount of Rs. 17,965,485 (2019: Rs. 14,876,513) 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. 17,358,618 (2019: Rs. 14,887,327) 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 were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On 04 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.

During the previous year, the SHC passed an order whereby 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) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 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.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 01 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 20.302 million (30 June 2019: Rs 20.302 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 30 June 2020 would have been higher by Rs. 1.53 (30 June 2019: Rs 2.03) per unit.

		2020	2019
8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note ----- Rupees -----	
	Trustee fee payable	8.1 648,978	529,193
	Sindh sales tax on trustee fee	8.2 84,367	68,795
	Settlement charges payable	3,000	3,000
	Sindh sales tax on settlement charges	390	390
		<b>736,735</b>	<b>601,378</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
- 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. 939,541 (2019: Rs. 873,826) 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. 923,969 (2019: Rs. 874,367) was paid to the Trustee which acts as a collecting agent.

		2020	2019
9	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note ----- Rupees -----	
	Annual fee payable	9.1 <b>1,245,447</b>	<b>5,435,624</b>

- 9.1 "In accordance with NBFC regulations, a collective investment scheme (CIS) is required to pay an annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from 01 July 2019, the SECP vide SRO No.685(1)2019 dated 28 June 2019 revised the rate of annual fee to 0.02% of net assets on all categories of CISs. Previously, the rate of annual fee applicable to the equity scheme was 0.095% of net assets."

### 10 PAYABLE AGAINST REDEMPTION OF UNITS

This represents payable against units redeemed to the unit holders based on their request for cash payout, managed by the Management Company.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	Rupees	
Auditors' remuneration payable		481,582	374,220
Printing charges payable		-	30,909
NCCPL charges payable		25,000	30,000
Transaction charges payable	16	2,919,420	1,105,035
Withholding and capital gain tax payable		15,621,799	370,634
Zakat payable		48,075	9,426
Sale Load Payable		27,614	1,130
Provision for Sindh Workers' Welfare Fund	11.1	44,571,373	38,835,533
		<b>63,694,863</b>	<b>40,756,887</b>

**11.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 in response to which the SECP vide its letter dated 01 February 2017 advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds.

Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on 12 January 2017 whereby the entire provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision for SWWF is being made by the Fund on a daily basis going forward.

Had the provision for SWWF not been recorded in these financial statements, the net asset value of the Fund as at 30 June 2020 would have been higher by Rs. 3.37 per unit (30 June 2019: Rs. 3.88 per unit).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2020 and 30 June 2019.

## 13 ACCOUNTING AND OPERATIONAL CHARGES

The Management Company is allowed to charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019 as per SECP SRO 639 (I) / 2019 dated 20 June 2019.

The Management Company has charged expenses at the rate of 0.1% of the average annual net assets of the Fund for the period from 01 July 2019 to 30 September 2019, 0.15% of the average annual net assets of the Fund from 01 October 2019 till 04 March 2020 and 0.17% of the average annual net assets of the Fund from 05 March 2020 onwards for allocation of such expenses to the Fund.

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2020 is 3.13% (30 June 2019: 2.76%) which includes 0.46% (30 June 2019: 0.40%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

## 15 AUDITORS' REMUNERATION

	2020	2019
	----- Rupees -----	
Annual audit fee	308,550	280,500
Half yearly review of condensed interim financial information	154,275	140,250
Certification charges	60,500	55,000
Code of Corporate Governance	50,000	-
Out of pocket expenses	77,835	26,000
Sindh sales tax on services	49,866	40,140
Prior year adjustment	-	(108,000)
	<b>701,026</b>	<b>433,890</b>

## 16 SECURITIES TRANSACTION COST

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

## 17 TAXATION

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% 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. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management has paid the required minimum percentage of income earned by the Fund during the year ended 30 June 2020 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 18 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

## 19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 19.1** Connected persons include Atlas Asset Management Limited being the Management Company, the 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, directors and their close family members and key management personnel of the Management Company.
- 19.2** Transactions with connected persons essentially comprise sale and redemption 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:

	2020	2019
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	138,196,041	114,434,715
Remuneration paid	133,527,830	114,517,905
Sindh Sales Tax on remuneration of the Management Company	17,965,485	14,876,513
Accounting and Operational Charges billed	9,161,322	5,721,736
Issue of 151,360 (2019: Nil) units	81,670,898	-
Redemption of 93,695 (2019: Nil) units	60,000,000	-
Dividend declared	1,730,962	-
Outstanding 206,561 (2019: 148,895) units - at net asset value	106,731,932	75,037,644
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	7,227,237	6,721,736
Sindh Sales Tax on remuneration of the Trustee	939,541	873,826
Remuneration paid	7,107,452	6,725,897
Settlement charges	409,933	348,776
Sindh Sales Tax on settlement charges	53,291	45,341
Settlement charges paid	409,933	348,776

