



**Atlas Islamic Income Fund**

**Atlas Islamic Stock Fund**

**Atlas Islamic Fund of Funds**

**Atlas Islamic Dedicated Stock Fund**

**ANNUAL REPORT**

**30 June 2019**



Managed By

**Atlas Asset Management**

Rated AM2+ by PACRA  
(as of June 28, 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.



# 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.

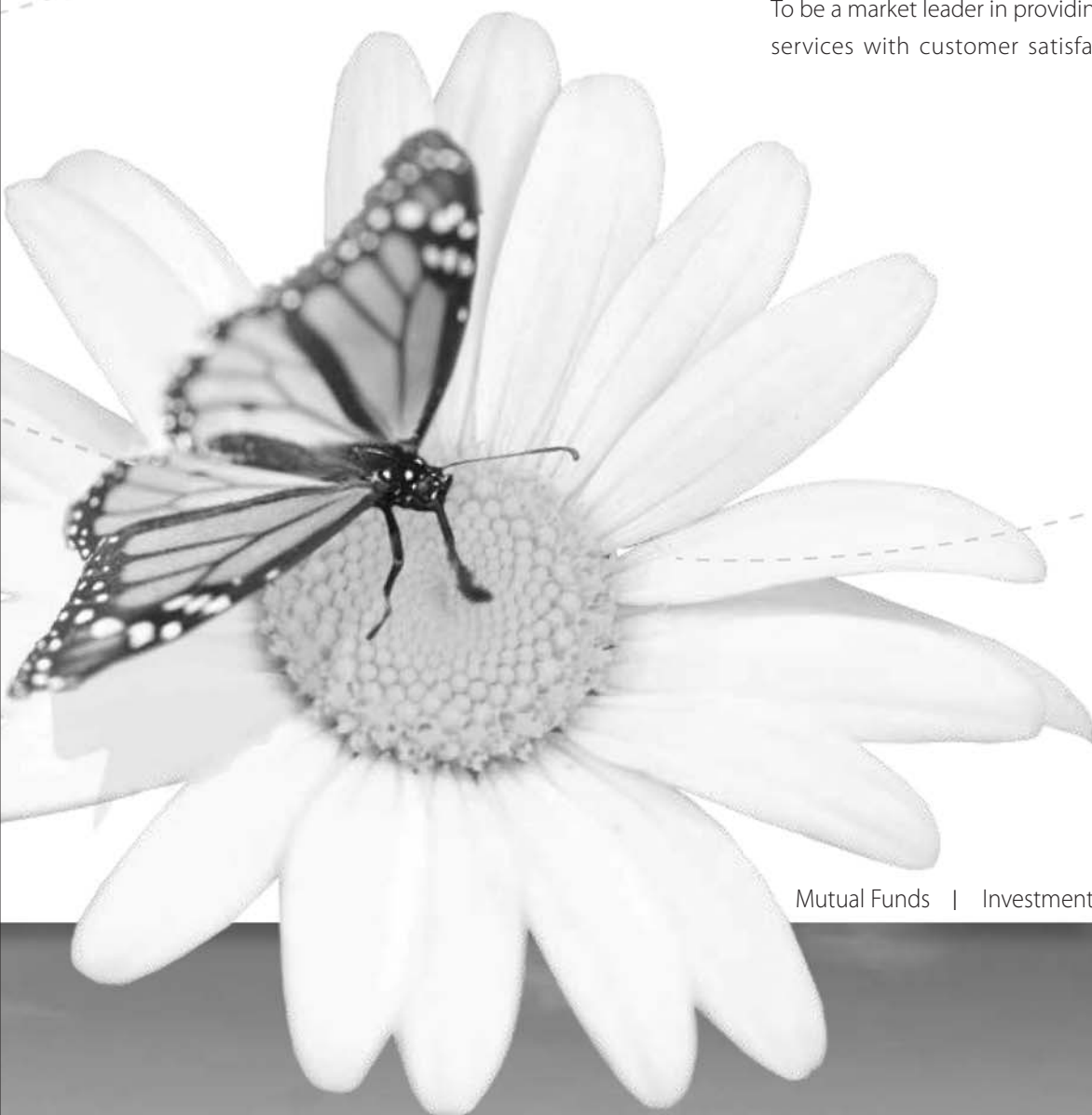
AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects. Atlas Group is a diversified group dealing in engineering, financial services, power generation, real estate & trading.

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.



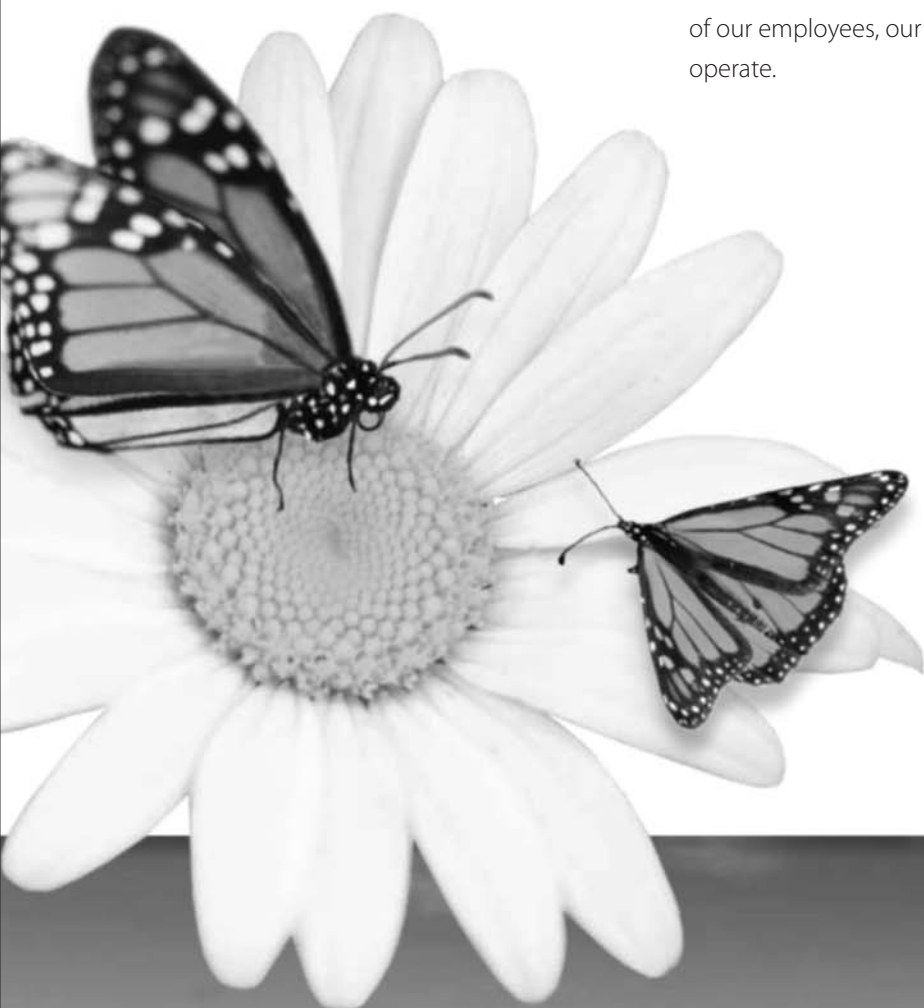
Mutual Funds | Investment Plans | Pension Funds

## 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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## Diversity

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

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# Organisation

## Management Company

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Atlas Asset Management Limited

## Board of Directors of the Management Company

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

**Chief Executive Officer** Mr. M. Abdul Samad  
(Executive Director)

**Company Secretary** 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>Chairman</b>	Mr. Frahim Ali Khan
<b>Members</b>	Mr. Ali H. Shirazi Mr. M. Abdul Samad
<b>Secretary</b>	Ms Zainab Kazim

The above information is as at 20 September 2019.

## 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
<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. Yusuf H. Shirazi

Chairman

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Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on matters - socio - politico - economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda, and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College - University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award.

### Mr. Fahim Ali Khan

Director

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Mr. Fahim Ali Khan has over 50 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University. He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France. He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Hi-Tech Limited, Atlas Autos (Pvt.) Limited, Atlas Metals (Pvt.) Limited and Atlas Foundation. Earlier, he has also served on the Boards of Atlas Honda Limited and Atlas Battery Limited, and has been the CEO of Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) 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.

### 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 Engineering Limited, Atlas Insurance Limited, Atlas Metals (Private) Limited, Pakistan Society of Training and Development (Vice President), YPO (Young Professional Organization), National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

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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. M. 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 (AAML) in November 2005, and has held C-suite positions for over a decade, including the Chief Investment Officer and Chief Operating Officer positions. He attended Advanced Management Program at INSEAD, on nomination by the Atlas Group. In more than twelve years of his association with AAML, he has actively been involved in new business initiatives, marketing, human resource, and risk management & compliance areas. Mr. Samad was instrumental in the outsourcing of back office functions at AAML. He has also contributed to industry related issues at association level, and was a member of technical committee on retirement schemes. 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.



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

Growth | Returns | Tax Savings

## Chairman's Review

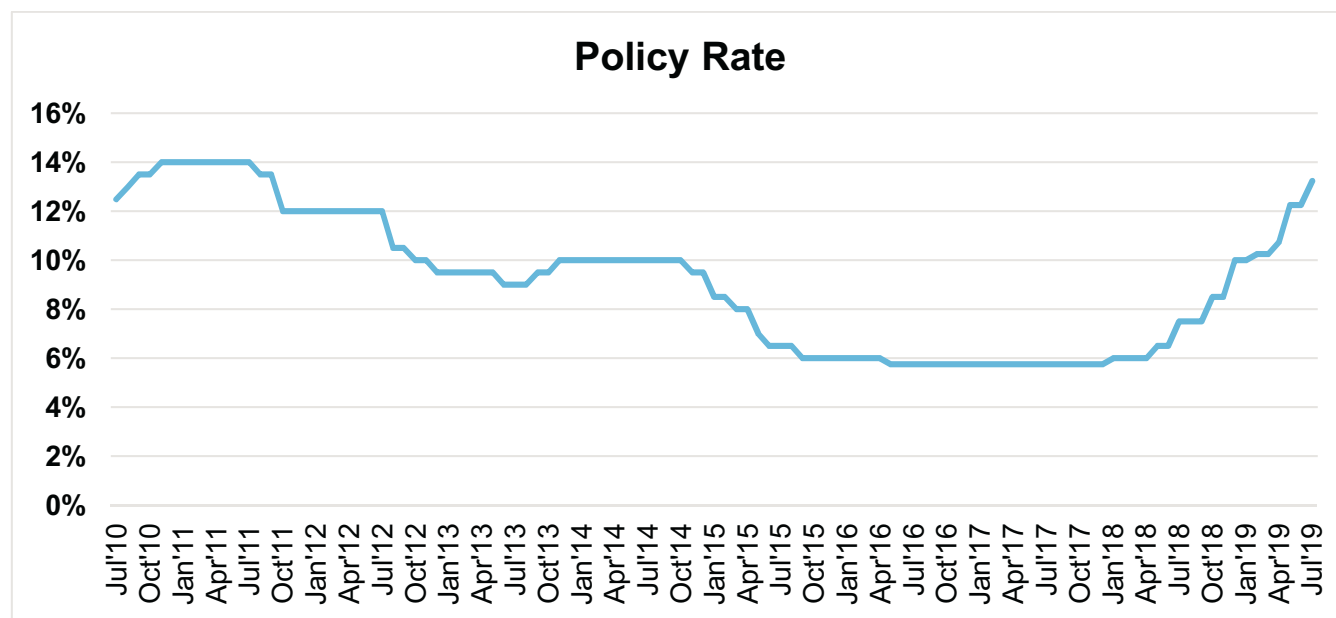
It is my pleasure to present to you the Annual Reports of Atlas Islamic Income Fund (AIIF), Atlas Islamic Stock Fund (AISF), Atlas Islamic Dedicated Stock Fund (AIDSF) and Atlas Islamic Fund of Funds (AIFO) for the financial year ended June 30, 2019.

### THE ECONOMY

Pakistan's GDP witnessed growth of 3.29% in FY19 as compared to 5.80% in preceding year, reflecting a broad-based softening in domestic demand as monetary and fiscal policies have been tightened to contain macroeconomic imbalances. Average Consumer Price Index (CPI) inflation was within the target of 6.50% to 7.50% standing at 7.34% for the year. During FY19, the current account deficit was recorded at US\$ 13.51 billion as compared to US\$ 19.90 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 14.48 billion as of June, 2019 with SBP's share of US\$ 7.28 billion in the total liquid foreign exchange reserves. Foreign remittances for FY19 stood at US\$ 21.84 billion, which was an increase of 9.68% YoY compared to the corresponding period last year. The SBP in its latest monetary policy statement as on July 16, 2019 decided to increase policy rate by 100bps to 13.25% which is a cumulative increase of 750 bps since January, 2018.

### THE MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

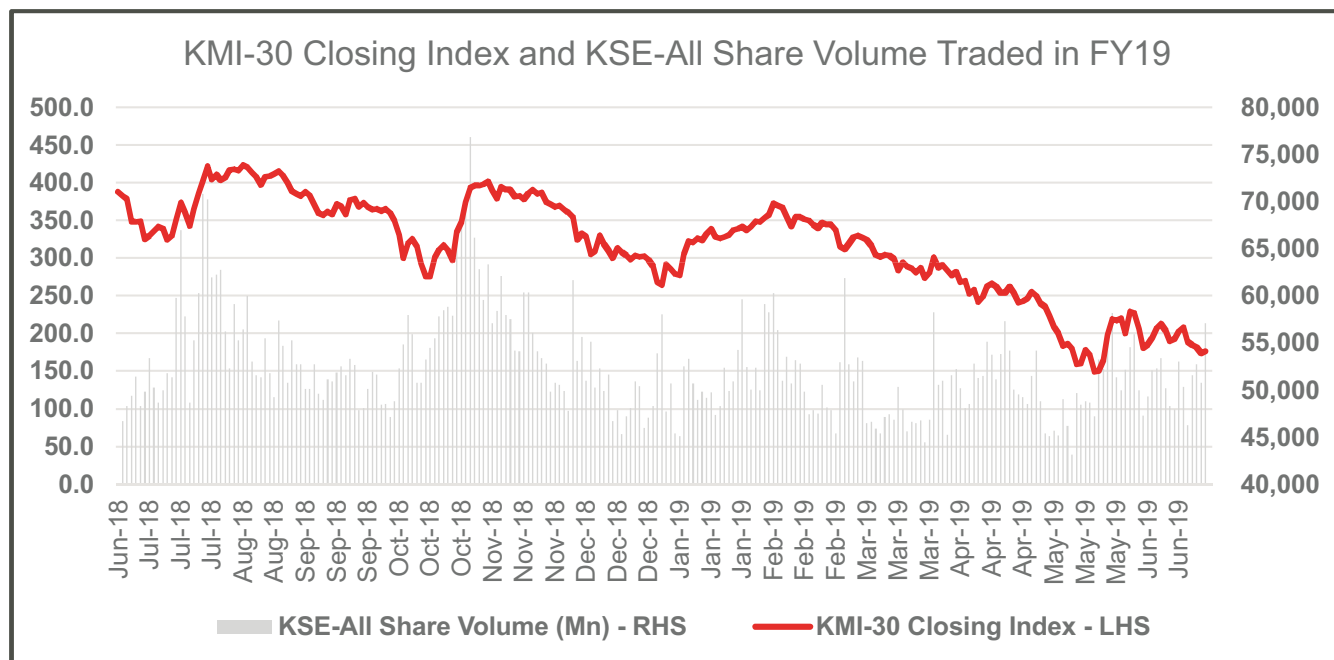


The growth in money supply (M2) witnessed an increase of 11.26% during 2018-19, which is Rs. 1,801.33 billion against the expansion of 9.71% (Rs. 1,416.28 billion) in preceding period last year. Net Foreign Assets (NFA) declined by Rs. 1,298.67 billion during 2018-19 as against the net contraction of Rs. 810.47 billion in the comparable period of fiscal year 2017-18. Net Domestic Asset (NDA) of banking system grew by 19.13% or Rs. 3,099.10 billion during 2018-19 as against an increase of 15.93% or Rs. 2,226.75 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 and increase in government borrowing from the banking sector. Credit to private sector increased by Rs. 693.54 billion in FY19 due to high working capital requirement of corporates.

### THE STOCK MARKET

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%,

-8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively. The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.



During the period, the sectors that outperformed the market were Textile Composite, Fertilizer and Commercial Banks that posted 4.24%, -12.34% and -12.99% returns, respectively. Fertilizer sector outperformed on the back of improved profitability due to uptick in retail prices by 28% to Rs.1,880/bag, partly to offset the impact of withdrawn cash subsidy (Rs.156/bag) and increase in gas prices (Rs.100/bag). Commercial Banks performed on account of 5.75% hike in policy rate during FY19 by the monetary policy committee of the State Bank of Pakistan. Sectors that remained subdued were Power Generation & Distribution Companies, Cement, Automobile Assemblers, Oil and Gas Marketing Companies, Refinery and Engineering posting -21.89%, -33.55%, -34.41%, -42.36%, -56.42%, and -60.52% returns, respectively. Oil & Gas Marketing Companies underperformed KSE-100 index due to economic slowdown and 58% decline in sales volume of furnace oil as the country shifted away from furnace oil based power generation to LNG and local coal based power generation in FY19. Cement sector underperformed due to subdued local demand and lower local retention prices of cement. Refineries underperformed due to reduced demand for furnace oil on account of reduced dependence upon furnace oil based power generation. Engineering sector underperformed due to increase in cost of imported raw material post PKR devaluation against US\$ coupled with negative demand outlook in long/flat steel.

During FY19, scrips that outperformed the KSE-100 index were LOTCHEM, MEBL, GATM, SYS, BAHL, ENGRO, EFERT, BAFL, HUBC, OGDC, BWCL and MTL posting 38.64%, 35.40%, 15.63%, 6.30%, 2.43%, 0.26%, -1.55%, -3.50%, -8.33%, -8.75%, -13.79% and -18.39% returns, respectively. Scripts that underperformed KSE-100 index were NRL, HASCOL, CHCC, INIL, KTML, UNITY, DGKC, PAEL, FCCL, LUCK and POL posting -73.57%, -69.55%, -66.35%, -65.15%, -52.31%, -49.90%, -47.92%, 43.54%, -25.59%, -23.90% and -21.28% returns, respectively.

During FY19, new listings on the stock exchange were At-Tahur Limited and Interloop Limited. The amounts raised through IPO were Rs. 770 million and Rs. 5,025 million, respectively. As on June 30, 2019, the market capitalization of At-Tahur Limited and Interloop Limited were Rs. 2,891 million and 38,488, respectively. During FY18, new listings/IPOs were Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited. The amounts raised through IPO/Offer for Sale of Habib Metro Modaraba, Orient Rental Modaraba, Matco Foods Limited and AGP Limited were Rs. 90 million, Rs. 150 million, Rs. 758 million and Rs. 2,800 million, respectively.

The government of Pakistan in its budget FY 2019-2020 fixed corporate tax rate at 29% against the previous government's diminishing corporate tax rate structure proposed in FY 2018-2019 budget where corporate tax rate would have been reduced by 1% every year reaching 25% in tax year 2023 from 30% in tax year 2018. The government increased minimum turnover tax

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rates across the board, increasing the rate applicable on Oil & Gas Marketing Companies from 0.50% to 0.75% of revenue, while the rate applicable on other companies was increased from 1.25% to 1.50% of revenue.

## **MUTUAL FUND INDUSTRY**

The assets under management (AUMs) for the mutual funds industry decreased by 11.24% to Rs.541.46 billion in June 30, 2019 from Rs.610.07 billion in June 30, 2018. Equity funds (both Conventional and Shariah Compliant) dominated the AUMs of the mutual fund industry with largest share of 31% of total industry and stood at Rs. 170 billion. Money Market funds (both Conventional and Shariah Compliant) stood at Rs 161.19 billion representing industry share of 30%, followed by Income Funds (both Conventional and Shariah Compliant) that stood at Rs. 102.31 billion with industry share of 19%.

The outflows were seen in the equity fund category over the year with majority of it being shifted towards short-term fixed income securities as the stock market remained volatile on the expectation of increase in policy rate during the fiscal year.

## **MUTUAL FUND TAXATION**

### **FINANCE ACT 2019**

Following amendments related to mutual fund industry were introduced in the Income Tax Ordinance, 2001 through Finance Act 2019, whereby:

- Tax on Dividend for Individual investor increased to 15% from 10%.
- The investors whose names do not appear on Active Taxpayers List (ATL), their tax rates will be enhanced by 100% (double). On filing of returns, the taxpayers are entitled to claim refund of withholding tax in excess of their tax liability.

## **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 AMC's, 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. The Federation has filed an appeal in the Honorable Supreme Court of Pakistan. However, without prejudice, the mutual funds and pension funds have on prudent basis maintained the provision for FED till June 30, 2016.