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees -----	
<b>Atlas Battery Limited (Group Company)</b>		
Issue of Nil (2019: 5) units	-	2,646
Redemption of 5 (2019: 447) units	2,347	270,210
Outstanding Nil (2019: 5) units - at net asset value	-	2,557
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 1,628 (2019: 255) units	785,399	133,200
Redemption of Nil (2019: 315,794) units	-	200,000,000
Dividend declared	291,207	-
Outstanding 28,216 (2019: 26,587) units - at net asset value	14,579,293	13,399,315
<b>Atlas Insurance Limited (Group Company)</b>		
Issue of 113,329 (2019: 158,175) units	60,994,200	94,000,000
Redemption of Nil (2019: 462,160) units	-	242,936,351
Payable against redemption of units	-	196,561,235
Dividend declared	1,169,647	-
Outstanding 113,329 (2019: Nil) units - at net asset value	58,558,370	-
<b>Atlas Foundation (Group Company)</b>		
Dividend declared	9,125,294	-
Outstanding 869,076 (2019: 869,076 ) units - at net asset value	449,060,074	437,981,619
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 4,662 (2019: Nil) units	2,273,179	-
Dividend declared	253,524	-
Outstanding 26,549 (2019: 21,886) units - at net asset value	13,717,917	11,029,907
<b>Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 41,754 (2019: 9,580) units	21,381,155	5,000,000
Redemption of 24,389 (2019: Nil) units	14,500,000	-
Dividend declared	1,282,877	-
Outstanding 134,226 (2019: 116,860) units - at net asset value	69,355,779	58,893,643
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 445 (2019: Nil) units	228,807	-
Dividend declared	228,807	-
Outstanding 22,236 (2019: 21,791) units - at net asset value	11,489,720	10,981,917

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	----- Rupees -----	
<b>Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 1,998 (2019: Nil ) units	1,026,869	-
Redemption of Nil (2019: 8,225) units	-	5,000,000
Dividend declared	1,026,869	-
Outstanding 99,795 (2019: 97,797) units - at net asset value	51,565,041	49,286,059
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Redemption of Nil (2019: 16,542) units	-	9,632,342
<b>Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)</b>		
Redemption of Nil (2019: 11,703) units	-	7,006,159
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Issue of 641 (2019: Nil ) units	329,638	-
Dividend declared	329,638	-
Outstanding 32,035 (2019: 31,394 ) units - at net asset value	16,553,033	15,821,451
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 190,953 (2019: 730,632 ) units	90,000,000	448,096,319
Dividend declared	49,664,639	-
Outstanding 4,729,966 (2019: 4,539,013) units - at net asset value	2,444,020,517	2,287,492,549
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Issue of 3,648 (2019: Nil ) units	1,875,106	-
Dividend declared	2,206,007	-
Outstanding 213,744 (2019: 210,096) units - at net asset value	110,443,716	105,880,474
<b>Directors and their close family members and key management personnel and executive of the Management Company</b>		
Issue of 731,708 (2019: 41,763) units	387,447,549	23,136,485
Redemption of 2,271 (2019: 94,362 ) units	1,179,369	59,378,237
Dividend declared	8,956,956	-
Outstanding 1,232,151 (2019: 632,891) units - at net asset value	636,664,632	318,953,167

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 20 FINANCIAL INSTRUMENTS BY CATEGORY

----- As at 30 June 2020 -----			
At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
----- (Rupees) -----			
<b>Financial assets</b>			
Cash and bank balances	75,706,293	-	75,706,293
Investments	-	6,990,442,843	6,990,442,843
Dividend receivable	-	-	-
Profit receivable on bank balances	413,904	-	413,904
Receivable against sale of investments	-	-	-
Security deposits and other receivable	2,600,000	-	2,600,000
	<b>78,720,197</b>	<b>6,990,442,843</b>	<b>7,069,163,040</b>

----- As at 30 June 2020 -----			
	At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----			
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	39,612,278	39,612,278
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	736,735	736,735
Payable against redemption of units	-	132,732,432	132,732,432
Unclaimed dividend	-	401,733	401,733
Accrued expenses and other liabilities	-	3,453,616	3,453,616
	<b>-</b>	<b>176,936,794</b>	<b>176,936,794</b>