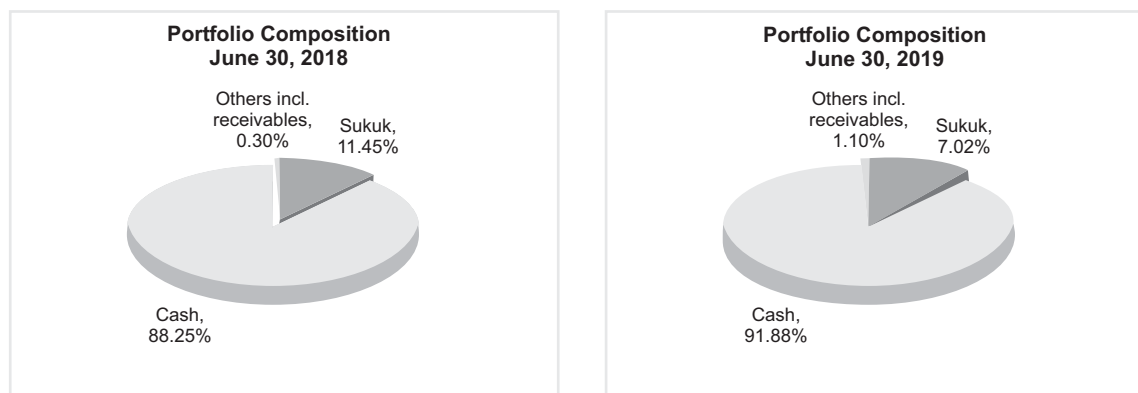
## **WITHHOLDING TAX**

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). 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, the company has filed a petition in the Supreme Court of Pakistan, on April 20, 2016 and the hearing is still pending. In the meanwhile mutual funds are obtaining exemption certificates from Commissioner of Income Tax. However, any tax withheld is refundable.

## FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 8.48% to Rs 503.92 as on June 30, 2019. The benchmark average six months profit rate of three- A rated scheduled Islamic Banks as selected by MUFAP stood at 3.69% for the period under review. The AIIF's total Exposure in Sukuk 7.02% and deposit with high yielding Shariah compliant bank was 91.88%. The Net Assets of the Fund stood at Rs 1.39 billion, with 2.76 million units outstanding as of June 30, 2019.

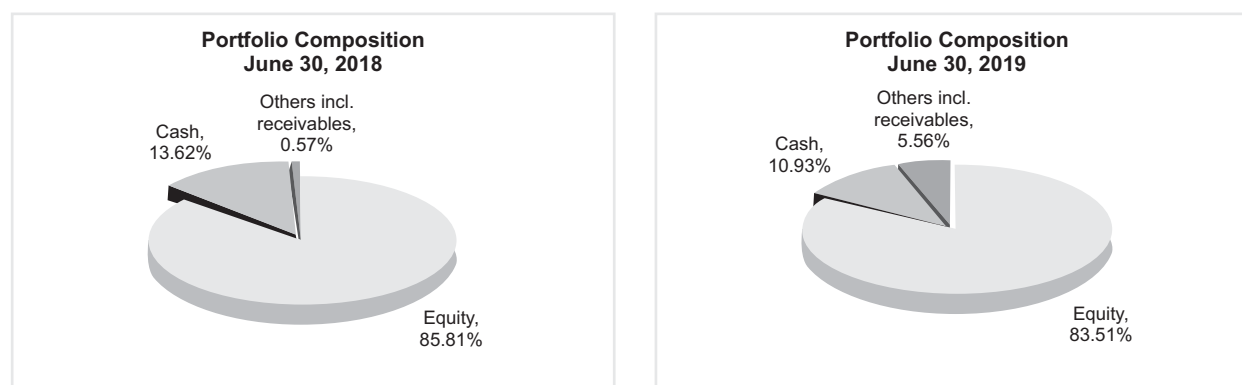


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 41.00 per unit for the period ended June 30, 2019 (8.2% on the face value of Rs. 500 per unit).

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 4,044,820 (Rs. 1.46 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 1,733,901 up till June 30, 2016. (Rs. 0.63 per unit as on June 30, 2019).

## FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 18.95% to Rs. 429.88 as on June 30, 2019. The benchmark KMI-30 index decreased by 23.84% during the same period. The KMI-30 index decreased from 71,060.34 points as on June 30, 2018 to 54,118.51 points as on June 30, 2019. The AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer and Islamic Commercial Bank sectors. The Net Assets of the Fund stood at Rs 1.21 billion, with 2.80 million units outstanding as of June 30, 2019.





The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 15,491,187 (Rs. 5.53 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2016. (Rs. 3.73 per unit as on June 30, 2019)

#### FUND OPERATIONS - AIDSf

AIDSf was launched on January 10, 2019. The Net Asset Value per unit of AIDSf has decreased by 17.27% to Rs 413.63 as on June 30, 2019. The benchmark KMI-30 index has decreased by 18.19% during the same period. The KMI- 30 index has decreased from 66,152.07 points as on January 10, 2019 to 54,118.51 points as on June 30, 2019. AIDSf's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AIDSf's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer, and Islamic Commercial Banks sectors. The Net Assets of the Fund stood at Rs. 256.53 million, with 620,181 units outstanding as of June 30, 2019.

#### FUND OPERATIONS - AIFO

AIFO was launched on January 07, 2019. The Net Asset Value of Atlas Aggressive Allocation Islamic Plan (AAIP) has decreased by 11.22% from Rs. 500 as on January 07, 2019 to Rs. 443.89 as on June 30, 2019. AAIP was 31.78% and 68.22% invested in AIIF and AIDSf respectively.

The Net Asset Values of Atlas Moderate Allocation Islamic Plan (AMAIP) has decreased by 6.91% from Rs. 500 as on January 07, 2019 to Rs. 465.44 as on June 30, 2019. AMAIP was 52.43% and 47.57% invested in AIIF and AIDSf respectively. The Net Asset Values of Atlas Conservative Allocation Islamic Plan (ACAIP) has depreciated by 0.94% from Rs. 500 as on January 07, 2019 to 495.32 as on June 30, 2019. ACAIP was 77.42% and 22.58% invested in AIIF and AIDSf respectively. The Net Asset Value of Atlas Islamic Capital Preservation Plan (AICPP) has depreciated by 2.40% from Rs. 500 as on January 07, 2019 to Rs. 487.99 as on June 30, 2019. AICPP was 72.00% and 28.00% invested in AIIF and AIDSf respectively. The Net Assets of AIFO stood at Rs. 748 million as on June 30, 2019.

#### RATINGS

- **Asset Manager Rating**

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

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 low exposure to risks.

#### FUTURE OUTLOOK

The recent corrective actions which mainly includes monetary policy tightening, exchange rate adjustments and measures to boost exports would help in overcoming economic challenges. The significant decrease in the current account deficit supported by lower international oil prices and expected rise in exports on the back of export-friendly policies will ease pressure on external account. Furthermore, aid package given by UAE and Saudi Arabia has given much needed respite to the dwindling foreign exchange reserves. Moreover, recent induction into the IMF program will also help shore up foreign currency reserves as IMF will help mobilize further financing from multilateral and bilateral creditors and will unlock the potential inflows from international bond market as foreign investors tend to be more confident in IMF programs. Going forward, government's focus towards export oriented policies will be instrumental in reducing current account deficit. However, continuous external flow would be required to maintain the stable balance of payments position over medium to long term.

ع خدا رحمت کندهای عاشقان پاک طینت را

God, please have mercy on these lovers of clean intention

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

#### AKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. 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: 26 September 2019

**Yusuf H. Shirazi**  
Chairman

# Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund (AIIF), Atlas Islamic Stock Fund (AISF), Atlas Islamic Fund of Funds (AIOF) and Atlas Islamic Dedicated Stock Fund (AIDSF), take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of AIIF, AISF, AIOF and AIDSF for the year ended/ period 30 June 2019.

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

Earnings per unit, return, net assets, and summary of sales / redemption of units of the AIIF, AISF, AIOF and AIDSF, for the year/period ended 30 June 2019 and 30 June 2018 are as follows:

	AIIF		AISF		AIDSF
	2019	2018	2019	2018	Jan to Jun 2019
Earnings/ (loss) per unit – Rupees	28.70	34.21	(101.60)	(43.18)	(84.10)
Return	8.48%	4.92%	-18.95%	-7.88%	-17.27%
Net assets – Rupees million	1,392.23	872.22	1,204.99	2, 262.19	256.53
Sales – Rupees million	1,509.07	1,507.75	1,204.48	1,764.59	317.89
Sales – in units	2,935,331	2,926,830	2,437,385	3,283,010	638,087
Redemptions – Rupees million	936.53	2,306.35	1,975.53	1,653.46	9.10
Redemptions – in units	1,825,835	4,483,984	3,899,413	3,076,551	17,906
Units outstanding at year end	2,762,766	1,653,270	2,803,109	8,657,936	620,181

	AIOF Jan 2019 to Jun 2019			
	Atlas Aggressive Allocation Islamic Plan	Atlas Moderate Allocation Islamic Plan	Atlas Conservative Allocation Islamic Plan	Atlas Islamic Capital Preservation Plan
Earnings/ (loss) per unit – Rupees	(55.49)	(34.34)	(5.01)	(16.47)
Return	-11.22%	-6.91%	-0.94%	-2.40%
Net assets – Rupees million	92.92	103.28	120.87	430.86
Sales – Rupees million	112.26	115.95	126.59	445.40
Sales – in units	224,529	231,886	252,942	882,930
Redemptions – Rupees million	7.72	(5.05)	(4.50)	-
Redemptions – in units	15,187	9,989	8,921	3
Units outstanding at year end	209,341	221,897	244,021	882,926

## INCOME DISTRIBUTION - AIIF

The Investment Committee of the Management Company of AIIF, under the authority delegated to them by the Board of Directors, approved an aggregate interim distribution of Rs. 41.00 per unit (2018: Rs. 24.50 per unit for full year) for the FY 2018-19. The total payout for the year works out to 8.20% (2018: 4.90%) on the face value of Rs. 500 per unit.

## INCOME DISTRIBUTION - AISF

The Board of Directors of AAML, the Management Company of AISF, in their meeting held on July 04, 2019 announced Rs. NIL



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distribution per unit (for full year) for the financial year ended June 30, 2019 (2018: Rs. NIL)) as the Fund suffered a loss when reduced by realized and unrealized capital gains.

## **CHAIRMAN'S REVIEW**

The review included in the Annual Report of AIIF, AISF, AIFOF and AIDSf, 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.

With regards to SECP letter No. SCD/RS/MUFAP/346/2018 dated April 18, 2018 addressed to MUFAP, whereby open ended collective investment schemes as well as unlisted asset management companies, managing such collective investment schemes, are exempted from the requirement of the new Listing Companies (Code of Corporate Governance) Regulations, 2017.

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

The Board of Directors states for AIIF, AISF, AIFOF and AIDSf that:

- The financial statements, prepared by the Management Company of these funds present fairly their state of affairs, the results of operations, comprehensive income for the year, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- Statutory payments, taxes, levies properly disclosed in the Financial Statements.
- Summaries of key financial data/ performance tables of AIIF, AISF, AIFOF and AIDSf are annexed on pages 22, 62, 106 and 142 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 24, 22, 22 and 22 respectively to the financial statements of AIIF, AISF, AIFOF and AIDSf.

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

The Board of Directors of the Management Company comprises of one executive and six non-executive directors. The Board of Directors of AAML include: Mr. Yusuf H. Shirazi, Chairman, Mr. Frahim 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/Director.

Six Board Meetings were held and attended during FY 2018-19. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 28, 26, 25 and 26 respectively to the financial statements of AIIF, AISF, AIFO and AIDSF.

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	4

- **Human Resource & Remuneration Committee (HR& RC)** - two meetings were held during the year and attended as follows:

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

- **Investment Committee** - forty nine 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	45
3	Mr. Khalid Mahmood (executive management)	Chief Investment Officer - Member IC	46
4	Mr. M. Umar Khan (executive management)	Fund Manager - Member IC	40
5	Mr. Fawad Javaid (executive management)	Fund Manager - Member IC	47
6	Mr. Faran-ul-Haq (executive management)	Fund Manager -Secretary IC	43

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## **CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS**

As per the CSR / Donations Policy of the Company approved by the Board, each year, the Company makes a contribution of 1% of the Management Company after tax profit to donations. In addition, the Shariah Compliant Atlas Islamic Stock Fund and Atlas Islamic Income Fund, as per their Constitutive documents, are required to purify their Shariah Non-Compliant (Haram) income from the Fund. Such income, in accordance with the certification by the Shariah Advisor of these funds, is also donated to charitable institutions approved by the Shariah Advisor, on quarterly basis.

## **RATINGS UPDATE**

### **ASSET MANAGER RATING**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 30 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### **FUND STABILITY RATING - AIIF**

PACRA has maintained the stability rating of the AIIF at "AA - (f)" (Double A Minus: fund rating) on 17 April 2019. 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 24 September 2019, recommended the re-appointment of Ms. EY Ford Rhodes, Chartered Accountants, Karachi, being eligible as auditors of Atlas Islamic Income Fund, Atlas Islamic Stock Fund, Atlas Islamic Fund of Funds and Atlas Islamic Dedicated Stock Fund, for the financial year ending 30 June 2020.

## **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: 26 September 2019

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# Atlas Islamic 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

### Shariah Advisor

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Dr. Mufti Muhammad Wasih Fasih Butt

### Auditors

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EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

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Mohsin Tayebaly & Co.

### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Allied Bank Limited - Islamic Banking  
Askari Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited - Islamic Banking  
Habib Bank Limited - Islamic Banking  
MCB Bank Limited - Islamic Banking  
Meezan Bank Limited  
Soneri Bank Limited - Islamic Banking  
United Bank Limited - Islamic Banking



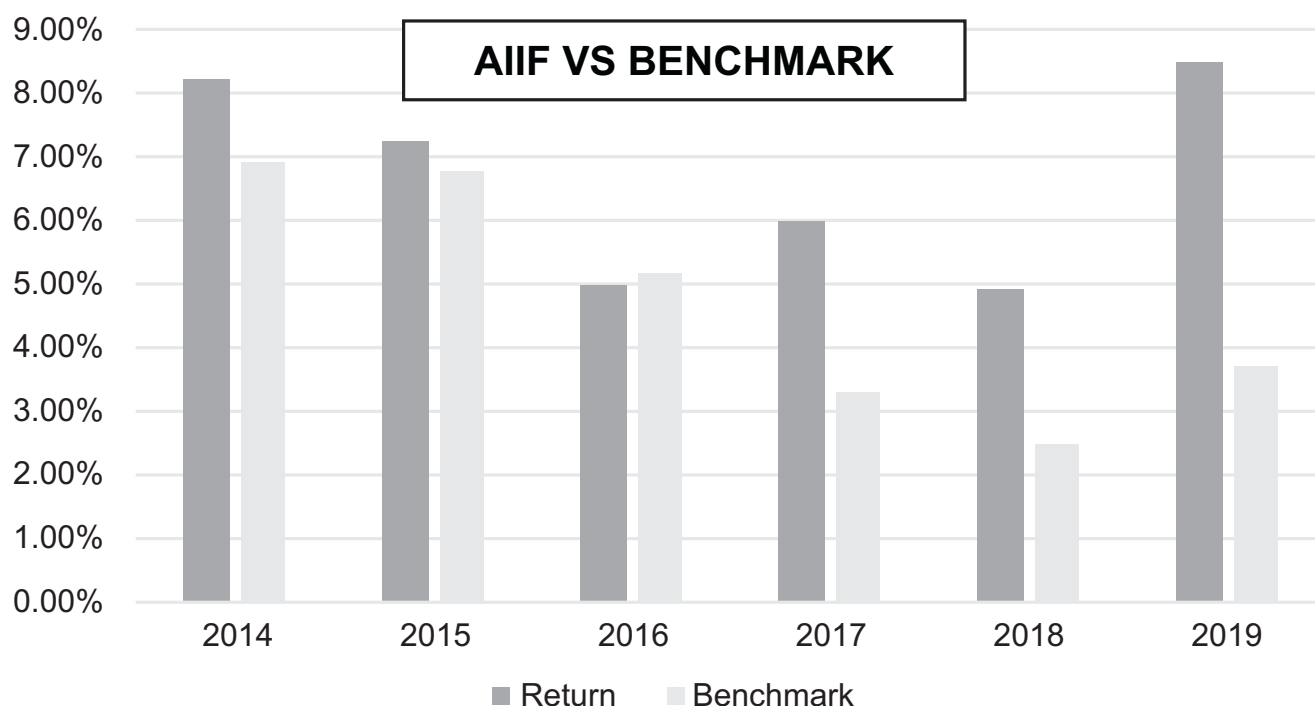
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## Fund Manager's Report

Atlas Islamic Income Fund (AIIF) is an Open-ended Shariah Compliant Income Fund. The Fund's primary objective is to provide investors with a good and stable rate of current income consistent with long-term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic 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 Islamic Income Fund benchmark is Six (6) months average deposit rates of three (3) -A rated scheduled Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

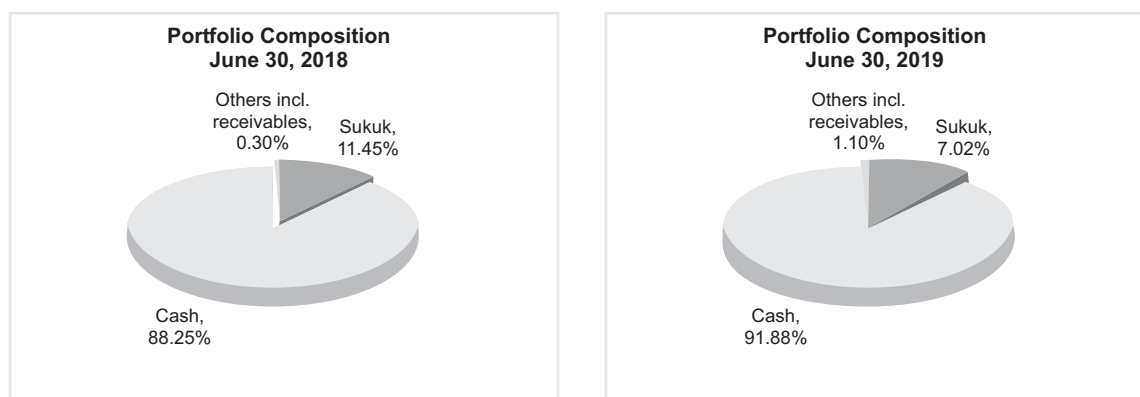


The Consumer Price Index (CPI) on average was recorded at 7.34% during financial year 2018-19, as compared to 3.92% for the financial year 2017-18. The YoY upsurge in inflation rate was due to Pak rupee depreciation and increase in energy and food prices.

During the year, SBP has significantly tightened monetary policy, and allowed greater flexibility in the exchange rate adjustments to curb excessive aggregate demand and move towards macroeconomic stabilization. The SBP changed the monetary policy stance since January 2018 by increasing 650 basis points as on June 30, 2019 to anchor expected rise in inflation in view of reversal of international oil and commodities prices. In recent monetary policy announced on July 16, 2019, SBP further increased the policy rate by another 100 bps to 13.25%. The decision was taken on account of upside inflationary pressures from exchange rate depreciation since the last MPC meeting on 20th May 2019 and the likely increase in near term inflation from the one-off impact of recent adjustments in utility prices and other measures in the FY20 budget. Going forward, the MPC will be ready to

take action depending on economic developments and data outturns. Unanticipated increases in inflation that adversely affect the inflation outlook may lead to further modest tightening. On the other hand, a greater than expected softening in domestic demand and downward revision in projected inflation would also provide grounds for easing monetary conditions.

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 8.48% to Rs 503.92 as on June 30, 2019. The benchmark average six months profit rate of three- A rated scheduled Islamic Banks as selected by MUFAP stood at 3.69% for the period under review. The AIIF's total Exposure in Sukuk 7.02% and deposit with high yielding Shariah compliant bank was 91.88%. The Net Assets of the Fund stood at Rs 1.39 billion, with 2.76 million units outstanding as of June 30, 2019.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved aggregated interim distribution of Rs 41.00 per unit for the period ended June 30, 2019 (8.2% 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 Islamic Income fund (AIIF) and Atlas Islamic Stock Fund (AISF). The investment plans were offered from September 2008, and the returns are as under:

Administrative Plans	Proportionate Investment in		Return (period ended)			
	AIIF	AISF	2015-16	2016-17	2017-18	2018-19
Atlas Bachat Islamic Plan	85%	15%	5.08%	9.46%	3.00%	4.37%
Atlas Bachat Balanced Islamic Plan	50%	50%	5.35%	17.61%	-1.48%	-5.24%
Atlas Bachat Growth Islamic Plan	15%	85%	5.62%	25.76%	-5.96%	-14.84%

#### Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	756	388,012,110	27.87%
Insurance Companies*	9	33,519,818	2.41%
Others	3	6,666,199	0.48%
Banks/ DFIs	4	479,784,663	34.46%
Associated Companies/ Directors	3	2,040,435	0.15%
Retirement Funds	12	281,118,138	20.19%
Public Limited Companies	8	201,084,856	14.44%
<b>Total</b>	<b>795</b>	<b>1,392,226,219</b>	<b>100%</b>

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The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 4,044,820 (Rs. 1.46 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 1,733,901 up till June 30, 2016 (Rs. 0.63 per unit as on June 30, 2019).

The Total Expense Ratio (TER) of the Fund is 0.97% including reversal representing Government levy, SWWF and SECP Fee of 0.31%.

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

Karachi: 26 September 2019

**Fawad Javaid**  
Head of Fixed Income

## Performance Since Inception

	2019	2018	2017	2016	2015
Net Assets (Rs. In '000)	1,392,226	872,222	1,614,259	558,553	424,447
Number of units in issue	2,762,766	1,653,270	3,210,424	1,113,938	846,460
Net assets value per unit (Rs.)	503.92	527.57	502.82	501.42	501.44
Net income (Rs. in '000)	79,290	56,557	37,946	24,901	15,341
Earnings per unit (Rs.)	28.70	34.21	11.82	22.35	18.12
Annual return of the fund (%)	8.48	4.92	5.97	4.97	7.21
Offer Price ** (Rs.)	503.92	527.57	502.82	501.42	501.44
Redemption Price ** (Rs.)	503.92	527.57	502.82	501.42	501.44
Highest offer price per unit (Rs.)	526.29	527.41	529.96	526.20	540.54
Lowest offer price per unit (Rs.)	503.46	503.00	502.10	501.09	501.34
Highest repurchase price per unit (Rs.)	526.29	527.41	529.96	526.20	540.54
Lowest repurchase price per unit (Rs.)	503.46	503.00	502.10	501.09	501.34
Weighted average portfolio (No. of days)	143.77	273.60	144.89	505.79	89.31

	2014	2013	2012	2011	2010	2009*
Net Assets (Rs. In '000)	520,674	526,078	462,315	379,805	346,658	255,864
Number of units in issue	1,030,979	1,047,317	920,985	738,995	679,312	494,203
Net assets value per unit (Rs.)	505.03	502.31	501.98	513.95	510.31	517.73
Net income (Rs. in '000)	39,438	46,785	42,878	31,269	26,824	15,215
Earnings per unit (Rs.)	38.25	44.67	46.56	42.31	39.49	30.79
Annual return of the fund (%)	8.22	8.65	10.11	9.90	9.22	11.50
Offer Price ** (Rs.)	505.03	507.14	506.92	519.09	515.41	522.91
Redemption Price ** (Rs.)	505.03	502.12	501.90	513.95	510.31	517.73
Highest offer price per unit (Rs.)	516.35	523.39	522.42	519.09	521.78	543.87
Lowest offer price per unit (Rs.)	503.08	507.04	506.61	506.42	505.97	506.92
Highest repurchase price per unit (Rs.)	515.50	518.21	517.25	513.95	518.14	538.49
Lowest repurchase price per unit (Rs.)	502.92	502.02	501.59	501.41	500.96	506.92
Weighted average portfolio (No. of days)	151.13	305.85	504.34	311.01	10.96	13.44

\*Period from 16 August 2008 to 30 June 2009 (Date of Launch: 14 october 2008)

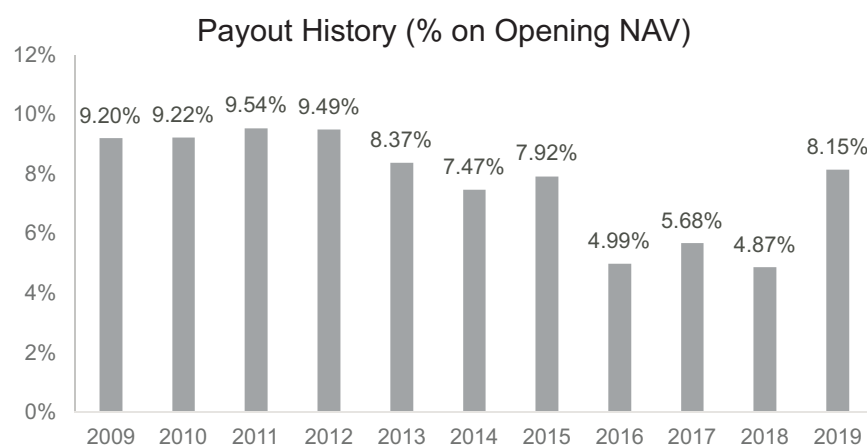
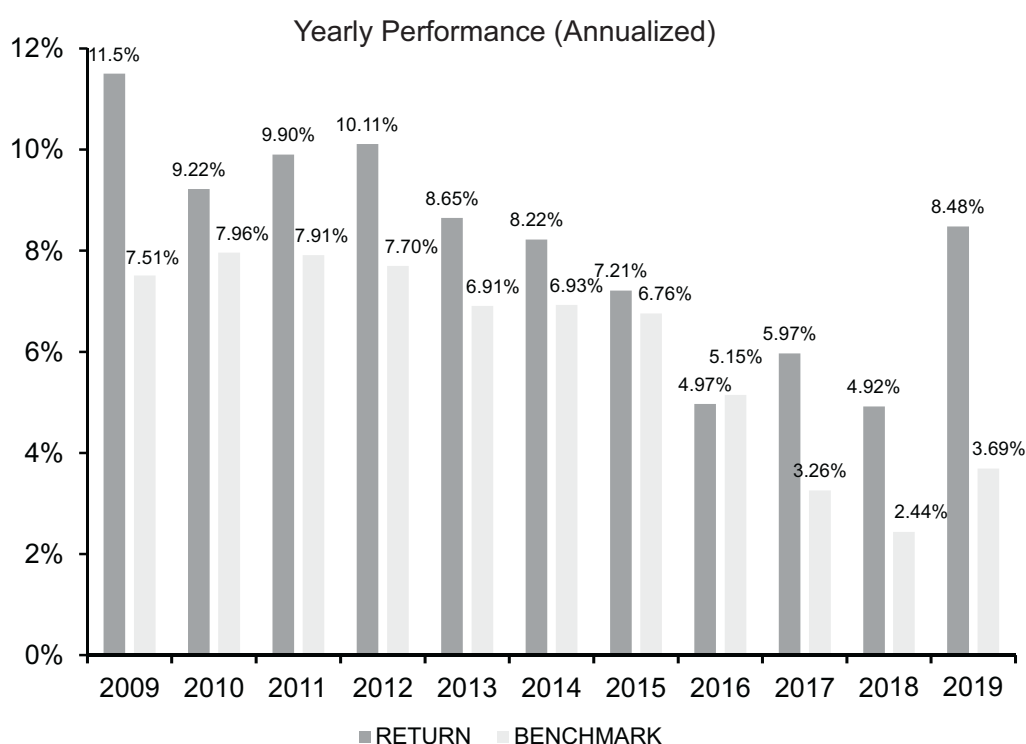
\*\* Relates to announced prices.

**Note:** Past performance of the funds is not indicative of future performance, and the unit price and investment return may godown, as well as up.



## Distribution History

Distribution Detail:	2019	2018	2017	2016	2015
First Interim distribution cash dividend (Rs.)	18.00	-	28.50	25.00	40.00
First Interim distribution as a % of Ex-NAV of units	3.58	-	5.68	4.99	7.92
Date of distribution - Interim	18-Jan-19	-	20-Jun-17	24-Jun-16	29-Jun-15
Second Interim distribution cash dividend (Rs.)	23.00	-	-	-	-
Second Interim distribution as a % of Ex-NAV of units	4.57	-	-	-	-
Date of distribution - Interim	27-Jun-19	-	-	-	-
Final Distribution - Cash Dividend (Rs.)	-	24.50	-	-	-
Final Distribution as a % of Opening Ex-NAV of units	-	4.87	-	-	-
Distribution date	-	6-Jul-18	-	-	-



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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 Islamic 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, 2019 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: 27 September 2019

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

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Income Fund (AIIF), I am issuing this report in accordance with clause 10.2.6 (e) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As a Shariah Adviser my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy can be objectively verified.

As part of my mandate as the Shariah Adviser to the Fund. I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by AIIF for the period ended June 30, 2019 are in compliance with the Shariah principles.

Karachi: 30 June 2019

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

## To the Unitholders of Atlas Islamic Income Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Atlas Islamic Income Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2019, 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 2019, 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:

S. No	Key Audit Matter	How our audit addressed the key audit matter
1	<b>Investment in sukuk certificates</b>  As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2019, the investments held by the Fund comprised of sukuk certificates which represent significant portion of the total assets of the Fund as at the year end.  Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.  In view of the above, we have considered this area as a key audit matter.	We performed a combination of audit procedures focusing on the classification and measurement of sukuk certificates. Our key procedure included the following: <ul style="list-style-type: none"><li>• We tested controls over acquisition, disposals and periodic valuation of sukuk certificates.</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><li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of sukuk certificates adopted by the Fund in accordance with the requirements of IFRS 9.</li></ul>

S. No	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 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.

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### Other Matter

The financial statements of the Fund for the year ended 30 June 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 14 September 2018.

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

Karachi: 26 September 2019

**EY Ford Rhodes**  
Chartered Accountants  
**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

		2019	2018
	Note	-----Rupees-----	
<b>Assets</b>			
Cash and bank balances	4	1,308,448,955	776,625,525
Investments	5	99,898,800	100,782,300
Markup accrued	6	15,086,559	2,041,069
Security deposit and other receivables	7	578,941	578,941
<b>Total assets</b>		<b>1,424,013,255</b>	<b>880,027,835</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	8	2,465,344	2,319,042
Payable to Central Depository Company of Pakistan Limited - Trustee	9	180,998	139,523
Payable to the Securities and Exchange Commission of Pakistan	10	701,274	887,548
Payable against redemption of units	11	19,806,934	514,117
Dividend payable		390,184	62,457
Accrued expenses and other liabilities	12	8,242,302	3,882,935
<b>Total liabilities</b>		<b>31,787,036</b>	<b>7,805,622</b>
<b>NET ASSETS</b>		<b>1,392,226,219</b>	<b>872,222,213</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,392,226,219</b>	<b>872,222,213</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,762,766</b>	<b>1,653,270</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>503.92</b>	<b>527.57</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 -----Rupees-----	2018
<b>Income</b>			
Markup income	14	89,258,061	69,703,815
Capital loss on sale of investments - net		-	(1,409,700)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(883,500)	(1,347,400)
<b>Total income</b>		<b>88,374,561</b>	<b>66,946,715</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	2,805,097	3,550,194
Sindh Sales Tax on remuneration of the Management Company	8.2	364,663	461,525
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,520,418	1,823,891
Sindh Sales Tax on remuneration of the Trustee	9.2	197,654	237,106
Annual fees - Securities and Exchange Commission of Pakistan	10	701,274	887,548
Accounting and operational charges	15	935,032	1,164,812
Auditors' remuneration	16	161,454	290,699
Securities transaction cost		6,780	19,323
Annual listing fee		27,501	27,500
Annual rating fee		302,319	298,320
Printing charges		14,033	131,915
Shariah advisory fee		177,415	174,375
Bank charges		37,630	23,567
Legal and professional charges		214,698	144,930
Provision for Sindh Workers' Welfare Fund	12.1	1,618,172	1,154,220
<b>Total expenses</b>		<b>9,084,140</b>	<b>10,389,925</b>
<b>Net income for the year before taxation</b>		<b>79,290,421</b>	<b>56,556,790</b>
<b>Taxation</b>	18	-	-
<b>Net income for the year after taxation</b>		<b>79,290,421</b>	<b>56,556,790</b>
<b>Earning per unit</b>	19		
<b>Allocation of net income for the year:</b>			
- Net income for the period after taxation		79,290,421	56,556,790
- Income already paid on units redeemed		(12,556,703)	(28,183,809)
		<b>66,733,718</b>	<b>28,372,981</b>
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	-
- Excluding capital gains		66,733,718	28,372,981
		<b>66,733,718</b>	<b>28,372,981</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2018	2017
	-----Rupees-----	
Net income for the year after taxation	79,290,421	56,556,790
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>79,290,421</b>	<b>56,556,790</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2019

Note	2019	2018
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	79,290,421	56,556,790
<b>Adjustment for:</b>		
Markup income	(89,258,061)	(69,703,815)
Capital loss on sale of investments - net	-	1,409,700
Net unrealised loss on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	883,500	1,347,400
Provision for Sindh Workers' Welfare Fund	1,618,172	1,154,220
	<b>(86,756,389)</b>	<b>(65,792,495)</b>
<b>Increase in assets</b>		
Security deposit and other receivables	-	-
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	146,302	(370,646)
Payable to Central Depository Company of Pakistan Limited - Trustee	41,475	(81,294)
Payable to the Securities and Exchange Commission of Pakistan	(186,274)	(405,183)
Dividend payable	327,727	-
Accrued expenses and other liabilities	2,741,195	(15,266,366)
	<b>3,070,425</b>	<b>(16,123,489)</b>
Markup received	76,212,571	77,727,180
Investments made during the year	-	(50,000,000)
Investments sold / matured during the year	-	111,799,200
<b>Net cash generated from operating activities</b>	<b>71,817,028</b>	<b>114,167,186</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	1,509,074,418	1,717,495,784
Net payments against redemption of units	(956,416,955)	(2,309,544,233)
Cash distribution for year ended 30 June 2018 at Rs. 24.5 per unit declared on 06 July 2018	(28,077,890)	-
First interim distribution at Rs. 18.0 per unit declared on 18 January 2019	(21,118,754)	-
Second interim distribution at Rs. 23.0 per unit declared on 27 June 2019	(43,454,417)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>460,006,402</b>	<b>(592,048,449)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>531,823,430</b>	<b>(477,881,263)</b>
Cash and cash equivalents at the beginning of the year	776,625,525	1,254,506,788
<b>Cash and cash equivalents at the end of the year</b>	<b>1,308,448,955</b>	<b>776,625,525</b>

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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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted under a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First, Second and third Supplemental Trust Deeds dated 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 and Seventh supplements dated 23 June 2010, 12 November 2010, 20 September 2013, 24 March 2015, 3 August 2015, 30 September 2016 and 02 June 2017 respectively with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. 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 since 14 October 2008, 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 with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realise capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long medium, and short term, high quality Islamic income instruments.
- 1.4 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 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), 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 THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)  
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)  
IFRS 9 Financial Instruments  
IFRS 15 – Revenue from Contracts with Customers  
IFRIC 22 Foreign Currency Transactions and Advance Consideration  
IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements other than IFRS 9 Financial Instruments as disclosed below:

## 2.2.1 IFRS 9 Financial Instruments

### (a) Classification and measurement

Effective from 01 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss (FVPL)

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification of debt instruments is based on two criteria, (a) the entity's business model for managing the assets; and (b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 01 July 2018. However, the Fund has chosen to take advantage of the option not to restate comparatives as allowed under IFRS 9. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 01 July 2018:

### Financial assets

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Cash and bank balances	Loans and receivables	776,625,525	Amortised Cost	776,625,525
Investments	Held for trading*	100,782,300	Fair value through profit and loss*	100,782,300
Markup accrued	Loans and receivables	2,041,069	Amortised Cost	2,041,069
Security deposit and other receivables	Loans and receivables	100,000	Amortised Cost	100,000

\*The financial assets held for trading continue to be measured at fair value through profit and loss under IFRS 9.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## Financial liabilities

All Financial liabilities which were previously classified as 'other financial liabilities' at amortised cost under IAS 39 continue to be classified as 'financial liabilities at amortised cost' under IFRS 9.

## (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model.

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.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets (other than debt securities) and concluded that impact is not material to 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)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures –(Amendments)	01 January 2019

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 THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any 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.

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	IASB Effective date (annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

### 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.

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 - Policy effective from 01 July 2018

In the current period, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### 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.



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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured, at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets.

### 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 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.

### i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

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## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### ii) **Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category markup accrued and other receivables.

### **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.

### c) **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.

### d) **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 THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

### e) 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.

### 3.2 Financial instruments - Policy effective before 01 July 2018

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to the income statement.

All regular way purchases of financial assets are recognised on a transaction date i.e. the date the Company receives the financial asset. All regular way sales of financial assets are recognized on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales of financial assets that require delivery of assets within the time generally established by regulation or convention the market place.

#### Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or available-for-sale investment, as appropriate.

All investments are initially measured at fair value. In the case of investments classified as available for sale, transaction cost directly related to the acquisition is also added to the fair value of investment on initial recognition.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment.

#### Investments are categorised as follows:

##### Investments at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

##### Available-for-sale

Investments which are not classified as 'at fair value through profit or loss' are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is taken to the income statement. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

##### Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or are impaired.

## **Derivatives**

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

## **3.3 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.

## **3.4 Issue and redemption of units**

Units issued are recorded at the offer price, determined by the management company for the application received by the 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 price shall be equal to NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

## **3.5 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.

## **3.6 Revenue recognition**

- Income on bank balances and deposits is recognised on an accrual basis.
- Gain or loss on sale of Shariah compliant debt securities and derivatives is accounted for in the year in which it arises.
- Unrealised gains / (losses) arising on remeasurement of investments classified as 'at fair value through profit or loss' and derivatives are included in the Income Statement in the period in which they arise.

## **3.7 Expenses**

All expenses chargeable to the Fund including remuneration of management company, trustee, and annual fee of the SECP are recognised in the income statement on an accrual basis.

## **3.8 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.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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. The Fund intends to distribute such income by the year end in order to avail this tax exemption. Accordingly, no provision has been made for current and deferred taxation in these financial statements.

## 3.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Distribution Committee of the Board of Directors of the Management Company under the powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Directors of the Management Company. 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	2019 -----Rupees-----	2018 -----Rupees-----
<b>In local currency</b>			
- Profit and loss sharing accounts	4.1	1,306,013,955	774,435,525
- Current account		5,000	5,000
- Cheques in hand	4.2	2,430,000	2,185,000
		<b>1,308,448,955</b>	<b>776,625,525</b>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6.00% to 13.00% (30 June 2018: 3.00% to 6.50%) per annum.

4.2 This denotes cheques received against issuance of units which were deposited and cleared in the bank account subsequent to the year end by 16 July 2019.

5 INVESTMENTS	Note	2019 -----Rupees-----	2018 -----Rupees-----
<b>At fair value through profit or loss</b>			
Debt securities - sukuk certificates	5.1	99,898,800	100,782,300
		<b>99,898,800</b>	<b>100,782,300</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 5.1 Debt securities - sukuk certificates

Particulars	Note	As at 01 July 2018	Acquired during the year	Disposed during the year	As at 30 June 2019	Carrying value as at 30 June 2019	Market value as at 30 June 2019	Unrealised depreciation as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Investments as a percentage of total issue size
			----- Number of certificates -----					----- Rupees -----		----- percentage -----	
<b>Banks</b>											
Meezan Bank Limited (unlisted) (Face Value Rs. 1,000,000)	5.1.1	50	-	-	50	50,750,000	49,998,800	(751,200)	50.05%	3.59%	0.71%
<b>Fertilizers</b>											
Dawood Hercules Corporation Limited Sukuk 2 (listed) (Face Value Rs. 100,000)	5.1.2	500	-	-	500	50,032,300	49,900,000	(132,300)	49.95%	3.58%	0.83%
<b>Total - June 30, 2019</b>						<b>100,782,300</b>	<b>99,898,800</b>	<b>(883,500)</b>	<b>100.00%</b>	<b>7.18%</b>	
<b>Total - June 30, 2018</b>						<b>102,129,700</b>	<b>100,782,300</b>	<b>(1,347,400)</b>	<b>100.00%</b>	<b>11.55%</b>	

5.1.1 These certificates carry mark-up at the rate of 6 months KIBOR plus 0.50% per annum, are due to mature by 22 September 2026 and are currently rated AA by JCR-VIS Credit Rating Company Limited. As at 30 June 2019, the cost of these investments amounted to Rs 50,000,000 (30 June 2018: Rs. 50,000,000).

5.1.2 These certificates carry mark-up at the rate of 3 months KIBOR plus 1.00% and are due to mature by 28 February 2023. These certificates are currently rated AA by Pakistan Credit Rating Agency (PACRA). As at 30 June 2019, the cost of these investments amounted to Rs 50,000,000 (30 June 2018: Rs. 50,000,000).

	Note	2019 -----Rupees-----	2018
<b>6 MARKUP ACCRUED</b>			
Markup accrued on:			
- Profit and loss sharing accounts		12,603,754	538,809
- Sukuk certificates		2,482,805	1,502,260
		<b>15,086,559</b>	<b>2,041,069</b>
<b>7 SECURITY DEPOSIT AND OTHER RECEIVABLES</b>			
Deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Other receivables	7.1	478,941	478,941
		<b>578,941</b>	<b>578,941</b>

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 sections 150 and 151. However, 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 by the withholder.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favor of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the cumulative amount of withholding tax deducted from profit on bank deposits by the Funds has been shown as other receivable as at 30 June 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

<b>8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>-----Rupees-----</b>	
Management fee	8.1	316,981	217,009
Sindh sales tax payable on remuneration of the Management Company	8.2	308,801	295,805
Federal Excise Duty payable on remuneration of the Management Company	8.3	1,733,901	1,733,901
Accounting and operational charges payable	15	105,661	72,327
		<b>2,465,344</b>	<b>2,319,042</b>

**8.1** During the year ended 30 June 2019 the Management Company has charged its remuneration at the rate of 0.30% (2018: 0.30%) per annum of the average annual net assets of the Fund for the year. The fee is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs. 364,663 (2018: Rs. 461,525) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 351,667 (2018: Rs.493,356) has been paid to the Management Company which acts as the 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, which is being charged to the Fund as explained in note 8.2 above, 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 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.