----- As at 30 June 2019 -----			
At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
----- (Rupees) -----			
<b>Financial assets</b>			
Cash and bank balances	266,018,200	-	266,018,200
Investments	-	4,987,285,163	4,987,285,163
Dividend receivable	2,103,138	-	2,103,138
Profit receivable on bank balances	287,651	-	287,651
Receivable against sale of investment	53,064,695	-	53,064,695
Security deposits and other receivable	2,600,000	-	2,600,000
	<b>324,073,684</b>	<b>4,987,285,163</b>	<b>5,311,358,847</b>

----- As at 30 June 2019 -----			
	At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----			
<b>Financial liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	33,820,284	33,820,284
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	601,378	601,378
Payable against purchase of investments	-	-	-
Payable against redemption of units	-	196,835,046	196,835,046
Unclaimed dividend	-	401,733	401,733
Accrued expenses and other liabilities	-	1,541,294	1,541,294
	<b>-</b>	<b>233,199,735</b>	<b>233,199,735</b>

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

During the year ended June 30, 2020, the global economic environment including Pakistan has been severely affected by the COVID-19 outbreak. COVID-19 has impacted the businesses in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, challenges to continuity of business operations and managing cybersecurity threat. The State Bank of Pakistan has also responded to the crisis by cutting the policy rate by 225 bps to 11% in March '20, by 200 bps to 9% on April '20, by 100 bps to 8% in May '20 and again by 100 bps to 7% in June '20. SECP has also provided certain relaxation to the asset management companies in Pakistan for specific period.

The Fund's management and Board is fully cognizant of the business challenges posed by the COVID-19 outbreak and constantly monitoring the situation and believe that its current policies for managing credit, liquidity, market and operational risk are adequate in response to the current situation.

### 21.1 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 fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As of 30 June 2020, 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.

#### 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 2020, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 740,513 (2019: Rs. 2,660,032). In case of 100 basis points decrease in market interest rates as at 30 June 2020, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 740,513 (2019: Rs. 2,660,032).

#### 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.

As stated above out of the total financial assets of Rs. 7,069,908,167 (2019: Rs. 5,311,358,847), assets aggregating to Rs. 74,051,293 (2019: Rs. 266,003,200) are subject to yield / interest rate risk. These represent bank balances having effective yield of 6.00% to 6.50% (2019: 6.00% to 13.50%).

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 2020 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.



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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### (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 2020, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 349,522,142 (2019: Rs. 249,364,258) 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 2020 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 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 Limited.

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 addition, as required by SECP, the Fund has arranged committed credit lines from a financial institution equivalent to 10% of net assets of the Fund.

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 summarises 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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

-----As at 30 June 2020-----						
	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	75,706,293	-	-	-	-	75,706,293
Investments	-	-	-	-	6,990,442,843	6,990,442,843
Dividend receivable	-	-	-	-	-	-
Profit receivable on bank balances	413,904	-	-	-	-	413,904
Receivable against sale of investments	-	-	-	-	-	-
Security deposits and other receivable	-	-	-	-	2,600,000	2,600,000
	<b>76,120,197</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,993,042,843</b>	<b>7,069,163,040</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	39,612,278	-	-	-	-	39,612,278
Payable to the Central Depository Company of Pakistan Limited - Trustee	736,735	-	-	-	-	736,735
Payable against purchase of investments	-	-	-	-	-	-
Payable against redemption of units	132,732,432	-	-	-	-	132,732,432
Unclaimed dividend	401,733	-	-	-	-	401,733
Accrued expenses and other liabilities	2,944,420	509,196	-	-	-	3,453,616
	<b>176,427,598</b>	<b>509,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176,936,794</b>
<b>Net assets / (liabilities)</b>	<b>(100,307,401)</b>	<b>(509,196)</b>	<b>-</b>	<b>-</b>	<b>6,993,042,843</b>	<b>6,892,226,246</b>