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 1.734 million (30 June 2017: Rs 1.734 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 2019 would have been higher by Rs 0.63 per unit (30 June 2018: Rs 1.05 per unit).



## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY	Note	2019	2018
		----- Rupees -----	----- Rupees -----
Trustee fee payable	9.1	159,675	122,972
Sindh sales tax payable on trustee fee	9.2	20,758	15,986
Settlement charges payable		500	500
Sindh sales tax payable on settlement charges		65	65
		<b>180,998</b>	<b>139,523</b>

9.1 The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs.1,000 million	0.17% per annum of Net Assets
- Rs.1,000 million to Rs.5,000 million	Rs.1.7 million plus 0.085% per annum of Net Assets exceeding Rs.1,000 million
- exceeding Rs.5,000 million	Rs.5.1 million plus 0.07% per annum of Net Assets exceeding Rs.5,000 million

9.2 During the year, an amount of Rs. 197,654 (2018: Rs. 237,106) 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. 192,882 (2018: Rs 246,459) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2019	2018
		----- Rupees -----	----- Rupees -----
Annual fee payable	10.1	701,274	887,548

10.1 In accordance with the NBFC Regulations 2008, the Fund is required to pay Securities and Exchange Commission of Pakistan an amount equal to 0.075% of average annual net assets of the Fund as annual fee.

### 11 PAYABLE AGAINST REDEMPTION OF UNITS

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

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
		----- Rupees -----	----- Rupees -----
Auditors' remuneration payable		196,020	230,076
Printing charges payable		45,954	73,257
Payable to shariah advisor		45,000	47,585
Withholding tax and capital gain tax payable		3,410,753	329,616
Fund rating fee payable		-	298,320
Zakat payable		19,589	-
Other payable		480,166	477,433
Provision for Sindh Workers' Welfare Fund	12.1	4,044,820	2,426,648
		<b>8,242,302</b>	<b>3,882,935</b>



## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**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, 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 21 May 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on asset management companies and not on mutual funds.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from 21 May 2015 to 30 June 2019, the net asset value of the Fund as at 30 June 2019 would have been higher by Rs. 1.46 per unit (2018: Rs. 1.47 per unit).

### 13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

### 14 MARKUP INCOME

Markup income on:

- Profit and loss sharing accounts
- Sukuk certificates
- Government of Pakistan (GoP) ijarah sukuks

	2019	2018
	-----Rupees-----	
	79,489,800	63,564,660
	9,768,261	4,647,589
	-	1,491,566
	<b>89,258,061</b>	<b>69,703,815</b>

### 15 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 (I) /2019 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>16 AUDITORS' REMUNERATION</b>		
Audit fee	100,000	100,000
Half yearly review of financial statements	50,000	50,000
Other Certifications	(42,000)	42,000
Income Certification	50,000	50,000
Sindh Sales Tax on services	19,200	19,360
Out of pocket expenses	40,000	29,339
Prior year adjustment	(55,746)	-
	<b>161,454</b>	<b>290,699</b>

## 17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 0.97% (2018: 0.65%) after netting off 0.31% (2018: 0.23%) 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 a shariah compliant income scheme.

## 18 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 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

## 19 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.

## 20 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

**20.1** 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.

**20.2** 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.

**20.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**20.4** 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:

	2019	2018
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	2,805,097	3,550,194
Remuneration paid	2,705,125	3,795,043
Sindh Sales Tax on remuneration of the Management Company	364,663	461,525
Accounting and operational charges	935,032	1,164,812
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,520,418	1,823,891
Sindh sales tax on remuneration of the Trustee	197,654	237,106
Remuneration paid to the Trustee	1,483,715	1,895,832
Settlement charges	6,000	6,000
Sindh sales tax on settlement charges	780	780
<b>Atlas Battery Limited</b>		
Redemption of Nil (2018: 1,193,786) units	-	608,987,971
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 3 (2018: 30) units	1,784	15,400
Dividend declared	2,038	-
Outstanding 33 (2018: 30) units - at net asset value	16,871	15,794
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of group company)</b>		
Redemption of Nil (2018: 358) units	-	180,655
<b>Honda Atlas Power Product (Private) Limited</b>		
Issue of 1,761 (2018: 39,320) units	886,946	20,000,000
Redemption of 41,015 (2018: 79,624) units	20,728,635	40,222,948
Dividend declared	964,797	-
Outstanding 66 (2018: 39,320) units - at net asset value	33,194	20,744,161
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 5,077 (2018: Nil) units	2,557,937	-
Redemption of 115,059 (2018: Nil) units	60,000,000	-
Dividend declared	2,946,611	-
Outstanding 3,950 (2018: 113,932) units - at net asset value	1,990,351	60,107,217
<b>Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 1,842 (2018: Nil) units	927,771	-
Redemption of 23,231 (2018: Nil) units	11,955,677	-
Dividend declared	927,771	-
Outstanding Nil (2018: 21,389) units - at net asset value	-	11,284,054

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Atlas Insurance Limited Window Takaful Operations</b>		
Issue of 74,392 (2018: Nil) units	38,443,331	-
Redemption of 106,719 (2018: Nil) units	54,685,805	-
Dividend declared	2,236,925	-
Payable against redemption of units	18,776,901	-
Outstanding Nil (2018: 32,328) units - at net asset value	-	17,055,172
<b>CDC - Trustee Atlas Islamic Capital Preservation Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 614,603 (2018: Nil) units	313,305,508	-
Redemption of 9,666 (2018: Nil) units	5,000,000	-
Dividend declared	13,305,508	-
Outstanding 604,937 (2018: Nil) units - at net asset value	304,840,054	-
<b>CDC - Trustee Atlas Aggressive Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 68,470 (2018: Nil) units	35,464,610	-
Redemption of 10,520 (2018: Nil) units	5,400,000	-
Dividend declared	2,215,273	-
Outstanding 57,950 (2018: Nil) units - at net asset value	29,202,014	-
<b>CDC - Trustee Atlas Moderate Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 118,969 (2018: Nil) units	61,692,768	-
Redemption of 12,644 (2018: Nil) units	6,500,000	-
Dividend declared	4,056,011	-
Outstanding 106,325 (2018: Nil) units - at net asset value	53,579,077	-
<b>CDC - Trustee Atlas Conservative Allocation Islamic Plan (Atlas Islamic Fund of Fund)</b>		
Issue of 192,321 (2018: Nil) units	99,691,423	-
Redemption of 9,436 (2018: Nil) units	4,800,000	-
Dividend declared	6,793,212	-
Outstanding 182,884 (2018: Nil) units - at net asset value	92,159,042	-
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Issue of 49,939 (2018: 37,190) units	25,601,349	19,062,443
Redemption of 60,877 (2018: 17,878) units	31,198,865	20,729,539
Dividend declared	566,950	-
Outstanding 4,774 (2018: 15,713) units - at net asset value	2,405,794	8,289,495

**20.5** 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 THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

	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	1,308,448,955	-	-	1,308,448,955
Investments	-	99,898,800	-	99,898,800
Markup accrued	15,086,559	-	-	15,086,559
Security deposit and other receivables	100,000	-	-	100,000
	<b>1,323,635,514</b>	<b>99,898,800</b>	<b>-</b>	<b>1,423,534,314</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	-	2,465,344	2,465,344
Payable to Central Depository Company of Pakistan Limited - Trustee	-	180,998	180,998
Payable against redemption of units	-	19,806,934	19,806,934
Unclaimed dividend	-	390,184	390,184
Accrued expenses and other liabilities	-	767,140	767,140
	<u>-</u>	<u>23,610,600</u>	<u>23,610,600</u>

	As at 30 June 2018			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	----- (Rupees) -----			
Financial assets				
Cash and bank balances	776,625,525	-	-	776,625,525
Investments	-	100,782,300	-	100,782,300
Markup accrued	2,041,069	-	-	2,041,069
Security deposit and other receivables	100,000	-	-	100,000
	<u>778,766,594</u>	<u>100,782,300</u>	<u>-</u>	<u>879,548,894</u>

	As at 30 June 2018		
	At fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees) -----		
Financial liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	2,319,042	2,319,042
Payable to Central Depository Company of Pakistan Limited - Trustee	-	139,523	139,523
Payable against redemption of units	-	514,117	514,117
Unclaimed Dividend	-	62,457	62,457
Accrued expenses and other liabilities	-	1,126,671	1,126,671
	<u>-</u>	<u>4,161,810</u>	<u>4,161,810</u>

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# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**22.1** 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 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 may be exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

### 22.2 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 profit rates, foreign exchange rates and equity prices.

#### (i) Profit rate risk

Profit rate risk is the risk that the Fund's income will fluctuate due to changes in the market profit rates. As of 30 June 2019, the Fund is exposed to such risk in respect of bank balances and corporate Sukuk 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 acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks and investment in corporate sukuks which exposes the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in market interest rates as at June 30, 2019, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 14,059,128 (2018: Rs.8,752,178 ).

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

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of the future movements in profit rates.

Yield / profit 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 profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

As at 30 June 2019					
Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	6.0 - 13.0	1,306,013,955	-	2,435,000	1,308,448,955
Investments	11.35 - 13.80	-	-	-	99,898,800
Markup accrued		-	-	15,086,559	15,086,559
Security deposit and other receivables		-	-	100,000	100,000
		<b>1,306,013,955</b>	<b>-</b>	<b>17,621,559</b>	<b>1,423,534,314</b>
<b>Financial Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	2,465,344	2,465,344
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	180,998	180,998
Payable against redemption of units		-	-	19,806,934	19,806,934
Unclaimed dividend		-	-	390,184	390,184
Accrued expenses and other liabilities		-	-	767,140	767,140
		<b>-</b>	<b>-</b>	<b>23,610,600</b>	<b>23,610,600</b>
<b>On-balance sheet gap (a)</b>		<b>1,306,013,955</b>	<b>-</b>	<b>(5,989,041)</b>	<b>1,399,923,714</b>
<b>Off-balance sheet financial instruments</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>Total interest rate sensitivity gap (a + b)</b>		<b>1,306,013,955</b>	<b>-</b>	<b>99,898,800</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>1,306,013,955</b>	<b>1,306,013,955</b>	<b>1,405,912,755</b>	

As at 30 June 2018					
Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	3.00-6.50	774,435,525	-	2,190,000	776,625,525
Investments	6.95-7.80	-	-	-	100,782,300
Markup accrued		-	-	2,041,069	2,041,069
Security deposit and other receivables		-	-	100,000	100,000
		<b>774,435,525</b>	<b>-</b>	<b>4,331,069</b>	<b>879,548,894</b>
<b>Financial Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company		-	-	2,319,042	2,319,042
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	139,523	139,523
Payable against redemption of units		-	-	514,117	514,117
Unclaimed Dividend		-	-	62,457	62,457
Accrued expenses and other liabilities		-	-	1,126,671	1,126,671
		<b>-</b>	<b>-</b>	<b>4,161,810</b>	<b>4,161,810</b>
<b>On-balance sheet gap (a)</b>		<b>774,435,525</b>	<b>-</b>	<b>169,259</b>	<b>875,387,084</b>
<b>Off-balance sheet financial instruments</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>Total interest rate sensitivity gap (a + b)</b>		<b>774,435,525</b>	<b>-</b>	<b>100,782,300</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>774,435,525</b>	<b>774,435,525</b>	<b>875,217,825</b>	

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## (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) Equity price risk

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of 30 June 2019.

## 22.3 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 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 required to be obtained by the Fund during the current year.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month.

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Financial instruments with no fixed maturity	Total
<b>2019</b>	<b>Rupees</b>					
<b>Assets</b>						
Cash and bank balances	1,308,448,955	-	-	-	-	1,308,448,955
Investments	-	-	-	99,898,800	-	99,898,800
Markup accrued	12,603,754	2,482,805	-	-	-	15,086,559
Security deposit and other receivables	-	-	-	-	100,000	100,000
	<b>1,321,052,709</b>	<b>2,482,805</b>	<b>-</b>	<b>99,898,800</b>	<b>100,000</b>	<b>1,423,534,314</b>
<b>Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	2,465,344	-	-	-	-	2,465,344
Payable to Central Depository Company of Pakistan Limited - Trustee	180,998	-	-	-	-	180,998
Payable against redemption of units	19,806,934	-	-	-	-	19,806,934
Dividend payable	390,184	-	-	-	-	390,184
Accrued expenses and other liabilities	480,166	-	286,974	-	-	767,140
	<b>23,323,626</b>	<b>-</b>	<b>286,974</b>	<b>-</b>	<b>-</b>	<b>23,610,600</b>
<b>Net assets / (liabilities)</b>	<b>1,297,729,083</b>	<b>2,482,805</b>	<b>(286,974)</b>	<b>99,898,800</b>	<b>100,000</b>	<b>1,399,923,714</b>



## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Financial instruments with no fixed maturity	Total
<b>2018</b>	<b>Rupees</b>					
<b>Assets</b>						
Cash and bank balances	776,625,525	-	-	-	-	776,625,525
Investments	-	-	-	100,782,300	-	100,782,300
Markup accrued	538,809	1,502,260	-	-	-	2,041,069
Security deposit and other receivables	-	-	-	-	100,000	100,000
	<b>777,164,334</b>	<b>1,502,260</b>	<b>-</b>	<b>100,782,300</b>	<b>100,000</b>	<b>879,548,894</b>
<b>Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	2,319,042	-	-	-	-	2,319,042
Payable to Central Depository Company of Pakistan Limited - Trustee	139,523	-	-	-	-	139,523
Payable against redemption of units	514,117	-	-	-	-	514,117
Dividend payable	62,457	-	-	-	-	62,457
Accrued expenses and other liabilities	775,753	-	350,918	-	-	1,126,671
	<b>3,810,892</b>	<b>-</b>	<b>350,918</b>	<b>-</b>	<b>-</b>	<b>4,161,810</b>
<b>Net assets / (liabilities)</b>	<b>773,353,442</b>	<b>1,502,260</b>	<b>(350,918)</b>	<b>100,782,300</b>	<b>100,000</b>	<b>875,387,084</b>

### 22.4 Credit risk

Credit risk represents the risk of a loss if counter parties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

	<b>2019</b>		<b>2018</b>	
	<b>Balance as per statement of assets and liabilities</b>	<b>Maximum exposure</b>	<b>Balance as per statement of assets and liabilities</b>	<b>Maximum exposure</b>
	<b>Rupees</b>			
Bank balances	1,308,448,955	1,308,448,955	776,625,525	776,625,525
Investments	99,898,800	99,898,800	100,782,300	100,782,300
Markup accrued	15,086,559	15,086,559	2,041,069	2,041,069
Security deposit and other receivables	100,000	100,000	100,000	100,000
	<b>1,423,534,314</b>	<b>1,423,534,314</b>	<b>879,548,894</b>	<b>879,548,894</b>

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 23.4.1 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investment in GOP Ijarah Sukuks and corporate Sukuks. The credit rating profile of above mentioned is as follows:

### Rating of amount placed with banks, investment in GOP Ijarah Sukuks and corporate Sukuk certificates

	% of financial assets	
	2019	2018
Sukuk Certificates	7.11	11.52
AAA	17.80	-
AA+	0.13	-
AA	23.59	78.15
A+	51.38	6.80
A	-	3.53
	<b>100</b>	<b>100</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 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.

## 22.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. 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.

Fair value of government securities is determined by reference to the rates announced by Financial Market Association of Pakistan and fair value of corporate sukuk is determined on the basis of rates announced by MUFAP. The fair value of financial assets and liabilities of the Fund, other than government securities, approximates their carrying amount due to short term maturities of these instruments.

## 22.6 Fair value hierarchy

The Fund uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2019, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique. Particulars regarding their cost and market value are given in note 5.1.

## 23 UNIT HOLDERS FUND RISK MANAGEMENT

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders, to maintain a strong base of assets to meet unexpected losses or opportunities and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units.

## NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Fund has no restrictions on the subscription and redemption of units. As required under the 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 during the current year.

In accordance with the risk management policies as stated in note 22, 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	2019			2018		
	Number of unit	Rupees	% of total	Number of unit	Rupees	% of total
Individuals	756	388,012,110	27.87	373	206,530,425	23.68
Insurance Companies*	9	33,519,818	2.41	11	139,974,895	16.05
Others	3	6,666,199	0.48	5	144,735,833	16.59
Banks/ DFIs	4	479,784,663	34.46	1	52,174,077	5.98
Associated Companies/ Directors	3	2,040,435	0.15	4	81,575,214	9.35
Retirement Funds	12	281,118,138	20.19	8	164,463,728	18.86
Public Limited Companies	8	201,084,856	14.44	1	82,768,041	9.49
	<b>795</b>	<b>1,392,226,219</b>	<b>100</b>	<b>403</b>	<b>872,222,213</b>	<b>100</b>

\* These include investments made by 4 unit linked funds managed by insurance companies.

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

Name of brokers	2019	2018
	Percentage of commission paid %	
Invest Capital Markets Limited	-	100.00
	-	<b>100.00</b>

### 26 THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Abdul Samad	Chief Executive Officer	MBA, M.Com	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

# NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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 Sovereign Fund Atlas Money Market Fund Atlas Income Fund

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

The details of dates of Board meetings of the management company of the Fund, and the attendance of the Board members are given below:

Name of Directors	Meeting held on					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	P	L	P	L	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	L	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P	P	P	P
Ms Zainab Kazim	P	P	P	P	P	P

P Present

L Leave of absence

## 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) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

Moreover, PACRA has maintained the stability rating of the Fund at "AA- (f)" [2018: "AA- (f)"] on 17 April 2019.

## 30 GENERAL

The figures have been rounded off to the nearest Rupee.

## 31 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Islamic Stock Fund

## Corporate Information

### Trustee

Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal  
Karachi - 74400

### Shariah Advisor

Dr. Mufti Muhammad Wasih Fasih Butt

### Auditors

EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

Mohsin Tayebaly & Co.

### Bankers

Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited - Islamic Banking



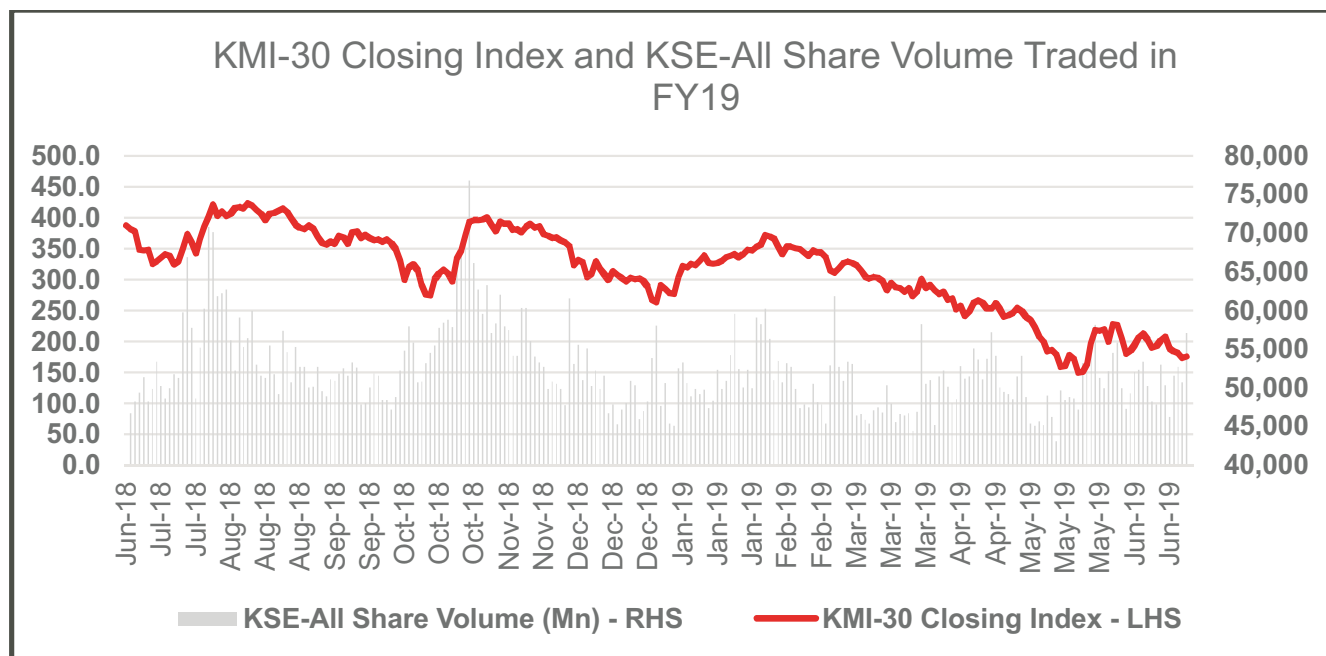
## Fund Manager's Report

Atlas Islamic Stock Fund (AISF) is an open-ended equity fund. The objective of AISF is to maximize Unit Holders returns on their Investments while at all times observing prudent Investment practices, the highest professional standards, all applicable laws and the Shariah Code. The Fund's strategy revolves around Shariah Compliance while making investments in stocks with attractive fundamentals and a potential to outperform the market to generate high returns. The Fund observes the investment limitations as set out by the Shariah code, according to the guidance of the Shariah Advisors and emphasizes on medium to long term investment views, by making investment decisions based upon fundamental analysis. The Fund makes use of portfolio management skills for sector and stock selection in order to efficiently manage the fund's portfolio.