-----As at 30 June 2019-----						
	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	266,018,200	-	-	-	-	266,018,200
Investments	-	-	-	-	4,987,285,163	4,987,285,163
Dividend receivable	2,103,138	-	-	-	-	2,103,138
Profit receivable on bank balances	287,651	-	-	-	-	287,651
Receivable against sale of investments	53,064,695	-	-	-	-	53,064,695
Security deposits and other receivable	-	-	-	-	2,600,000	2,600,000
	<b>321,473,684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,989,885,163</b>	<b>5,311,358,847</b>
<b>Financial liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	33,820,284	-	-	-	-	33,820,284
Payable to the Central Depository Company of Pakistan Limited - Trustee	601,378	-	-	-	-	601,378
Payable against purchase of investments	-	-	-	-	-	-
Payable against redemption of units	196,835,046	-	-	-	-	196,835,046
Unclaimed dividend	401,733	-	-	-	-	401,733
Accrued expenses and other liabilities	1,135,035	406,259	-	-	-	1,541,294
	<b>232,793,476</b>	<b>406,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233,199,735</b>
<b>Net assets / (liabilities)</b>	<b>88,680,208</b>	<b>(406,259)</b>	<b>-</b>	<b>-</b>	<b>4,989,885,163</b>	<b>5,078,159,112</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 21.3 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 2020 amounts to Rs. 78,720,197 (2019: Rs. 324,073,684).

### 21.3.1 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 amounts placed with banks	% of financial assets exposed to credit risk	
	2020	2019
AA	-	-
AA+	95.40	99.47
AAA	4.60	0.53
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2020 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

All the balances with banks have investment grade rating and hence are classified as Stage 1 under IFRS 9.

### 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.

## 22 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. Consequently, differences can arise between carrying values and the fair value estimates.

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 22.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

## 23 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 21, 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.

## 24 UNIT HOLDING PATTERN OF THE FUND

Category	2020			2019		
	Number of unit holders	Amount (Rupees)	% of total	Number of unit holders	Amount (Rupees)	% of total
Individuals	503	578,765,269	8.46	537	359,330,044	7.12
Associated Companies / Directors	10	3,605,838,314	52.70	10	3,132,809,216	62.10
Insurance Companies	5	130,366,510	1.91	9	158,250,529	3.14
Banks / DFIs / NBFC		-	0.00	1	19,054	0.00
Retirement Funds	24	2,409,678,700	35.22	25	1,157,723,914	22.95
Others	6	117,020,746	1.71	6	125,508,187	2.49
Public Limited Companies		-	-	3	110,796,936	2.20
	<b>548</b>	<b>6,841,669,539</b>	<b>100.00</b>	<b>591</b>	<b>5,044,437,882</b>	<b>100.00</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

2020		2019	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	8.39%	Optimus Capital Management (Private) Limited	8.64%
Alfalah CLSA Securities (Private) Limited	7.71%	AlFalah Securities (Private) Limited	8.32%
Topline Securities Limited	6.59%	Topline Securities Limited	7.99%
AKD Securities Limited	6.28%	AKD Securities Limited	5.80%
Pearl Securities Limited	5.95%	Taurus Securities Limited	5.54%
Shajar Capital Pakistan (Pvt.) Ltd.	5.35%	Pearl Securities Limited	4.99%
Habib Metropolitan Financial Services Limited	4.76%	Shajar Capital Pakistan (Private) Limited	4.90%
JS Global Capital Limited	4.65%	Intermarket Securities Limited	4.47%
Next Capital Limited	4.14%	IGI Finex Securities Limited	4.14%
Intermarket Securities Limited	4.11%	Summit Capital (Private) Limited	3.38%

## 26 MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	20 Years
Mr. Ali H. Shirazi	Director	Masters in Law	16.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	16 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	12 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	12 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	9 Years

## 27 NAME AND QUALIFICATION OF THE FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Islamic Stock Fund Atlas Islamic Fund of Funds Atlas Islamic Dedicated Stock Fund

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

## 28 MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The details of the dates of Board meetings of the Management Company of the Fund and the attendance of the members of the Board of Directors are given below:

Name of Director	Meeting held on					
	04 July 2019	26 September 2019	30 October 2019	27 February 2020	29 April 2020	26 June 2020
Mr. Yusuf H. Shirazi *	L	P	-	-	-	-
Mr. Iftikhar H. Shirazi ** (Appointed Chairman w.e.f. Feb. 27, 2020)	-	-	-	P	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Fahim Ali Khan	L	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. Muhammad Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari (Chief Financial Officer)	P	P	P	P	P	P
Ms Zainab Kazim (Company Secretary)	P	P	P	L	P	P

P Present

L Leave of absence

\* Mr. Yusuf H. Shirazi passed away on October 20, 2019.

\*\* Mr. Iftikhar H. Shirazi appointed as chairman on February 27, 2020.

## 29 RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2019: AM2+ (AM Two Plus)] on 26 December 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

## 30 GENERAL

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

**30.2** Units have been rounded off to the nearest decimal place.

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 10 September 2020.

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

**Qurrat-ul-Ain Jafari**  
Chief Financial Officer

**Muhammad Abdul Samad**  
Chief Executive Officer

**Iftikhar H. Shirazi**  
Chairman

**Tariq Amin**  
Director

توثیق

مئنجمنٹ کمپنی کے بورڈ آف ڈائریکٹران، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی قابل قدر حمایت، مدد اور رہنمائی کا شکریہ ادا کرتے ہیں۔

مئنجمنٹ کمپنی کے ملازمین اور اسٹی کا ان کی لگن اور محنت کیلئے، اور مئنجمنٹ کمپنی پر یونٹ ہولڈرز کے اعتماد کا بھی بورڈ شکریہ ادا کرتا ہے۔

از طرف اور منجانب بورڈ

فراہیم علی خان  
ڈائریکٹر

محمد عبدالصمد  
چیف ایگزیکٹو آفیسر

کراچی ۱۰ ستمبر، ۲۰۲۰ء

• انویسٹمنٹ کمیٹی - اکیاون میٹنگز منعقد ہوئیں دوران سال اور شریک کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۱۰
۲	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۴۶
۳	جناب خالد محمود (ایگزیکٹو مینجمنٹ)	چیف انویسٹمنٹ آفیسر رکن آئی سی	۵۰
۴	جناب ایم عمر خان (ایگزیکٹو مینجمنٹ)	ہیڈ آف پورٹ فولیو مینجمنٹ - رکن آئی سی	۴۶
۵	جناب فواد جاوید (ایگزیکٹو مینجمنٹ)	ہیڈ آف گلسڈ انکم - رکن آئی سی	۴۹
۶	جناب فاران الحق (ایگزیکٹو مینجمنٹ)	ہیڈ آف اکیویٹیز - سیکریٹری آئی سی	۴۹

تازہ ترین درجہ بندی:

اٹا شہ جات نیچر کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پیکرا) نے مینجمنٹ کمپنی کی ایسٹ نیچر درجہ بندی اے ایم ۲+ (اے ایم ٹو پلس) ترتیب دی ہے۔  
(۲۰۱۹ء: اے ایم ۲+ (اے ایم ٹو پلس)) تاریخ ۲۶ دسمبر ۲۰۱۹ء کو یہ درجہ بندی کمپنی کی تجربہ کار ٹیم، منظم سرمایہ کاری نظام اور ہم آہنگ معیاری نظام اور طریقہ کار کی عکاسی کرتی ہے۔

مستحکم درجہ بندی برائے اے ایم ایف

پیکرا نے مورخہ ۱۷ اپریل ۲۰۲۰ء کو استحکام فنڈ کیلئے (ڈبل اے پلس فنڈ ریٹنگ "اے اے + (ایف)" درجہ بندی تشکیل دی ہے۔ فنڈ کی یہ درجہ بندی ریٹرن میں متناسب استحکام کی نگرانی اور کم خطرات کا سامنا کرنے کی بہت مضبوط صلاحیت کو ظاہر کرتی ہے۔

مستحکم درجہ بندی برائے اے ایس ایف

پیکرا نے تاریخ ۱۷ اپریل ۲۰۲۰ء کو درجہ بندی برائے استحکام فنڈ تشکیل دی ہے "اے اے (ایف)"۔ (ڈبل اے فنڈ ریٹنگ) فنڈ کی یہ درجہ بندی ریٹرن میں متناسب استحکام کی نگرانی اور کم خطرات کا سامنا کرنے کی بہت مضبوط صلاحیت کو ظاہر کرتی ہے۔

مستحکم درجہ بندی برائے اے آئی ایف

پیکرا نے مورخہ ۱۷ اپریل ۲۰۲۰ء کو استحکام فنڈ کیلئے (ڈبل اے پلس فنڈ ریٹنگ "اے اے - (ایف)" درجہ بندی تشکیل دی ہے۔ فنڈ کی یہ درجہ بندی ریٹرن میں متناسب استحکام کی نگرانی اور کم خطرات کا سامنا کرنے کی بہت مضبوط صلاحیت کو ظاہر کرتی ہے۔