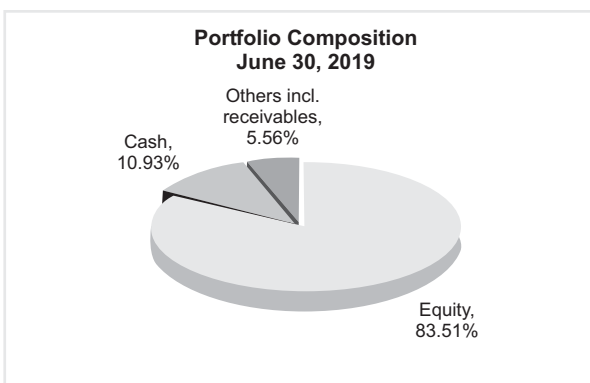
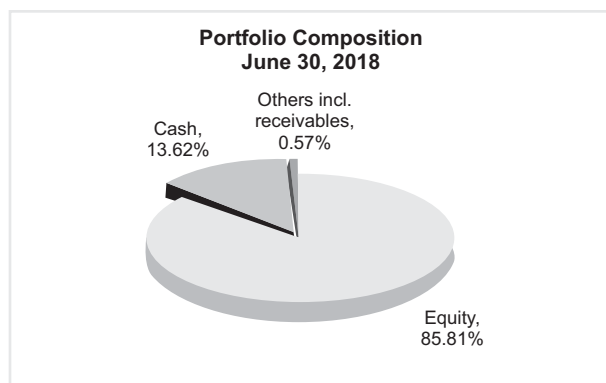
KMI - 30 Index serves as the performance benchmark of Atlas Islamic Stock Fund.

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%, -8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively.

The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.



The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 18.95% to Rs. 429.88 as on June 30, 2019. The benchmark KMI-30 index decreased by 23.84% during the same period. The KMI-30 index decreased from 71,060.34 points as on June 30, 2018 to 54,118.51 points as on June 30, 2019. The AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer and Islamic Commercial Bank sectors. The Net Assets of the Fund stood at Rs 1.20 billion, with 2.80 million units outstanding as of June 30, 2019.



#### The Administrative Plans:

The management company is offering investment plans that allow investors focused combination investment strategic in Atlas Islamic Income fund (AIIF) and Atlas Islamic Stock Fund (AISF). The investment plans were offered from September 2008, and the returns are as under:

Administrative Plans	Proportionate Investment in		Return (period ended)			
	AIIF	AISF	2015-16	2016-17	2017-18	2018-19
Atlas Bachat Islamic Plan	85%	15%	5.08%	9.46%	3.00%	4.37%
Atlas Bachat Balanced Islamic Plan	50%	50%	5.35%	17.61%	-1.48%	-5.24%
Atlas Bachat Growth Islamic Plan	15%	85%	5.62%	25.76%	5.96%	-14.84%

#### Breakdown of Unit holding by size:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individuals	608	158,569,535	13.16
Retirement Funds	9	343,790,095	28.53
Associated Companies/ Directors	7	214,816,265	17.82
Others	5	63,775,602	5.29
Insurance Companies	5	198,538,486	16.48
Banks/DFIs/NBFC	1	18,671	0.00
Public Limited Companies	4	225,484,954	18.72
<b>Total</b>	<b>639</b>	<b>1,204,993,608</b>	<b>100</b>

The Fund has made provision against SWWF, which up till June 30, 2019 amounted to Rs. 15,491,187 (Rs. 5.53 per unit). The Scheme has also held provision for FED liability that amounted to Rs. 10,453,385 up till June 30, 2016 (Rs.3.73 per unit as on June 30, 2019).

The Total Expense Ratio (TER) of the Fund is 2.87% including expenses representing Government levy and SECP Fee of 0.42%.

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

**Faran-UI-Haq**  
Head of Equities

Karachi: 26 September 2019

## Supplementary Non Financial Information as required under clause 38 A (g) of NBFC and NE Regulations, 2008

### Summary of actual proxies voted by Atlas Islamic Stock Fund

AISF	Resolution	For	Against	Abstain
Number	195	195	-	N/A
%	100%	100%	-	-

**Note:** The Proxy voting policy of the Atlas Islamic Stock Fund (AISF) 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

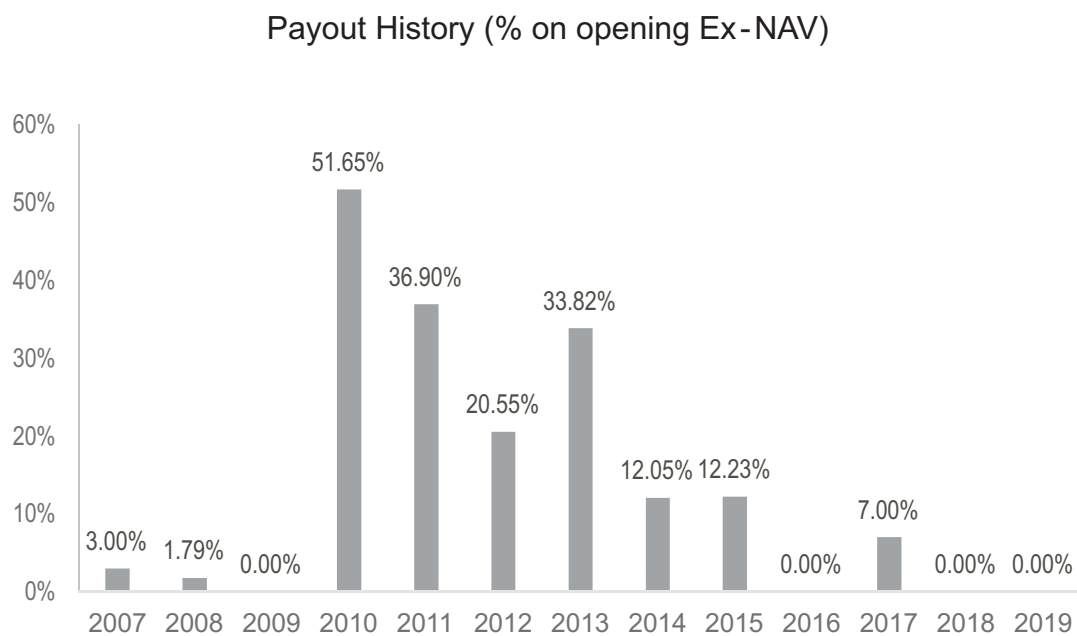
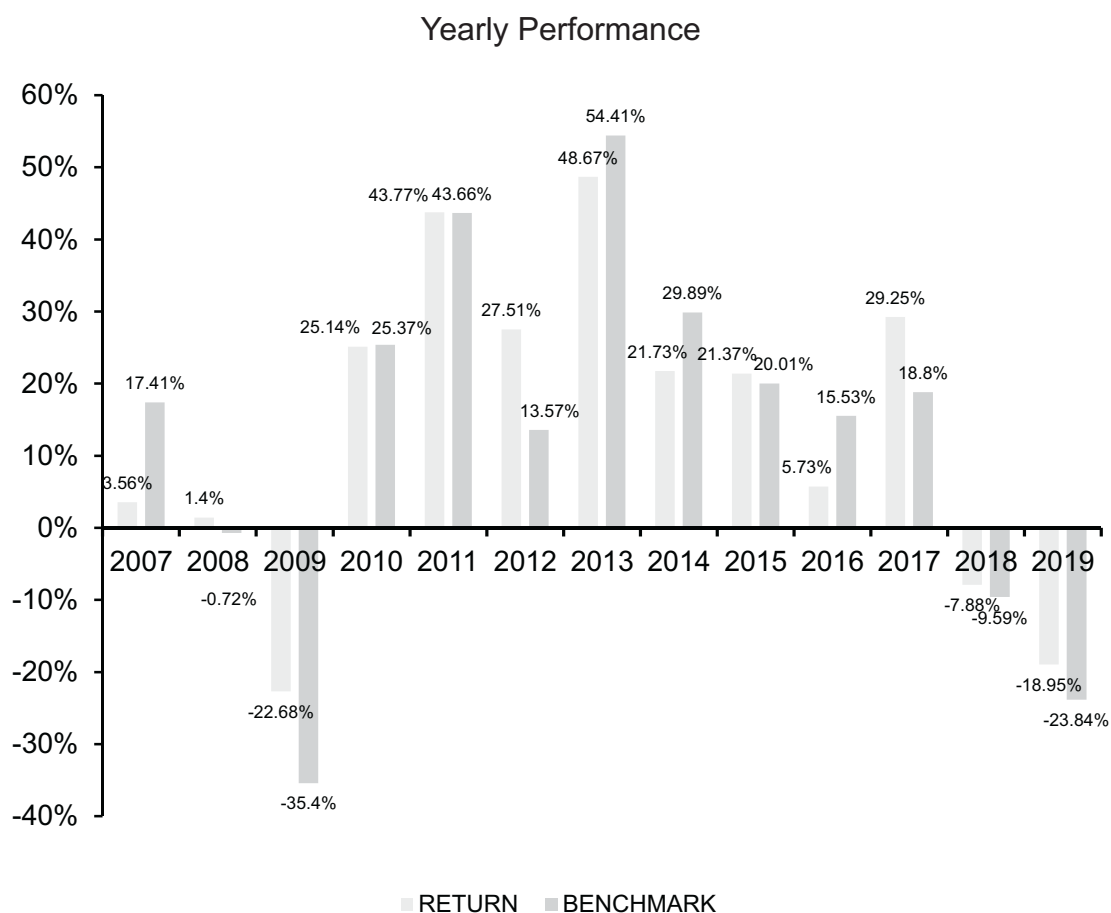
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007*
Net Assets (Rs. in '000)	1,204,994	2,262,189	2,478,898	1,411,789	1,415,763	809,364	974,606	510,953	318,777	252,773	417,775	597,788	512,580
Number of units in issue	2,803,109	4,265,137	4,058,678	2,987,494	2,854,233	1,980,470	2,015,536	1,317,773	779,243	521,664	1,078,902	1,172,525	989,930
Net assets value per unit (Rs.)	429.88	530.39	610.77	472.57	496.02	408.67	483.55	387.74	409.09	484.55	387.22	509.83	517.79
Net (loss) / income (Rs. in '000)	(284,783)	(184,177)	562,154	80,049	250,274	137,439	320	110,717	97,396	114,084	(122,217)	9,319	17,489
Earnings per unit (Rs.)	(101.60)	(43.18)	138.51	26.79	87.69	69.40	158.69	84.02	124.99	218.69	(113.28)	7.95	17.67
Annual return of the fund (%)	(18.95)	(7.88)	29.25	5.73	21.37	21.73	48.67	27.51	43.77	25.14	(22.68)	1.40	3.56
Offer Price ** (Rs.)	439.60	530.39	610.77	472.57	496.02	408.67	488.45	391.64	413.18	489.40	391.09	514.93	522.97
Redemption Price ** (Rs.)	429.88	530.39	610.77	472.57	496.02	408.67	476.36	381.94	402.95	477.28	381.41	502.18	510.03
Distribution (Rs.)	-	-	35.00	-	50.00	45.00	110.00	62.50	105.00	200.00	-	9.00	15.00
Distribution as a % of Opening Ex- NAV of units	-	-	7.41	-	12.23	12.05	33.82	20.55	36.90	51.65	-	1.79	3.00
Date of Distribution	-	-	-	-	7-Jul-15	24-Jun-14	4-Jul-13	5-Jul-12	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07
Highest offer price per unit (Rs.)	570.53	595.15	677.62	488.05	507.30	453.25	513.39	405.82	423.05	562.83	488.69	603.50	525.33
Lowest offer price per unit (Rs.)	427.74	484.26	493.88	390.34	388.08	381.62	340.83	288.51	293.27	409.30	238.43	464.43	508.46
Highest redemption price per unit (after applicable back-end load) (Rs.)	557.92	595.15	677.62	488.05	507.30	453.25	500.69	392.85	412.58	548.90	476.59	588.56	512.33
Lowest redemption price per unit (after applicable back-end load) (Rs.)	418.29	484.26	493.88	390.34	388.08	381.62	332.40	281.37	286.01	399.17	232.53	452.93	495.88

\*Period from 17 October 2006 to 30 June 2007 (Date of Launch: January 15, 2007)

\*\* Relates to announced prices.

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





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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 Islamic Stock 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, 2019 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: 27 September 2019

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

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Stock Fund (AISF), I am issuing this report in accordance with clause 2.3.4 (V) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As a Shariah Adviser my responsibility is to express an opinion, based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

For screening investment in equities, I have advised a criteria on the basis of the following: (i) nature of business, (ii) interest bearing debt in relation to the total assets, (iii) illiquid assets in relation to the total assets, (iv) investment in non-Shariah compliant activities to total assets and income from non-compliant investments to gross revenues, and (v) net liquid assets per share vs. share price.

As part of my mandate as the Shariah Adviser to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended June 30, 2019 are in compliance with the Shariah principles.

There are investments made by AISF where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Management Company, in consultation with me, the Shariah Adviser of the Fund, have determined the Haram portion of the income of the Fund and marked to charity in order to purify the whole income.

Karachi: 30 June 2019

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

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# INDEPENDENT AUDITOR'S REPORT

## To the Unitholders of Atlas Islamic Income Fund Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Atlas Islamic Stock Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2019, 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 2019, 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 2019, 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>Further, the adoption of IFRS 9: Financial Instruments also required the reassessment of the classification of investments held by the Fund.</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, classification and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"><li>• We tested controls over acquisition, disposals and periodic valuation of investment portfolio.</li><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 2019.</li><li>• We assessed the Fund's compliance with the</li></ul>

Key Audit Matter	How our audit addressed the key audit matter
	<p>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.</p> <ul style="list-style-type: none"> <li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of equity investments adopted by the Fund in accordance with the requirements of IFRS 9.</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.

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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 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.

**EY Ford Rhodes**  
Chartered Accountants

Karachi: 26 September 2019

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

		2019	2018
	Note	-----Rupees-----	
<b>ASSETS</b>			
Bank balances	4	156,269,884	314,771,568
Investments	5	1,193,804,060	1,980,443,244
Profit receivable on bank balances		1,045,961	1,936,254
Receivable against sale of investments		72,714,091	-
Dividend receivable		541,157	1,469,784
Advance, security deposits and other receivables	6	5,197,419	9,222,419
<b>Total assets</b>		<b>1,429,572,572</b>	<b>2,307,843,269</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	14,879,795	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee	8	235,939	311,948
Payable to the Securities and Exchange Commission of Pakistan	9	1,563,199	2,309,630
Payable against purchase of investments		-	9,043,890
Payable against redemption of units	10	190,404,182	174,067
Accrued expenses and other liabilities	11	17,495,849	17,300,296
<b>Total liabilities</b>		<b>224,578,964</b>	<b>45,654,351</b>
<b>NET ASSETS</b>		<b>1,204,993,608</b>	<b>2,262,188,918</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,204,993,608</b>	<b>2,262,188,918</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,803,109</b>	<b>4,265,137</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>429.88</b>	<b>530.39</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 -----Rupees-----	2018
<b>INCOME</b>			
Profit on bank balances		11,583,695	21,180,036
Dividend income		76,255,360	111,158,890
Capital loss on sale of investments - net		(92,475,499)	(154,666,593)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(233,060,257)	(94,012,535)
		<b>(325,535,756)</b>	<b>(248,679,128)</b>
		<b>(237,696,701)</b>	<b>(116,340,202)</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	32,909,473	48,623,772
Sindh sales tax on remuneration of the Management Company	7.2	4,278,231	6,321,090
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	2,645,474	3,428,357
Sindh sales tax on remuneration of the Trustee	8.2	343,912	445,687
Annual fee - Securities and Exchange Commission of Pakistan	9	1,563,200	2,309,630
Accounting and operational charges	13	1,645,474	2,403,047
Shariah advisory fee		299,996	334,287
Auditors' remuneration	15	251,675	302,000
Securities transaction cost		2,878,842	3,232,454
Annual listing fee		27,500	27,500
Advertisement and Marketing		-	43,653
Printing charges		13,525	258,373
Legal and professional charges		177,978	76,826
Bank charges		51,431	30,340
		<b>47,086,711</b>	<b>67,837,016</b>
<b>Net loss for the year before taxation</b>		<b>(284,783,412)</b>	<b>(184,177,218)</b>
<b>Taxation</b>	16	-	-
<b>Net loss for the year after taxation</b>		<b>(284,783,412)</b>	<b>(184,177,218)</b>
<b>Loss per unit</b>	17		

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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Net loss for the year after taxation</b>	<b>(284,783,412)</b>	<b>(184,177,218)</b>
Other comprehensive (loss) / income	-	-
<b>Total comprehensive loss for the year</b>	<b>(284,783,412)</b>	<b>(184,177,218)</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2019

		30 June 2019		
		Capital value	Undistributed income	Net assets
		-----Rupees-----		
Capital value		1,753,727,127	-	1,753,727,127
<b>Undistributed income brought forward</b>				
- Realised income		-	487,686,197	487,686,197
- Unrealised income		-	20,775,594	20,775,594
<b>Net assets at the beginning of the year (Units outstanding: 4,265,137) (Rs. 530.39 per unit)</b>		<b>1,753,727,127</b>	<b>508,461,791</b>	<b>2,262,188,918</b>
Issue of 2,437,385 units		1,204,476,169	-	1,204,476,169
Redemption of 3,899,413 units		(1,975,526,913)	-	(1,975,526,913)
Total comprehensive loss for the year		-	(284,783,412)	(284,783,412)
Shariah non-compliant income set-aside for charity			(1,361,154)	(1,361,154)
<b>Net assets at end of the year (Units outstanding: 2,803,109) (Rs. 429.88 per unit)</b>		<b>982,676,383</b>	<b>222,317,225</b>	<b>1,204,993,608</b>
<b>Undistributed income carried forward</b>				
- Realised income		-	429,780,302	-
- Unrealised loss		-	(207,463,077)	-
		-	<b>222,317,225</b>	-
		30 June 2018		
		Capital value	Undistributed income	Net assets
		-----Rupees-----		
Capital value		1,642,603,322	-	1,642,603,322
<b>Undistributed income brought forward</b>				
- Realised income		-	608,077,116	608,077,116
- Unrealised income		-	228,218,318	228,218,318
<b>Net assets at the beginning of the year (Units outstanding: 4,058,678) (Rs. 610.77 per unit)</b>		<b>1,642,603,322</b>	<b>836,295,434</b>	<b>2,478,898,756</b>
Issue of 3,283,010 units		1,764,585,177	-	1,764,585,177
Redemption of 3,076,551 units		(1,653,461,372)	-	(1,653,461,372)
Total comprehensive loss for the year		-	(184,177,218)	(184,177,218)
Final cash dividend declared for the year ended 30 June 2017 Rs. 35 per unit declared on 7 July 2017		-	(142,053,721)	(142,053,721)
Shariah non-compliant income set-aside for charity		-	(1,602,704)	(1,602,704)
<b>Net assets at end of the year (Units outstanding: 4,265,137) (Rs. 530.39 per unit)</b>		<b>1,753,727,127</b>	<b>508,461,791</b>	<b>2,262,188,918</b>
<b>Undistributed income carried forward</b>				
- Realised income		-	487,686,197	-
- Unrealised income		-	20,775,594	-
		-	<b>508,461,791</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 -----Rupees-----	2018 -----Rupees-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year after taxation		(284,783,412)	(184,177,218)
<b>Adjustments for:</b>			
Profit on bank balances		(11,583,695)	(21,180,036)
Dividend income		(76,255,360)	(111,158,890)
Capital loss on sale of investments - net		92,475,499	154,666,593
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		233,060,257	94,012,535
		<b>237,696,701</b>	<b>116,340,202</b>
<b>(Increase) in assets</b>			
Security deposits and other receivable		(68,689,091)	(4,025,000)
<b>Decrease / (increase) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		(1,634,725)	(1,171,507)
Payable to Central Depository Company of Pakistan Limited - Trustee		(76,009)	(66,284)
Payable to the Securities and Exchange Commission of Pakistan		(746,431)	125,090
Payable against purchase of investments		(9,043,890)	(23,099,504)
Accrued expenses and other liabilities		(1,165,601)	(1,826,661)
		<b>(12,666,656)</b>	<b>(26,038,866)</b>
Profit received on bank balances		12,473,988	21,321,980
Dividend received		77,183,987	117,723,266
Investments made during the year		(1,366,449,048)	(1,582,141,536)
Investments sold during the year		1,827,552,476	1,663,740,761
<b>Net cash generated from operating activities</b>		<b>422,318,945</b>	<b>122,743,589</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		1,204,476,169	1,764,585,177
Net payments against redemption of units		(1,785,296,798)	(1,873,131,751)
Dividend paid		-	(142,053,721)
<b>Net cash (used in) financing activities</b>		<b>(580,820,629)</b>	<b>(250,600,295)</b>
<b>Net decrease in cash and cash equivalents during the year</b>		<b>(158,501,684)</b>	<b>(127,856,706)</b>
Cash and cash equivalents at the beginning of the year		314,771,568	442,628,274
<b>Cash and cash equivalents at the end of the year</b>	4	<b>156,269,884</b>	<b>314,771,568</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open-ended collective investment scheme constituted under a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third, Fourth and Fifth Supplemental Trust Deeds dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010 and 23 May 2017, respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplements dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010, 20 September 2013, 24 March 2015, 29 September 2016, 2 June 2017 and 25 May 2018 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant equity scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 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 from 15 January 2007 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 one window facility to investors to invest in diversified and professionally managed investment portfolio of shariah compliant securities such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding term deposit receipts) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.
- 1.4 The titles of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS OF 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), 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:

IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)  
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)  
IFRS 9 Financial Instruments  
IFRS 15 – Revenue from Contracts with Customers

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IFRIC 22 Foreign Currency Transactions and Advance Consideration  
IAS 40 Investment Property: Transfers of Investment Property (Amendments)

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the financial statements other than IFRS 9 Financial Instruments as disclosed below:

## 2.2.1 IFRS 9 Financial Instruments

### (a) Classification and measurement

Effective from 01 July 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Equity instruments that are not held for trading are required to be held at fair value through profit and loss unless an irrevocable election is made on initial recognition to present subsequent changes in fair value in other comprehensive income. However, the Fund has not made an irrevocable election upon adoption of IFRS 9 to present in other comprehensive income subsequent changes in the fair value of investments in equity instruments under IFRS 9 and accordingly all investments in equity instruments have been classified as fair value through profit or loss.

Under IFRS 9, the classification of debt instruments is based on two criteria, (a) the entity's business model for managing the assets; and (b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 01 July 2018. However, the Fund has opted not to restate comparatives as allowed under IFRS 9. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 01 July 2018:

#### Financial assets

01 July 2018	IAS 39 Classification	IAS 39 Measurement	IFRS 9 Classification	IFRS 9 Measurement
Bank balances	Loans and receivables	314,771,568	Amortised Cost	314,771,568
Investments	Held for trading*	1,980,443,244	Fair value through profit or loss*	1,980,443,244
Profit receivable on bank balances	Loans and receivables	1,936,254	Amortised Cost	1,936,254
Dividend receivable	Loans and receivables	1,469,784	Amortised Cost	1,469,784
Advance, security deposits and other receivables	Loans and receivables	2,600,000	Amortised Cost	2,600,000

\*The financial assets held for trading continue to be measured at fair value through profit and loss under IFRS 9.

#### Financial liabilities

All Financial liabilities which were previously classified as 'other financial liabilities' at amortised cost under IAS 39 continue to be classified as 'financial liabilities at amortised cost' under IFRS 9.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## (b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model.

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.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets (other than debt securities) and concluded that impact is not material to 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)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures –(Amendments)	01 January 2019

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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 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 - Policy effective from 01 July 2018

In the current period, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated as allowed by IFRS 9. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

#### 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

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:



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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## **Financial assets**

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets."

## **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 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.

### **i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or



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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### ii) **Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

#### **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.

### c) **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.

### d) **Impairment of financial assets**

The Fund only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses 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.

### e) **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.

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 3.2 Financial instruments - Policy effective before 01 July 2018

#### Classification

The Fund classifies its financial assets in the following categories: Financial assets at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### a) Financial assets at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as at fair value through profit or loss if they are acquired for the purpose of selling in the near term.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

#### Regular way contracts

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

#### Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

#### Subsequent measurement

##### a) Equity securities

Subsequent to initial recognition, financial investment in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on such revaluation is taken to the income statement for securities carried at fair value through profit or loss.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously recognised in other comprehensive income, is shown as part of net income for the year.

##### b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

#### Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In case of equity securities classified as available for sale, a significant or prolonged

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of provision is determined based on the provisioning criteria specified by the SECP.

### **Financial liabilities**

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

### **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. Presently, the Fund does not have any derivative instrument.

### **3.3 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.

### **3.4 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.

### **3.5 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.

### **3.6 Distribution to unit holders**

Distribution to unit holders is recognised upon declaring and approval by the Distribution Committee of the Board of Directors of the Management Company under powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Director of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### **3.7 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

## 3.8 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.

## 3.9 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.

## 3.10 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. The Fund intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no provision is made for current and deferred taxation in these financial statements.

## 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 the year end.

## 3.12 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.

		2019	2018
4	Note	Rupees	
In local currency			
- Profit and loss sharing accounts	4.1	155,671,677	313,141,170
- Current account		78,207	36,398
- Cheque in hand	4.2	520,000	1,594,000
		<b>156,269,884</b>	<b>314,771,568</b>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6.00% to 12.30% (30 June 2018: 3.00% to 6.50%) 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 02 July 2019.

5		2019	2018
	Note	Rupees	
At fair value through profit or loss			
- Listed equity securities	5.1	1,193,804,060	1,980,443,244
		<b>1,193,804,060</b>	<b>1,980,443,244</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 5.1 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 2018	Purchases during the year	Bonus / Right shares during the year	Sales during the year	As at 30 June 2019	Carrying Cost	Market Value	Market Value as a Percentage of total investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
	-----Number of shares-----					-----Rupees-----		-----Percentage-----		

### At fair value through profit or loss - listed equity securities

#### Inv. Bank/Inv. Companies/Securities Co.

Dawood Hercules Corporation Limited

250,800	18,000	-	68,800	200,000	22,209,509	22,248,000	1.86	1.85	0.04
<b>250,800</b>	<b>18,000</b>	<b>-</b>	<b>68,800</b>	<b>200,000</b>	<b>22,209,509</b>	<b>22,248,000</b>	<b>1.86</b>	<b>1.85</b>	

#### Banks

BankIslami Pakistan Limited

Meezan Bank Limited

-	1,111,000	-	-	1,111,000	15,597,390	12,765,390	1.07	1.06	0.11
1,927,990	1,306,000	280,202	1,983,500	1,530,692	120,557,988	133,415,115	11.18	11.07	0.13
<b>1,927,990</b>	<b>2,417,000</b>	<b>280,202</b>	<b>1,983,500</b>	<b>2,641,692</b>	<b>136,155,378</b>	<b>146,180,505</b>	<b>12.24</b>	<b>12.13</b>	

#### Textile Composite

Interloop Limited

Kohinoor Textile Mills Limited

Nishat Mills Limited

-	401,438	-	50,000	351,438	16,184,967	15,558,160	1.30	1.29	0.04
400,000	351,000	-	70,500	680,500	33,527,671	17,046,525	1.43	1.41	0.23
550,000	151,500	-	621,500	80,000	11,367,403	7,467,200	0.63	0.62	0.02
<b>950,000</b>	<b>903,938</b>	<b>-</b>	<b>742,000</b>	<b>1,111,938</b>	<b>61,080,041</b>	<b>40,071,885</b>	<b>3.36</b>	<b>3.33</b>	

#### Cement

Attock Cement Pakistan Limited

Cherat Cement Company Limited

D.G. Khan Cement Company Limited

Kohat Cement Company Limited

Lucky Cement Limited (see note 5.3)

Maple Leaf Cement Factory Limited

Pioneer Cement Limited

100,300	83,500	21,000	60,900	143,900	16,708,935	10,275,899	0.86	0.85	0.10
-	514,400	-	299,400	215,000	11,615,417	6,656,400	0.56	0.55	0.12
615,000	470,000	-	846,000	239,000	20,974,413	13,513,060	1.13	1.12	0.05
65,000	66,500	21,450	10,000	142,950	13,698,814	7,509,164	0.63	0.62	0.07
215,000	180,000	-	210,100	184,900	89,644,708	70,348,903	5.89	5.84	0.06
175,000	785,000	-	960,000	-	-	-	-	-	-
300,000	70,000	-	370,000	-	-	-	-	-	-
<b>1,470,300</b>	<b>2,169,400</b>	<b>42,450</b>	<b>2,756,400</b>	<b>925,750</b>	<b>152,642,287</b>	<b>108,303,426</b>	<b>9.07</b>	<b>8.99</b>	

#### Refinery

Attock Refinery Limited

National Refinery Limited

-	25,000	-	25,000	-	-	-	-	-	-
25,000	42,000	-	67,000	-	-	-	-	-	-
<b>25,000</b>	<b>67,000</b>	<b>-</b>	<b>92,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

#### Power Generation & Distribution

K-Electric Limited (face value Rs. 3.5)

Lalpur Power Limited

Pakgen Power Limited

The Hub Power Company Limited (see note 5.3)

3,000,000	2,300,000	-	2,100,000	3,200,000	18,074,995	14,048,000	1.18	1.17	0.01
112,000	-	-	112,000	-	-	-	-	-	-
1,500,000	-	-	1,500,000	-	-	-	-	-	-
1,300,150	905,000	142,280	1,019,150	1,328,280	112,087,502	104,602,050	8.76	8.68	0.11
<b>5,912,150</b>	<b>3,205,000</b>	<b>142,280</b>	<b>4,731,150</b>	<b>4,528,280</b>	<b>130,162,497</b>	<b>118,650,050</b>	<b>9.94</b>	<b>9.85</b>	

#### Oil & Gas Marketing Companies

Attock Petroleum Limited

Hascol Petroleum Limited

Pakistan State Oil Company Limited (see note 5.3)

Shell Pakistan Limited

Sui Northern Gas Pipelines Limited

75,850	73,200	13,250	111,900	50,400	21,676,628	14,540,904	1.22	1.21	0.05
-	47,200	-	47,200	-	-	-	-	-	-
164,000	399,000	37,000	222,200	377,800	82,884,388	64,086,214	5.37	5.32	0.10
-	11,300	-	11,300	-	-	-	-	-	-
471,700	100,000	-	372,000	199,700	20,026,219	13,877,153	1.16	1.15	0.03
<b>711,550</b>	<b>630,700</b>	<b>50,250</b>	<b>764,600</b>	<b>627,900</b>	<b>124,587,235</b>	<b>92,504,271</b>	<b>7.75</b>	<b>7.68</b>	

#### Oil & Gas Exploration Companies

Mari Petroleum Company Limited

Oil & Gas Development Company Limited

Pakistan Oilfields Limited

Pakistan Petroleum Limited (see note 5.3)

75,010	28,880	6,495	40,420	69,965	88,665,265	70,617,773	5.92	5.86	0.06
1,365,000	713,000	-	947,000	1,131,000	167,612,929	148,715,190	12.46	12.34	0.03
164,000	138,700	26,800	145,800	183,700	90,151,988	74,561,993	6.25	6.19	0.06
787,500	215,000	107,625	407,400	702,725	128,530,690	101,494,572	8.50	8.42	0.03
<b>2,391,510</b>	<b>1,095,580</b>	<b>140,920</b>	<b>1,540,620</b>	<b>2,087,390</b>	<b>474,960,872</b>	<b>395,389,528</b>	<b>33.12</b>	<b>32.81</b>	

#### Engineering

Amrell Steels Limited

International Industries Limited

International Steels Limited

Mughal Iron And Steel Industries Limited

-	345,000	-	345,000	-	-	-	-	-	-
165,000	349,500	-	270,000	244,500	36,762,878	18,843,615	1.58	1.56	0.20
-	225,300	-	125,300	100,000	5,983,075	3,971,000	0.33	0.33	0.02
105,000	40,000	-	145,000	-	-	-	-	-	-
<b>270,000</b>	<b>959,800</b>	<b>-</b>	<b>885,300</b>	<b>344,500</b>	<b>42,745,953</b>	<b>22,814,615</b>	<b>1.91</b>	<b>1.89</b>	

#### Automobile Assembler

Atlas Honda Limited

Millat Tractors Limited

20,500	-	-	20,500	-	-	-	-	-	-
12,500	-	-	12,500	-	-	-	-	-	-
<b>33,000</b>	<b>-</b>	<b>-</b>	<b>33,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Name of Investee Company	As at 01 July 2018	Purchases during the year	Bonus / Right shares during the year	Sales during the year	As at 30 June 2019	Carrying Cost	Market Value	Market Value as a Percentage of total investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
	-----Number of shares-----			-----Rupees-----			-----Percentage-----			
<b>Automobile Parts &amp; Accessories</b>										
Agriauto Industries Limited (Face value Rs. 5)	79,000	-	-	79,000	-	-	-	-	-	-
	<b>79,000</b>	<b>-</b>	<b>-</b>	<b>79,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cables &amp; Electrical Goods</b>										
Pak Elektron Limited	605,000	-	-	605,000	-	-	-	-	-	-
	<b>605,000</b>	<b>-</b>	<b>-</b>	<b>605,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Technology &amp; Communications</b>										
Netsol Technologies Limited	-	85,000	-	85,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	-	255,500	-	255,500	-	-	-	-	-	-
Systems Limited	143,000	221,000	24,200	162,000	226,200	22,793,045	21,708,414	1.82	1.80	0.18
	<b>143,000</b>	<b>561,500</b>	<b>24,200</b>	<b>502,500</b>	<b>226,200</b>	<b>22,793,045</b>	<b>21,708,414</b>	<b>1.82</b>	<b>1.80</b>	<b>-</b>
<b>Fertilizer</b>										
Engro Corporation Limited	595,000	306,300	42,000	487,300	456,000	128,989,887	121,113,600	10.15	10.05	0.08
Engro Fertilizers Limited	1,900,000	890,000	-	1,640,000	1,150,000	84,426,253	73,565,500	6.16	6.11	0.09
	<b>2,495,000</b>	<b>1,196,300</b>	<b>42,000</b>	<b>2,127,300</b>	<b>1,606,000</b>	<b>213,416,140</b>	<b>194,679,100</b>	<b>16.31</b>	<b>16.16</b>	<b>-</b>
<b>Pharmaceuticals</b>										
Abbott Laboratories (Pakistan) Limited	-	12,000	-	2,000	10,000	6,394,430	4,746,400	0.40	0.39	0.01
AGP Limited	-	74,000	-	13,000	61,000	5,550,695	4,180,330	0.35	0.35	0.02
Ferozsons Laboratories Limited	-	62,300	-	18,200	44,100	7,626,282	4,931,262	0.41	0.41	0.15
Glaxosmithkline Pakistan Limited	200	70,000	-	11,200	59,000	7,602,785	5,624,470	0.47	0.47	0.02
The Searle Company Limited	32,000	133,000	30	94,800	70,230	16,286,241	10,292,909	0.86	0.85	0.03
	<b>32,200</b>	<b>351,300</b>	<b>30</b>	<b>139,200</b>	<b>244,330</b>	<b>43,460,433</b>	<b>29,775,371</b>	<b>2.49</b>	<b>2.47</b>	<b>-</b>
<b>Chemicals</b>										
Archroma Pakistan Limited	400	-	-	400	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	-	982,000	-	980,000	2,000	56,164	53,920	0.00	0.00	0.00
Lotte Chemical Pakistan Limited	1,200,000	490,000	-	1,690,000	-	-	-	-	-	-
Sitara Peroxide Limited	-	200,000	-	200,000	-	-	-	-	-	-
	<b>1,200,400</b>	<b>1,672,000</b>	<b>-</b>	<b>2,870,400</b>	<b>2,000</b>	<b>56,164</b>	<b>53,920</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>
<b>Paper &amp; Board</b>										
Cherat Packaging Limited	-	69,100	-	54,500	14,600	2,236,703	1,177,344	0.10	0.10	0.04
Packages Limited	50,000	-	-	50,000	-	-	-	-	-	-
	<b>50,000</b>	<b>69,100</b>	<b>-</b>	<b>104,500</b>	<b>14,600</b>	<b>2,236,703</b>	<b>1,177,344</b>	<b>0.10</b>	<b>0.10</b>	<b>-</b>
<b>Vanaspati &amp; Allied Industries</b>										
Unity Foods Limited	-	1,085,000	-	1,085,000	-	-	-	-	-	-
	<b>-</b>	<b>1,085,000</b>	<b>-</b>	<b>1,085,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Leather &amp; Tanneries</b>										
Service Industries Limited	26,370	-	-	26,370	-	-	-	-	-	-
	<b>26,370</b>	<b>-</b>	<b>-</b>	<b>26,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foods &amp; Personal Care Products</b>										
Al Shaheer Corporation Limited	531,713	258,500	-	783,714	6,499	178,060	81,887	0.01	0.01	0.00
At-Tahur Limited	-	524,995	-	524,995	-	-	-	-	-	-
Engro Foods Limited	-	23,500	-	23,500	-	-	-	-	-	-
National Foods Limited (Face value Rs. 5)	-	35,000	-	34,100	900	180,000	165,744	0.01	0.01	0.00
	<b>531,713</b>	<b>841,995</b>	<b>-</b>	<b>1,366,309</b>	<b>7,399</b>	<b>358,060</b>	<b>247,631</b>	<b>0.02</b>	<b>0.02</b>	<b>-</b>
<b>Glass &amp; Ceramics</b>										
Tariq Glass Industries Limited	-	93,000	-	93,000	-	-	-	-	-	-
	<b>-</b>	<b>93,000</b>	<b>-</b>	<b>93,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total as at 30 June 2019</b>						<b>1,426,864,317</b>	<b>1,193,804,060</b>	<b>100.00</b>	<b>99.07</b>	
<b>Total as at 30 June 2018</b>						<b>2,074,455,779</b>	<b>1,980,443,244</b>	<b>100.00</b>	<b>87.55</b>	

5.2 The cost of listed equity securities as at 30 June 2019 is Rs. 1,401,267,137 (2018: Rs. 1,959,667,650).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 5.3 Investments include shares which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades:

	Number of shares		Market value	
	2019	2018	2019	2018
			----- Rupees-----	
The Hub Power Company Limited	200,000	200,000	15,750,000	18,432,000
Pakistan Petroleum Limited	135,000	135,000	19,498,050	29,011,500
Pakistan State Oil Company Limited	110,000	110,000	18,659,300	35,014,100
Lucky Cement Limited	75,000	75,000	28,535,250	38,094,750
	<b>520,000</b>	<b>520,000</b>	<b>82,442,600</b>	<b>120,552,350</b>

- 5.4 The investment in equity securities include bonus shares having market value of Rs. 0.562 million withheld by the investee companies, as issuance of bonus shares has been made taxable through Finance Act, 2014.

The management of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, have filed various petitions in Honorable Sindh High Court challenging the levy of withholding of income tax on Bonus shares received by mutual funds based on the principle that exemption is already given to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule of the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay orders while the matter is still pending adjudication.

The Honorable Supreme Court in its decision dated 27 June 2018 in a case held that the suits which are already pending or shall be filed in future, must only be maintained / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. In pursuance of said Supreme Court order, SHC issued notices of hearing for cases of tax related matters and held that Plaintiffs are directed to deposit 50% of amount claimed by the tax department, if the deposits are not made within time, the suits stand dismissed as not maintainable. Thereafter, the Fund alongwith other aggrieved Funds filed Constitutional Petition in the High Court of Sindh vide C.P No. D-4653 of 2019 through Mutual Funds Association of Pakistan on this issue and obtained stay order restraining the withholding agents to deposit the withheld tax.

6 ADVANCE, SECURITY DEPOSITS AND OTHER RECEIVABLES	Note	2019	2018
		-----Rupees-----	
Held with:			
- National Clearing Company of Pakistan Limited		2,500,000	2,500,000
- Central Depository Company of Pakistan Limited		100,000	100,000
Other receivables	6.1	2,597,419	2,597,419
Advance against book building - At-Tahur Limited		-	4,025,000
		<b>5,197,419</b>	<b>9,222,419</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, 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 by the withholder. Such deductions aggregate to Rs. 2.597 million (30 June 2018: 2.597 million).



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 Funds has been shown as other receivable as at 30 June 2019 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	2019	2018
			-----Rupees-----	
	Remuneration of the Management Company	7.1	2,432,078	3,817,436
	Sindh sales tax payable on remuneration of the Management Company	7.2	1,872,730	2,052,827
	Federal Excise Duty payable on remuneration of the Management Company	7.3	10,453,385	10,453,385
	Accounting and operational charges payable	13	121,602	190,872
			<b>14,879,795</b>	<b>16,514,520</b>

**7.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of equity schemes. Previously the Management Company was entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and, thereafter at the rate of 2% of such assets. During the year ended 30 June 2019, the Management Company has charged its remuneration at the rate of 2% (2018: 2%) 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. 4,278,231 (2018: Rs. 6,321,090) was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 4,458,328 (2018: Rs. 6,448,042) has been paid to the Management Company which acts as the collecting agent.