آڈیٹرز

بورڈ آف ڈائریکٹران کی آڈٹ کمیٹی نے اپنی میٹنگ منعقدہ ۳ ستمبر ۲۰۲۰ء میں میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، کراچی کو اٹلس سوویرن فنڈ اور اٹلس کابطور اہل آڈیٹرز برائے اختتام سال ۲۰۲۱ء دوبارہ تقرری تجویز کیا۔ اور میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس، کراچی کو بالترتیب اٹلس منی مارکیٹ فنڈ، اٹلس انکم فنڈ اور اٹلس اسٹاک مارکیٹ فنڈ کیلئے دوبارہ بطور اہل آڈیٹرز مالیاتی سال ۲۰۲۱ء کے لیے دوبارہ تقرری کی۔

## منجمنٹ کمپنی اور کمپنی کے بورڈ آف ڈائریکٹران

اس عرصے کے دوران، اے اے ایم ایل کے بورڈ آف ڈائریکٹرز میں شامل ہیں۔ جناب یوسف ایچ شیرازی، چیئرمین، مسٹر فہیم علی خان، ڈائریکٹر، مسٹر ایم حبیب الرحمن، ڈائریکٹر، جناب طارق امین، آزاد ڈائریکٹر، مسٹر علی ایچ شیرازی، ڈائریکٹر، محترمہ زہرہ نقوی، آزاد ڈائریکٹر اور مسٹر محمد عبدالصمد، چیف ایگزیکٹو آفیسر۔ مسٹر یوسف ایچ شیرازی، چیئرمین، کے ۲۰۱۹ اکتوبر ۲۰۱۹ء کو افسوس ناک موت کے سبب، ایک عارضی طور پر خالی آسامی پیدا ہو گئی، جسے ۱۹ نومبر ۲۰۱۹ کو مسٹر افتخار ایچ شیرازی کو ان کی جگہ ڈائریکٹر مقرر کر کے بھردیا گیا۔

☆ ڈائریکٹرز کی موجودہ کل تعداد درج ذیل ہیں۔

مرد: ۶

عورت: ۱

☆ بورڈ کی موجودہ تشکیل مندرجہ ذیل ہیں۔

آزاد ڈائریکٹر: ۲\*

غیر ایگزیکٹو ڈائریکٹرز: ۴

ایگزیکٹو ڈائریکٹرز: ۱

خواتین ڈائریکٹر: ۱ (\*آزاد ڈائریکٹر)

۱۹-۲۰۲۰ء مالیاتی سال کے دوران چھ بورڈ میٹنگ منعقد کی گئیں اور اس میں شرکت کی گئی۔ میٹنگز کی تاریخیں اور شریک ہونے والے ڈائریکٹران کی تفصیلات، جیسا کہ این بی ایف سی کے قواعد و ضوابط ۲۰۰۸ء کے تحت درکار ہے۔ اے اے ایم ایف، اے ایس ایف، اے آئی ایف اور اے ایس ایم ایف کی مالیاتی تفصیلات کے نوٹس ۲۸، ۲۹، ۳۱ اور ۲۸ میں بالترتیب منسلک ہیں۔

بورڈ کی کمیٹیوں میں شامل ہیں آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری مینوریشن کمیٹی، اور انویسٹمنٹ کمیٹی (جس میں ایگزیکٹو منجمنٹ کے افراد شامل ہیں جیسا کہ این بی ایف سی قواعد ۲۰۰۸ء میں درکار ہے)۔ ان میٹنگز میں ڈائریکٹران نے شرکت کی جس کی تفصیل درج ذیل ہے:

● آڈٹ کمیٹی (اے سی)۔ چار اے سی میٹنگز دوران سال منعقد کی گئیں، اور درج ذیل شرکت کی گئی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	جناب طارق امین	آزاد ڈائریکٹر	۴
۲	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۳	جناب ایم حبیب الرحمن	نان ایگزیکٹو ڈائریکٹر	۳

● ہیومن ریسورس اینڈ ری مینوریشن کمیٹی (ایچ آر اینڈ آری)۔ ایک میٹنگ منعقد ہوئیں دوران سال اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	میٹنگ میں شرکت
۱	محترمہ زہرہ نقوی	آزاد ڈائریکٹر	۱
۲	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۱
۳	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۱
۴	جناب ایم عبدالصمد	چیف ایگزیکٹو آفیسر	۱



## تقسیم آمدنی۔ اے آئی ایف

منتظم کمپنی کی سرمایہ کاری کمیٹی برائے اے آئی ایف نے اپنے اجلاس کو برائے اختتام مالیاتی سال ۲۰۲۰ء کیلئے ۷.۵۰ روپے فی یونٹ (۲۰۱۹: ۳۶.۵۰ روپے فی یونٹ (پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۱۵.۵۰ فیصد۔ (۲۰۱۹ء: عبوری منافع، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۷.۳۰ فیصد)