**7.3** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company is of the view that further levy of FED is 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 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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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 10.453 million (30 June 2018: Rs 10.453 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 2019 would have been higher by Rs 3.73 per unit (30 June 2018: Rs 2.45 per unit).

### 8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY

	Note	2019 -----Rupees-----	2018 -----Rupees-----
Trustee fee	8.1	203,796	273,062
Sindh Sales Tax payable on trustee fee	8.2	26,493	35,497
Settlement charges		5,000	3,000
Sindh Sales Tax payable on settlement charges		650	389
		<b>235,939</b>	<b>311,948</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:

- up to Rs. 1,000 million Rs. 0.7 million or 0.20% per annum of Net Asset Value whichever is higher
- On an amount exceeding Rs.1,000 million Rs. 2.0 million plus 0.10% per annum of Net Asset Value exceeding Rs. 1,000 million

8.2 During the year, an amount of Rs. 343,912 (2018: Rs 445,687) 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. 352,916 (2018: Rs. 452,403) was paid to the Trustee which acts as a collecting agent.

### 9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

	Note	2019 -----Rupees-----	2018 -----Rupees-----
Annual fee payable	9.1	<b>1,563,199</b>	<b>2,309,630</b>

9.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an equity scheme is required to pay the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

### 10 PAYABLE AGAINST REDEMPTION OF UNITS

This includes 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 2019

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 -----Rupees-----	2018
	Auditors' remuneration payable		212,760	241,365
	Printing charges payable		80,403	171,177
	Rating fee payable		140,000	140,000
	Charity payable	11.1	509,911	463,265
	Transaction charges payable		381,863	368,629
	Withholding tax and capital gain payable		333,678	73,467
	Payable to shariah advisor		75,000	75,004
	Provision for Sindh Workers' Welfare Fund	11.2	15,491,187	15,491,187
	Zakat payable		1,063	-
	Others		269,984	276,202
			<b>17,495,849</b>	<b>17,300,296</b>

**11.1** The Shariah Advisor of the Fund has certified an amount of Rs. 1,361,154 (30 June 2018: Rs. 1,602,704) against dividend income, as Shariah non-compliant income during the year, which has accordingly been marked to charity.

**11.2** 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.

Accordingly, on 12 January 2017 the 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 is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 01 February 2017 has 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.

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 2019 would have been higher by Rs. 5.53 per unit (30 June 2018: Rs. 3.63 per unit).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2019 and 30 June 2018.

## 13 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 2.87% (30 June 2018: 2.79%) which includes 0.42% (30 June 2018: 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

	2019	2018
	-----Rupees-----	
Audit fee	132,000	120,000
Half yearly review of financial statements	66,000	60,000
Certification charges	55,000	50,000
Out of pocket expenses	20,000	42,100
Sindh sales tax on services	21,840	29,900
Prior year adjustment	(43,165)	-
	<b>251,675</b>	<b>302,000</b>

## 16 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 Fund has incurred net loss for the year hence, no distribution has been made by the Fund.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 17 LOSS PER UNIT

Loss 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 loss per unit is not practicable.

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** 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, their close family members and key management personnel of the Management Company or for any of the connected persons of the Management Company.
- 18.2** Transactions with connected persons essentially comprise issue 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.
- 18.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.
- 18.4** The details of transactions carried out by the Fund with connected persons during the year and the balances with them at the year end are as follows:

	2019	2018
	-----Rupees-----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	32,909,473	48,623,772
Remuneration paid	34,294,831	49,600,325
Sindh sales tax on remuneration of the Management Company	4,278,231	6,321,090
Accounting and operational charges	1,645,474	2,403,047
Remuneration payable to the Management Company	2,432,078	3,817,436
Issue of 80 (2018: 2,711) units	35,014	1,561,061
Redemption of 53,685 (2018: Nil) units	28,096,956	-
Outstanding 80 (2018:53,685) units - at net asset value	34,266	28,473,822
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	2,645,474	3,428,357
Sindh sales tax on remuneration of the Trustee	343,912	445,687
Remuneration paid	2,714,740	3,480,014
Remuneration payable to the Trustee	203,796	273,062
Settlement charges	127,970	143,373
Sindh sales tax on settlement charges	16,636	18,639

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	-----Rupees-----	
<b>Atlas Battery Limited (Group Company)</b>		
Issue of Nil (2018: 69,611) units	-	40,080,134
Redemption of 871,977 (2018:506,353) units	471,388,683	280,000,000
Dividend paid	-	450,805,868
Outstanding Nil (2018: 871,997) units - at net asset value	-	462,498,556
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 120 (2018: 38,374) units	52,681	22,094,487
Redemption of 584,537 (2018:Nil) units	300,000,000	
Dividend paid	-	25,250,842
Outstanding 175,409 (2018: 759,826) units - at net asset value	75,404,914	403,004,346
<b>Atlas Insurance Limited (Group company)</b>		
Issue of 862,877 (2018: 1,188,416) units	429,000,000	622,305,049
Redemption of 1,180,177 (2018: 1,392,013) units	557,475,513	732,847,282
Dividend paid	-	18,231,368
Payable against redemption of units	173,005,962	-
Outstanding Nil (2018: 317,300) units - at net asset value	-	168,292,639
<b>Atlas Foundation (Group company)</b>		
Issue of Nil (2018: 5,235) units	-	3,013,961
Dividend paid	-	3,444,527
Outstanding 103,650 (2018: 103,650) units - at net asset value	44,556,940	54,974,774
<b>Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2018: 6,564 ) units	-	3,779,464
Dividend paid	-	3,779,464
Outstanding 114,549 (2018: 114,549) units - at net asset value	49,242,276	60,755,585
<b>Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2018: 2,561) units	-	1,474,815
Redemption of Nil (2018: 44,699) units	-	24,587,154
Dividend paid	-	1,474,815
<b>Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of group company)</b>		
Issue of Nil (2018: 1,654) units	-	952,589
Dividend paid	-	952,589
Redemption 11,314 (2018: 17,557)	5,743,918	10,000,000
Outstanding Nil (2018: 11,314) units - at net asset value	-	6,001,096

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 -----Rupees-----	2018
<b>Atlas Group of Companies, Management Staff Gratuity Fund</b>			
<b>(Retirement benefit plan of group company)</b>			
Issue of 11,267 (2018: 71,124)		5,000,000	35,521,285
Dividend paid		-	1,903,401
Outstanding 136,774 (2018: 125,506) units - at net asset value		58,796,279	66,567,313
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>			
Issue of Nil (2018: 5,524)		-	3,180,500
Dividend paid		-	3,634,857
Outstanding 109,377 (2018: 109,377) units - at net asset value		47,018,970	58,012,449
<b>Atlas Insurance Limited Window Takaful Operation</b>			
Issue of 40,469 (2018: 44,617) units		20,000,000	22,949,462
Redemption of 82,941 (2018: 42,472) units		37,871,232	21,714,458
Dividend paid		-	1,411,453
Payable against redemption of units		17,398,220	-
Outstanding Nil (2018: 42,472) units - at net asset value		-	22,526,515
<b>Cherat Cement Company Limited Employees Provident Fund</b>			
	18.6		
Issue of Nil (2018: 174) units		-	100,279
Redemption of Nil (2018: 3,449)		-	1,721,259
<b>Shirazi Investments (Private) Limited -Employees Provident Fund</b>			
Issue of Nil (2018: 25,607) units		-	13,450,000
Outstanding 25,607 (2018: 25,607) units - at net asset value		11,007,904	13,581,656
<b>Directors and their close family members and key management personnel and executives of the Management Company</b>			
Issue of 35,340 (2018: 24,986) units		17,455,441	13,265,985
Redemption of 28,029 (2018: 16,932) units		15,203,412	8,912,176
Dividend Paid		-	4,480,548
Outstanding 143,381 (2018: 136,070) units - at net asset value		61,636,372	72,170,026
<b>18.5 Other balances due from / to related parties / connected persons are included in the respective notes to the financial statements.</b>			
<b>18.6 Holding less than 10% in the current reporting period therefore disclosure is not applicable.</b>			

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

-----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	156,269,884	-	-	156,269,884
Investments	-	1,193,804,060	-	1,193,804,060
Profit receivable on bank balances	1,045,961	-	-	1,045,961
Receivable against sale of investments	72,714,091	-	-	72,714,091
Dividend receivable	541,157	-	-	541,157
Security Deposit	2,600,000	-	-	2,600,000
	<b>233,171,093</b>	<b>1,193,804,060</b>	<b>-</b>	<b>1,426,975,153</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	-	14,879,795	14,879,795
Payable to Central Depository Company of Pakistan Limited - Trustee	-	235,939	235,939
Payable against redemption of units	-	190,404,182	190,404,182
Accrued expenses and other liabilities	-	1,670,984	1,670,984
	<b>-</b>	<b>207,190,900</b>	<b>207,190,900</b>

	-----As at 30 June 2018-----			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	----- (Rupees) -----			
<b>Financial Assets</b>				
Bank balances	314,771,568	-	-	314,771,568
Investments	-	1,980,443,244	-	1,980,443,244
Profit receivable on bank balances	1,936,254	-	-	1,936,254
Dividend receivable	1,469,784	-	-	1,469,784
Security Deposit	2,600,000	-	-	2,600,000
	<b>320,777,606</b>	<b>1,980,443,244</b>	<b>-</b>	<b>2,301,220,850</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	-----As at 30 June 2018-----		
	At fair value through profit or loss	Other financial liabilities	Total
	----- (Rupees) -----		
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	16,514,520	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee	-	311,948	311,948
Payable against purchase of investments	-	9,043,890	9,043,890
Payable against redemption of units	-	174,067	174,067
Accrued expenses and other liabilities	-	1,735,642	1,735,642
	-	<b>27,780,067</b>	<b>27,780,067</b>

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**20.1** 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.

### 20.2 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 profit rates, foreign exchange rates and equity prices.

- i) Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. As of 30 June 2019, the Fund is exposed to such 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 / decrease in market interest rates as at 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 1,556,717 (2018: Rs. 3,131,412).

#### 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 profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

Yield / profit 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 profit rate sensitivity related to financial assets and financial liabilities as at 30 June 2019 can be determined as follows:



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- (Rupees) -----

### Financial Assets

Bank balances	6.0 - 12.3	156,269,884	-	-	-	156,269,884
Investments		-	-	-	1,193,804,060	1,193,804,060
Profit receivable on bank balances		-	-	-	1,045,961	1,045,961
Receivable against sale of investments		-	-	-	72,714,091	72,714,091
Dividend receivable		-	-	-	541,157	541,157
Security Deposit		-	-	-	2,600,000	2,600,000
		<b>156,269,884</b>	<b>-</b>	<b>-</b>	<b>1,270,705,269</b>	<b>1,426,975,153</b>

### Financial Liabilities

Payable to Atlas Asset Management Limited - Management Company		-	-	-	14,879,795	14,879,795
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	235,939	235,939
Payable against redemption of units		-	-	-	190,404,182	190,404,182
Accrued expenses and other liabilities		-	-	-	1,670,984	1,670,984
		<b>-</b>	<b>-</b>	<b>-</b>	<b>207,190,900</b>	<b>207,190,900</b>

<b>On-balance sheet gap (a)</b>	<b>156,269,884</b>	<b>-</b>	<b>-</b>	<b>1,063,514,369</b>	<b>1,219,784,253</b>
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<b>Off-balance sheet financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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<b>Off-balance sheet gap (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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<b>Total interest rate sensitivity gap (a + b)</b>	<b>156,269,884</b>	<b>-</b>	<b>-</b>		
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<b>Cumulative interest rate sensitivity gap</b>	<b>156,269,884</b>	<b>156,269,884</b>	<b>156,269,884</b>		
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

----- As at June 30, 2018 -----

Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- (Rupees) -----

### Financial Assets

Bank balances	3.0 - 6.50	314,771,568	-	-	-	314,771,568
Investments		-	-	-	1,980,443,244	1,980,443,244
Profit receivable on bank balances		-	-	-	1,936,254	1,936,254
Dividend receivable		-	-	-	1,469,784	1,469,784
Security Deposit		-	-	-	2,600,000	2,600,000
		<b>314,771,568</b>	<b>-</b>	<b>-</b>	<b>1,986,449,282</b>	<b>2,301,220,850</b>

### Financial Liabilities

Payable to Atlas Asset Management Limited - Management Company		-	-	-	16,514,520	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	311,948	311,948
Payable against purchase of investments		-	-	-	9,043,890	9,043,890
Payable against redemption of units		-	-	-	174,067	174,067
Accrued expenses and other liabilities		-	-	-	1,735,642	1,735,642
		<b>-</b>	<b>-</b>	<b>-</b>	<b>27,780,067</b>	<b>27,780,067</b>

<b>On-balance sheet gap (a)</b>	<b>314,771,568</b>	<b>-</b>	<b>-</b>	<b>1,958,669,215</b>	<b>2,273,440,783</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>313,141,170</b>	<b>-</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>	<b>313,141,170</b>	<b>313,141,170</b>	<b>313,141,170</b>		

### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### (iii) Equity 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 5% increase / decrease in KMI 30 index on 30 June, 2018, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 59,690,203 (2018: 99,022,162) 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 KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

## 20.3 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 the daily settlement of equity securities and to daily redemptions, if any. 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 investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

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:

-----As at 30 June 2019-----						
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
----- Rupees -----						
<b>Financial Assets</b>						
Bank balances	156,269,884	-	-	-	-	156,269,884
Investments	-	-	-	-	1,193,804,060	1,193,804,060
Profit receivable on bank balances	1,045,961	-	-	-	-	1,045,961
Receivable against sale of investments	72,714,091	-	-	-	-	72,714,091
Dividend receivable	541,157	-	-	-	-	541,157
Security Deposit	-	-	-	-	2,600,000	2,600,000
	<b>230,571,093</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,196,404,060</b>	<b>1,426,975,153</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited						
- Management Company	14,879,795	-	-	-	-	14,879,795
Payable to Central Depository Company of						
Pakistan Limited - Trustee	235,939	-	-	-	-	235,939
Payable against redemption of units	190,404,182	-	-	-	-	190,404,182
Accrued expenses and other liabilities	381,863	798,734	490,387	-	-	1,670,984
	<b>205,901,779</b>	<b>798,734</b>	<b>490,387</b>	<b>-</b>	<b>-</b>	<b>207,190,900</b>
<b>Net assets / (liabilities)</b>	<b>24,669,314</b>	<b>(798,734)</b>	<b>(490,387)</b>	<b>-</b>	<b>1,196,404,060</b>	<b>1,219,784,253</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

-----As at 30 June 2018-----						
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
----- Rupees -----						
<b>Financial Assets</b>						
Bank balances	314,771,568	-	-	-	-	314,771,568
Investments	-	-	-	-	1,980,443,244	1,980,443,244
Profit receivable on bank balances	1,936,254	-	-	-	-	1,936,254
Dividend receivable	1,469,784	-	-	-	-	1,469,784
Security Deposit	-	-	-	-	2,600,000	2,600,000
	<b>318,177,606</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,983,043,244</b>	<b>2,301,220,850</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited						
- Management Company	16,514,520	-	-	-	-	16,514,520
Payable to Central Depository Company of						
Pakistan Limited - Trustee	311,948	-	-	-	-	311,948
Payable against purchase of investments	9,043,890	-	-	-	-	9,043,890
Payable against redemption of units	174,067	-	-	-	-	174,067
Accrued expenses and other liabilities	368,629	779,634	587,379	-	-	1,735,642
	<b>26,413,054</b>	<b>779,634</b>	<b>587,379</b>	<b>-</b>	<b>-</b>	<b>27,780,067</b>
<b>Net assets / (liabilities)</b>	<b>291,764,552</b>	<b>(779,634)</b>	<b>(587,379)</b>	<b>-</b>	<b>1,983,043,244</b>	<b>2,273,440,783</b>

### 20.4 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, profit receivable and deposit and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

	2019		2018	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	156,269,884	156,269,884	314,771,568	314,771,568
Investments	1,193,804,060	-	1,980,443,244	-
Profit receivable on bank balances	1,045,961	1,045,961	1,936,254	1,936,254
Receivable against sale of investments	72,714,091	72,714,091	-	-
Dividend receivable	541,157	541,157	1,469,784	1,469,784
Security Deposit	2,600,000	2,600,000	2,600,000	2,600,000
	<b>1,426,975,153</b>	<b>233,171,093</b>	<b>2,301,220,850</b>	<b>320,777,606</b>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 1,193.804 million (2018: Rs 1,980.443 million) are not exposed to credit risk.

#### 20.4.1 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 in banks. The credit rating profile of balances with banks is as follows:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Ratings of amounts placed with banks	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.11	-
AA+	0.01	0.01
AA	0.00	-
A+	15.03	51.76
A	84.84	48.23
	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 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 Funds portfolio of financial assets is mainly held with credit worthy counterparties.

## 20.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

## 20.6 Fair value hierarchy

Following hierarchy is used in determining and disclosing the fair value of the following financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fund recognises equity securities at fair value which is determined using the rate at which they are quoted on the Pakistan Stock Exchange (level 1). Fair value of remaining financial assets is not significantly different from their carrying value.

## 21 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'.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Fund has no restrictions on the subscription and redemption of units. As required under the 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 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 20, 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	2019			2018		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	608	158,569,535	13.16	554	201,712,086	8.92
Retirement Funds	9	343,790,095	28.53	13	325,712,489	14.40
Associated Companies/ Directors	7	214,816,265	17.82	9	1,233,718,814	54.54
Others	5	63,775,602	5.29	6	190,842,786	8.44
Insurance Companies	5	198,538,486	16.48	8	310,179,707	13.71
Banks/DFIs/NBFC	1	18,671	-	1	23,036	0.00
Public Limited Companies	4	225,484,954	18.72	0	-	-
	<b>639</b>	<b>1,204,993,608</b>	<b>100.00</b>	<b>591</b>	<b>2,262,188,918</b>	<b>100.00</b>

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

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
<b>Optimus Capital Management (Private) Limited</b>	<b>9.91</b>	Optimus Capital Management (Private) Limited	8.49
<b>AlFalah Securities (Private) Limited</b>	<b>8.16</b>	Topline Securities (Private) Limited	8.12
<b>Taurus Securities Limited</b>	<b>7.34</b>	Taurus Securities Limited	7.64
<b>Topline Securities Limited</b>	<b>7.02</b>	Shajar Capital Pakistan (Private) Limited	7.52
<b>Intermarket Securities Limited</b>	<b>5.08</b>	Alfalah Securities (Private) Limited	6.81
<b>Shajar Capital Pakistan (Private) Limited</b>	<b>4.49</b>	IGI Finex Securities Limited	5.26
<b>IGI Finex Securities Limited</b>	<b>4.28</b>	Intermarket Securities (Private) Limited	4.61
<b>Pearl Securities Limited</b>	<b>4.05</b>	Arif Habib Limited	4.52
<b>Al Habib Capital Markets (Private) Limited</b>	<b>3.44</b>	Foundation Securities (Private) Limited	4.32
<b>Axis Global Limited</b>	<b>3.37</b>	Axis Global Limited	4.27

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 24 THE 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 25 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Stock Market Fund Atlas Islamic Dedicated Stock Fund Atlas Islamic Fund of Funds

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

The details of dates of Board meetings of the management company of the Fund, and the attendance of the Board members are given below:

Name of Directors	Meeting held on					
	06 July 2018	06 September 2018	29 October 2018	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	P	L	P	L	P	P
Mr. Tariq Amin	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	L	P	L	P	P	P
Mr. M. Habib-ur-Rahman	P	L	P	P	P	P
Ms Zehra Naqvi	P	P	P	P	P	P
Mr. M. Abdul Samad	P	P	P	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P	P	P	P
Ms Zainab Kazim	P	P	P	P	P	P

P Present  
L Leave of absence

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 27 RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

### 28 GENERAL

**28.1** Figures have been rounded off to the nearest Rupee.

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

### 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



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# Atlas Islamic Fund of Funds