## تقسیم آمدنی۔ اے ایس ایم ایف

منتظم کمپنی کی سرمایہ کاری کمیٹی برائے اے ایس ایم ایف نے اپنے اجلاس کو برائے اختتام مالیاتی سال ۲۰۲۰ء کیلئے ۱۰.۵۰ روپے فی یونٹ (۲۰۱۹: صفر فی یونٹ (پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۲.۱۰ فیصد۔ (۲۰۱۹ء: صفر فیصد)۔

## چیئر مین کا جائزہ:

اے ایم ایف، اے ایس ایف، اے آئی ایف، اور اے ایس ایم ایف کی سالانہ رپورٹ میں شامل جائزہ مجملہ طور پر اس سال کے فنڈز کی کارکردگی اور اسکے آئندہ لائحہ عمل سے متعلق ہے۔ ڈائریکٹران اس جائزے کے مندرجات کی توثیق 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 ۲۰۱۲ء 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۔

## بورڈ کے ڈائریکٹران کی جانب سے توثیق نامہ

بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ (اے ایم ایف)، (اے ایس ایف)، (اے آئی ایف) اور (اے ایس ایم ایف) کہ:

☆ 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 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 اگر کہیں انحراف ہوا ہے تو اسے مناسب طریقے سے ظاہر کر دیا گیا ہے۔

☆ اندرونی نظم و ضبط کا نظام مؤثر نگرانی میں مستحکم بنیادوں پر نافذ ہے۔

☆ فنڈز کے مستقبل بنیادوں پر جاری رہنے پر کوئی شبہ نہیں ہے۔

☆ مالی اعداد و شمار میں قانونی ادائیگی، ٹیکس، محصولات کا صحیح انکشاف کیا گیا ہے۔

☆ اہم مالیاتی اعداد و شمار / کارکردگی کے چارٹ، (اے ایم ایف)، (اے ایس ایف)، (اے آئی ایف)، اور (اے ایس ایم ایف) کی سالانہ رپورٹس کے صفحات ۲۳، ۲۳، ۲۳ اور ۹۸ پر علی الترتیب شائع کئے گئے ہیں۔

☆ کفایتی 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 ایم ایف)، (اے ایس ایف)، (اے آئی ایف)، اور (اے ایس ایم ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۲، ۲۲، ۲۲ اور ۲۲ میں دیا گیا ہے۔

## ڈائریکٹر رپورٹ:

اٹلس ایسٹ مینجمنٹ لمیٹڈ (اے اے ایم ایل) کے بورڈ آف ڈائریکٹرز، منتظم برائے اٹلس مینی مارکیٹ فنڈ (اے اے ایم ایف)، اٹلس سوویرن فنڈ (اے اے ایس ایف)، اٹلس انکم فنڈ (اے آئی ایف) اور اٹلس اسٹاک مارکیٹ فنڈ (اے اے ایس ایم ایف)، مذکورہ فنڈز کی سالانہ رپورٹ، آڈٹ شدہ مالیاتی نتائج برائے اختتام سال ۲۰۲۰ء کے ہمراہ پیش کرتے ہوئے دلی مسرت محسوس کرتے ہیں۔

آمدنی فی یونٹ، مجموعی اثاثہ جات اور خلاصہ فروخت / حلائی

آمدنی فی یونٹ، مجموعی اثاثہ جات، اور اے اے ایم ایف، اے اے ایس ایف، اے آئی ایف، اور اے اے ایس ایم ایف کا خلاصہ فروخت / حلائی برائے اختتام سال ۲۰۲۰ء جون ۳۰ء اور ۲۰۱۹ء جون ۳۰ء درج ذیل ہے۔

تفصیلات	اے اے ایم ایف	اے اے ایس ایف	اے آئی ایف	اے اے ایس ایم ایف	اے اے ایس ایم ایف	اے اے ایس ایم ایف	اے اے ایس ایم ایف	اے اے ایس ایم ایف
۲۰۲۰ء	۲۰۱۹ء	۲۰۲۰ء	۲۰۱۹ء	۲۰۲۰ء	۲۰۱۹ء	۲۰۲۰ء	۲۰۱۹ء	۲۰۲۰ء
آمدنی (تقصان) فی یونٹ - روپے	۷۰.۱۷	۶۰.۲۳	۱۸.۹۵	۲.۰۰	۶۹.۸۷	۵۰.۳۲	۲۱.۲۳	(۱۱۷.۰۵)
ریٹرن (وائی ٹی ڈی)	۱۲.۸۱ فیصد	۸.۸۷ فیصد	۱۸.۰۸ فیصد	۷.۷۱ فیصد	۱۶.۲۶ فیصد	۷.۳۳ فیصد	۴.۶۲ فیصد	۱۸.۸۳ فیصد
مجموعی اثاثہ جات - ملین روپے	۱۰,۰۳۱.۴۸	۱۰,۲۳۹.۵۰	۲,۰۸۳.۴۷	۲,۳۰۱.۲۳	۳,۷۱۵.۴۵	۲,۹۸۸.۵۰	۶,۸۳۱.۶۷	۵,۰۴۳.۴۳
فروخت - ملین روپے	۲۶,۳۶۵.۰۳	۲۳,۰۹۳.۳۳	۲,۵۰۲.۳۹	۲,۳۳۸.۳۳	۲,۳۰۵.۹۷	۷۳۵.۱۲	۲,۷۰۴.۲۸	۲,۱۱۰.۹۱
فروخت - پینس میں	۵۲,۰۸۹,۲۱۵	۴۷,۳۲۳,۰۰۳	۲۳,۱۴۰,۰۷۷	۲۳,۷۹۲,۳۸۷	۲,۷۷۳,۰۷۷	۱,۳۳۲,۴۵۱	۵,۱۸۵,۹۵۷	۳,۵۲۷,۴۵۰
ریڈمپشن - ملین روپے	۲۶,۶۲۹.۰۵	۲۶,۴۹۳.۳۵	۲,۷۹۰.۹۹	۴۳۸.۶۳	۱,۶۶۷.۴۰	۴,۲۵۱.۲۳	۱,۰۴۷.۹۹	۱,۷۷۰.۱۹
ریڈمپشن - پینس میں	۵۲,۵۸۶,۹۷۱	۵۱,۸۳۱,۱۴۰	۲۵,۴۳۰,۵۴۷	۴,۲۶۷,۶۸۳	۲,۹۴۲,۳۳۲	۸,۱۶۶,۹۵۳	۱,۹۵۳,۶۶۹	۲,۷۷۵,۸۳۸
پینس بھاریا جات اختتام سال پر	۱۹,۸۵۳,۲۳۹	۲۰,۳۵۱,۹۹۵	۲۰,۶۳۵,۶۳۳	۲۲,۹۳۶,۱۰۴	۷,۱۵۱,۵۷۱	۵,۸۲۰,۹۲۶	۱۳,۲۳۰,۸۳۷	۱۰,۰۰۹,۵۴۹

اٹلس گولڈ فنڈ کی منسوخی

اے جی ایف ۳ نومبر ۲۰۱۷ء کو منسوخ کر دیا گیا اور سرمایہ داروں کو اس میں مزید سرمایہ لگانے کی پیشکش نہیں کی جاتی۔ سرمایہ داروں کو ۲۱۰.۲۹ ملین کی رقم حتمی ادائیگی کی جا چکی ہے۔ تاہم، ۳۳.۳ ملین روپے ٹیکس کے ریفرنڈم کلیم ہیں اور فیڈرل ایکسائز ڈیوٹی اور سندھ ورکرز ویلفیئر فنڈ کی مد میں ۲.۱۹ ملین روپے ہیں جسکی بہت زیادہ جھٹکا پیش بندی کی گئی ہے۔ ایک باریہ مسائل حل ہو جائیں تو یونٹ ہولڈرز کو مزید ادائیگی کی جائے گی۔

تقسیم آمدنی - اے اے ایم ایف

منتظم کمپنی کی سرمایہ کاری کمیٹی برائے اے اے ایم ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس کو برائے اختتام مالیاتی سال ۳۰ جون ۲۰۲۰ء کیلئے ۵۹.۰۰ روپے فی یونٹ (۲۰۱۹: ۴۲.۵۵ روپے فی یونٹ پورے سال کیلئے) تقسیم کا اعلان کیا۔ ۵۰ روپے فی یونٹ کی اصل قیمت پر ۱۱.۸۰ فیصد (۲۰۱۹ء: عبوری منافع، ۵۰ روپے فی یونٹ کی اصل قیمت پر ۸.۵۱ فیصد)

تقسیم آمدن - اے اے ایس ایف








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


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