## Corporate Information

### Trustee

Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal  
Karachi - 74400

### Shariah Advisor

Dr. Mufti Muhammad Wasih Fasih Butt

### Auditors

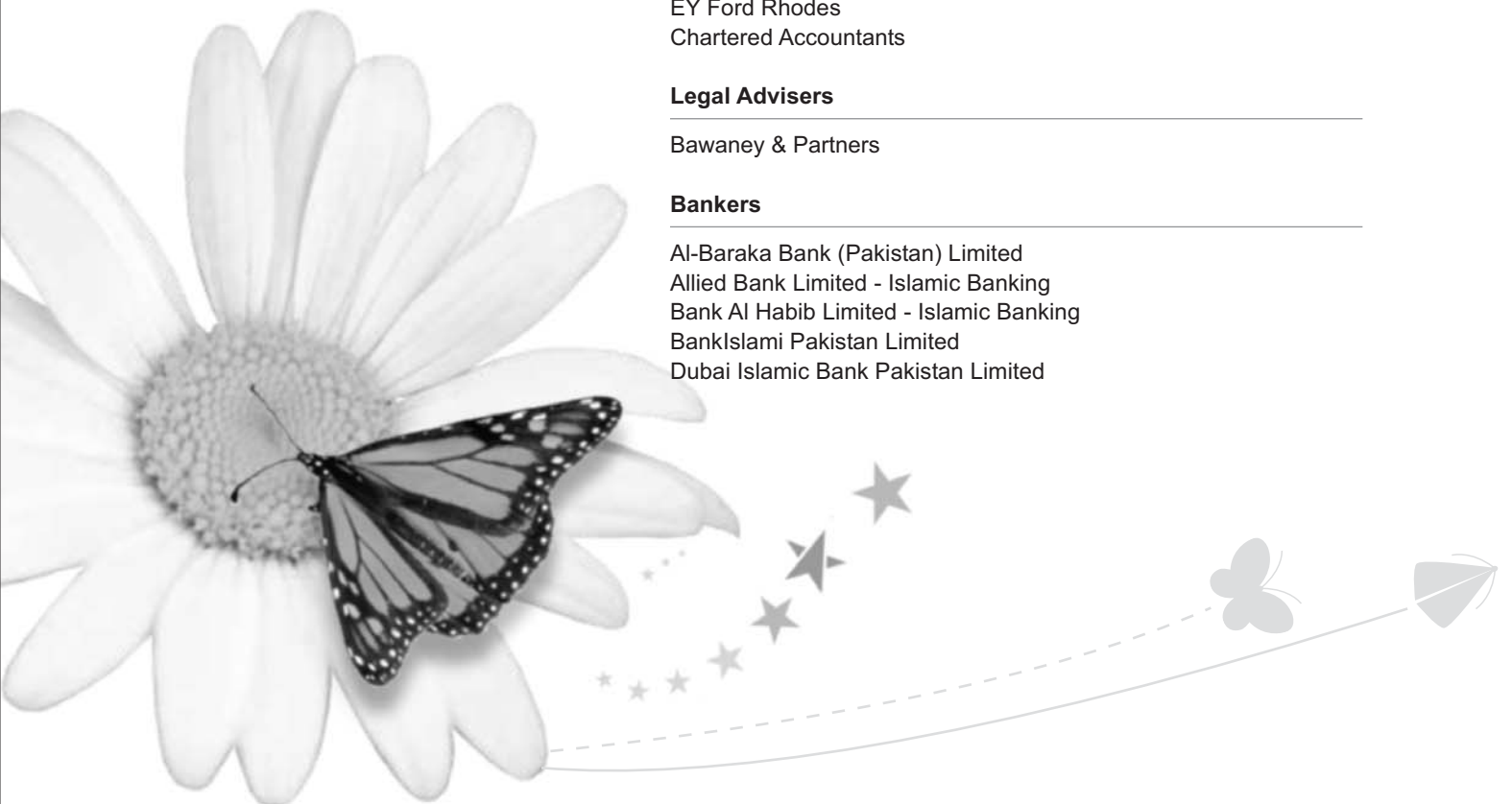
EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

Bawaney & Partners

### Bankers

Al-Baraka Bank (Pakistan) Limited  
Allied Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
BankIslami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited



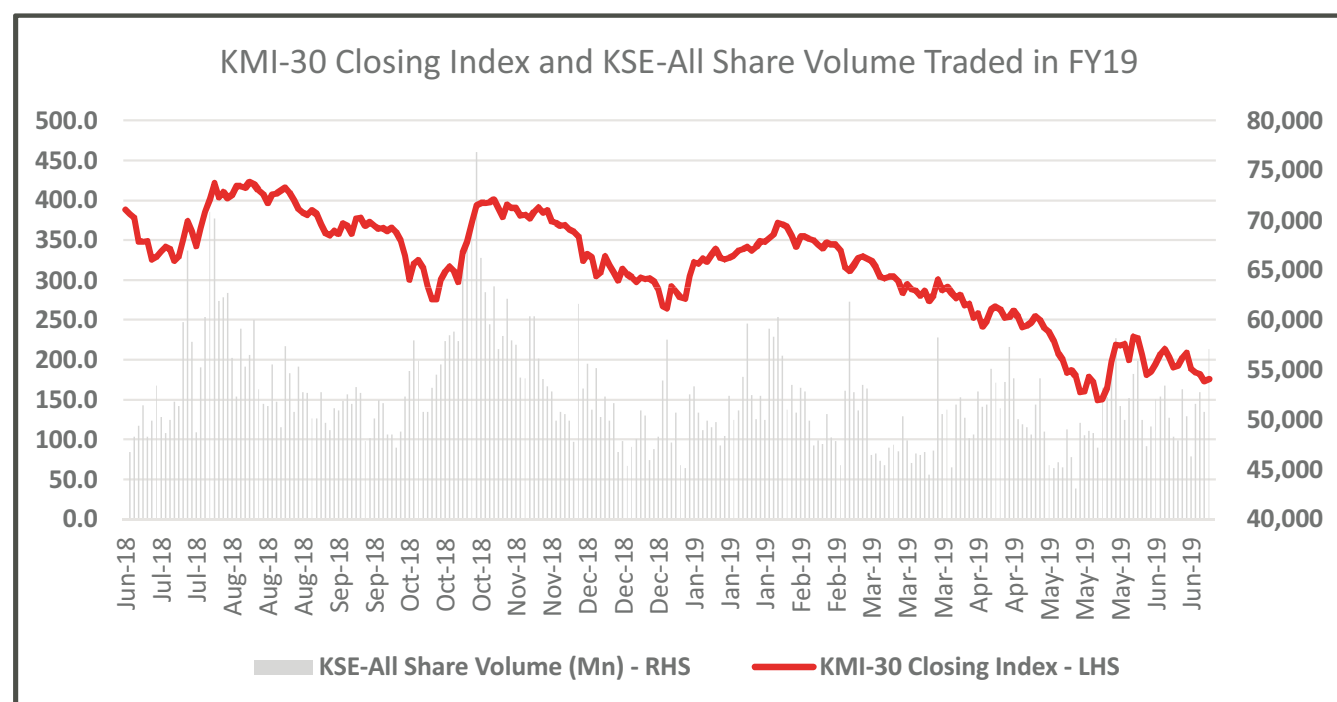
## Fund Manager's Report

The objective of Atlas Islamic Fund of Funds (AIOF) is to provide unit holders the opportunity to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income Schemes (Atlas Islamic Income Fund) and Shariah Compliant Equity based Collective Investment Schemes (Atlas Islamic Dedicated Stock Fund). Currently AIOF comprises of four plans i.e. Atlas Aggressive Allocation Islamic Plan (AAAIP), Atlas Moderate Allocation Islamic Plan (AMAIP), Atlas Conservative Allocation Islamic Plan (ACAIP) and Atlas Islamic Capital Preservation Plan (AICPP)

The benchmark of each allocation Plan will be the weighted average return of KMI-30 Index, and Six months average deposit rates of three (3) A rated Islamic Banks or Islamic windows of conventional banks as selected by MUFAP based on the actual proportion of investment in Equity, Income schemes and bank deposit made by the respective allocation Plan.

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%, -8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively.

The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at US\$ 356 million compared to outflow of US\$ 289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing US\$ 166 million, US\$ 150 million and US\$ 111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers US\$ 146 million and US\$ 15 million, respectively.



AIOF was launched on January 07, 2019. The Net Asset Value of Atlas Aggressive Allocation Islamic Plan (AAAIP) has decreased by 11.22% from Rs.500 as on January 07, 2019 to Rs. 443.89 as on June 30, 2019. AAAIP was 31.78% and 68.22% invested in AIIF and AIDSf respectively.

The Net Asset Values of Atlas Moderate Allocation Islamic Plan (AMAIP) has decreased by 6.91% from Rs.500 as on January 07, 2019 to 465.44 as on June 30, 2019. AMAIP was 52.43% and 47.57% invested in AIIF and AIDSf respectively.

The Net Asset Values of Atlas Conservative Allocation Islamic Plan (ACAIP) has depreciated by 0.94% from Rs.500 as on January 07, 2019 to 495.32 as on June 30, 2019. ACAIP was 77.42% and 22.58% invested in AIIF and AIDSf respectively.

The Net Asset Value of Atlas Islamic Capital Preservation Plan (AICPP) has depreciated by 2.40% from Rs.500 as on January 07, 2019 to 487.99 as on June 30, 2019. AICPP was 72.00% and 28.00% invested in AIIF and AIDSf respectively. The Net Assets of AIOF stood at 748 million as on June 30, 2019.

### The Allocation Plans:

The following investment plans are offered from January 07, 2019 and the returns are as under:

Allocation Plans	Asset Allocation (% of Total Asset)		Return (period ended)	Benchmark
	AISF	AIIF	FY19	FY19
Atlas Aggressive Allocation Islamic Plan	68.22%	31.78%	-11.22%	-11.47%
Atlas Moderate Allocation Islamic Plan	47.57%	52.43%	-6.91%	-7.49%
Atlas Conservative Allocation Islamic Plan	22.58%	77.42%	-0.94%	-2.27%
Atlas Islamic Capital Preservation Plan	28.00%	72.00%	-2.40%	-3.38%

Breakdown of Unit holding by type for Atlas Aggressive Allocation Islamic Plan (AAAIP) is as follows:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	8	502,618	0.54
Associated companies / Directors	2	92,421,746	99.46
	<b>10</b>	<b>92,924,364</b>	<b>100.00</b>

Breakdown of Unit holding by type for Atlas Moderate Allocation Islamic Plan (AMAIP) is as follows:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	17	5,728,801	5.55
Associated companies / Directors	2	97,550,395	94.45
	<b>19</b>	<b>103,279,196</b>	<b>100.00</b>

Breakdown of Unit holding by type for Atlas Conservative Allocation Islamic Plan (ACAIP) is as follows:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	25	2,300,751	1.90
Associated companies / Directors	2	118,566,859	98.10
	<b>27</b>	<b>120,867,609</b>	<b>100.00</b>

Breakdown of Unit holding by type for Atlas Islamic Capital Preservation Plan (AICPP) is as follows:

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Individual	34	32,685,848	7.59
Associated companies / Directors	4	389,191,173	90.33
Retirement Funds	2	4,879,345	1.13
Others	1	4,105,531	0.95
	<b>41</b>	<b>430,861,897</b>	<b>100.00</b>

The Expense Ratio of AAAIP is 0.35%, AMAIP is 0.34%, ACAIP is 0.32% and AICPP is 0.23% including expenses representing Government levy of 0.06% for AAAIP, AMAIP, AICPP and 0.05% for ACAIP.

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

Karachi: 26 September 2019

**Faran-UI-Haq**  
Head of Equities

## Performance Since Inception

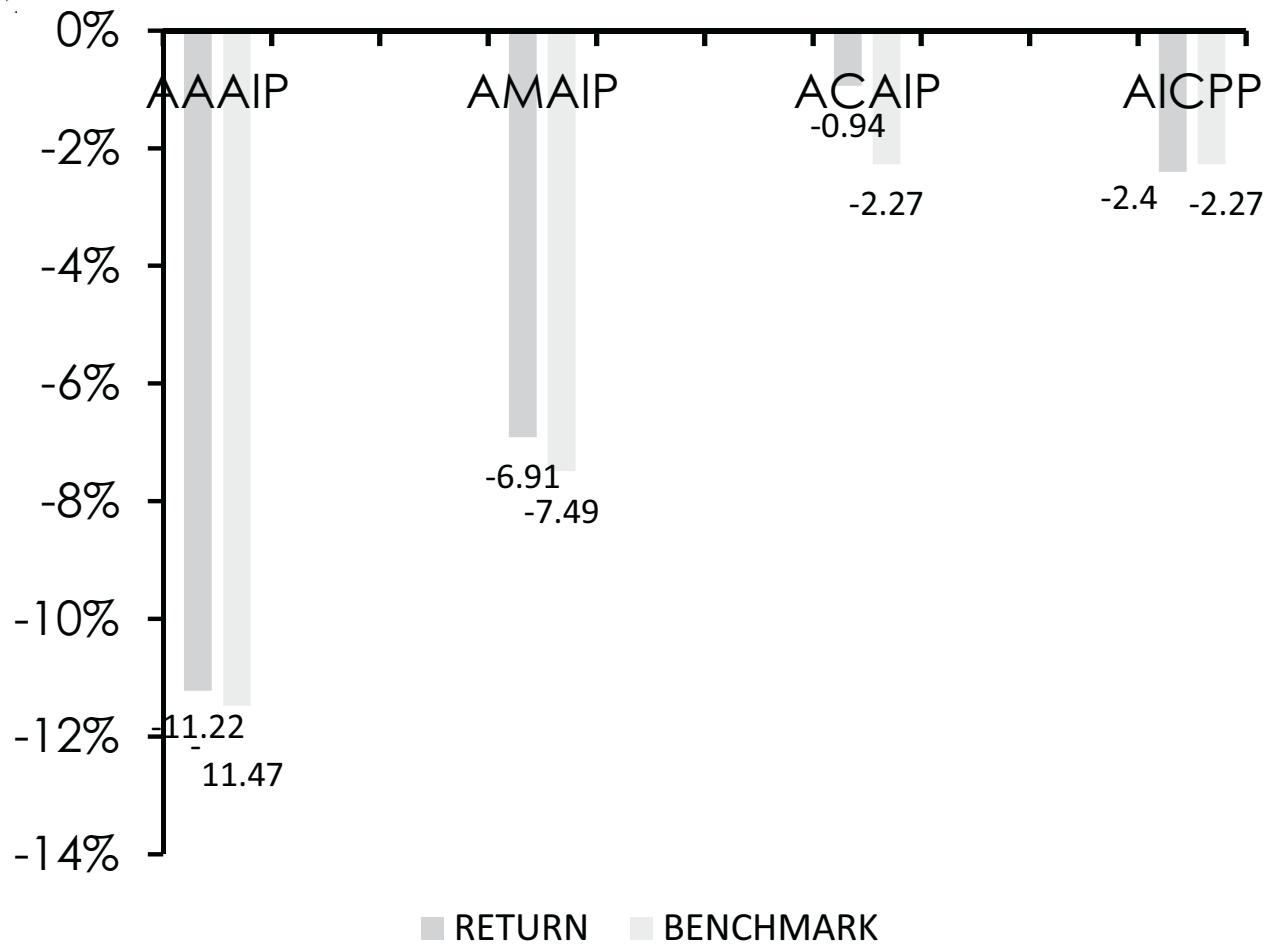
	30 June 2019*			
	AAAIP	AMAIP	ACAIP	AICPP
Net Assets (Rs. in '000)	92,924	103,279	120,868	430,862
Number of units in issue	209,341	221,897	224,021	882,926
Net assets value per unit (Rs.)	443.89	465.44	539.54	487.99
Net (loss) / income (Rs. in '000)	(11,616)	(7,620)	(1,223)	(14,540)
Earnings per unit (Rs.)	(55.49)	(34.34)	(5.46)	(16.47)
Annual return of the fund (%)	(11.22)	(6.91)	(0.94)	(2.40)
Offer Price ** (Rs.)	453.92	475.96	551.73	-
Redemption Price ** (Rs.)	443.89	465.44	539.54	474.20
Distribution	-	-	-	-
Distribution as a % of Opening Ex- NAV of units	-	-	-	-
Date of Distribution	-	-	-	-
Highest offer price per unit (Rs.)	527.31	523.37	518.75	517.05
Lowest offer price per unit (Rs.)	444.39	467.22	498.89	-
Highest redemption price per unit (after applicable back-end load) (Rs.)	515.66	511.80	507.29	500.00
Lowest redemption price per unit (after applicable back-end load) (Rs.)	434.57	456.89	487.86	466.47

\*Period from 07 January 2019 to 30 June 2019 (Date of Launch: January 07, 2019)

\*\* Relates to announced prices.

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

## Yearly Performance



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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 Islamic Fund of Funds (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, 2019 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: 27 September 2019

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

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Fund of Funds (AIFO), I am issuing this report in accordance with clause 11.3 (b) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Adviser, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy can be objectively verified.

For screening investment in equities, I have advised a criteria and procedure to be followed in ensuring Shariah compliance in equity investments.

As part of my mandate as the Shariah Adviser to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended June 30, 2019 are in compliance with the Shariah principles.

There are investments made by AIFO where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Fund Manager, in consultation with me, the Shariah Board of the Fund, have determined the Haram portion of the income of the Fund and marked to charity in order to purify the whole income.

Karachi: 30 June 2019

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

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# INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of **Atlas Islamic Fund of Funds** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of movement in unit holders' fund for the period 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 2019, and of its financial performance and its cash flows for the period 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. Investment in units of mutual funds</b>	
<p>As disclosed in note 5 to the accompanying financial statements of the Fund for the period ended 30 June 2019, the investments held by the Fund comprised of units of mutual funds which represent significant portion of the total assets of the Fund as at the period end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</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, classification and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"><li>• We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li><li>• We performed substantive audit procedures on period-end balance of portfolio including review of custodian's statement, related reconciliations and re-performance of investment valuations on the basis of net asset values declared by the mutual funds.</li><li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of investments in units of mutual</li></ul>



Key Audit Matter	How our audit addressed the key audit matter
	<p>funds adopted by the Fund in accordance with the requirements of IFRS 9.</p> <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 investment in units of mutual funds 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 investments in units of mutual funds 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

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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 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.

**EY Ford Rhodes**  
Chartered Accountants

Karachi: 26 September 2019

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
<b>ASSETS</b>						
Bank balances	4	1,216,018	1,268,212	2,021,345	7,825,894	12,331,469
Investments	5	91,821,576	102,133,006	118,967,823	423,128,705	736,051,110
Profit receivable on deposit with banks		28,826	29,473	39,541	235,529	333,369
Preliminary expenses and floatation costs	6	224,215	224,215	224,215	224,215	896,860
Other receivables	7	10,673	9,063	10,318	40,550	70,604
<b>Total assets</b>		<b>93,301,308</b>	<b>103,663,969</b>	<b>121,263,242</b>	<b>431,454,893</b>	<b>749,683,412</b>
<b>LIABILITIES</b>						
Payable to Atlas Asset Management Company - Management Company	8	289,269	290,209	293,107	328,355	1,200,940
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	8,847	9,747	11,246	40,315	70,155
Payable to the Securities and Exchange Commission of Pakistan	10	46,308	49,506	54,200	141,709	291,723
Accrued expenses and other liabilities	11	32,520	35,311	37,080	82,617	187,528
<b>Total liabilities</b>		<b>376,944</b>	<b>384,773</b>	<b>395,633</b>	<b>592,996</b>	<b>1,750,346</b>
<b>NET ASSETS</b>		<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
<b>UNIT HOLDER'S FUND (AS PER STATEMENT ATTACHED)</b>						
		<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
<b>NUMBER OF UNITS IN ISSUE</b>		<b>209,341</b>	<b>221,897</b>	<b>244,021</b>	<b>882,926</b>	
<b>NET ASSET VALUE PER UNIT</b>		<b>443.89</b>	<b>465.44</b>	<b>495.32</b>	<b>487.99</b>	
<b>FACE VALUE PER UNIT</b>		<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	
<b>Contingencies and commitments</b>						

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The annexed notes 1 to 28 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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

## FOR THE PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

For the period from 07 January 2019 to 30 June 2019					
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
<b>INCOME</b>	<b>Rupees</b>				
Profit on deposits with banks	193,221	188,521	224,986	1,044,581	1,651,309
Dividend income	2,215,272	4,056,011	6,793,212	13,305,507	26,370,002
Capital gain / (loss) on sale of investments at fair value through income statement - net	25,235	(44,595)	(65,917)	69,883	(15,394)
Net unrealised loss on re-measurement of investments classified as 'financial assets 'at fair value through profit or loss'	(13,696,545)	(11,451,923)	(7,786,635)	(28,246,685)	(61,181,788)
	<b>(13,671,310)</b>	<b>(11,496,518)</b>	<b>(7,852,552)</b>	<b>(28,176,802)</b>	<b>(61,197,182)</b>
	<b>(11,262,817)</b>	<b>(7,251,986)</b>	<b>(834,354)</b>	<b>(13,826,714)</b>	<b>(33,175,871)</b>
<b>EXPENDITURE</b>					
Payable to Atlas Asset Management Company - Management Company	8.1 20,336	20,985	23,257	75,478	140,056
Sindh sales tax on remuneration of the Management Company	8.2 2,643	2,728	3,023	9,811	18,205
Accounting and Operational charges	14 48,746	52,112	57,054	149,168	307,080
Remuneration to the Central Depository Company of Pakistan Limited - Trustee	9.1 48,746	52,112	57,054	149,168	307,080
Sindh sales tax on remuneration of the Trustee	6,337	6,774	7,417	19,392	39,920
Annual fee - Securities and Exchange Commission of Pakistan	10 46,308	49,506	54,200	141,709	291,723
Auditor's remuneration	13 37,200	39,175	41,445	67,180	185,000
Amortization of preliminary expenses and floatation costs	6 56,053	56,053	56,053	56,053	224,212
Annual Listing fee	77,076	78,268	78,537	2,923	236,804
Printing charges	2,755	2,919	3,169	7,786	16,629
Shariah advisory fee	4,551	4,821	5,171	10,454	24,997
Bank charges	2,464	2,815	1,934	24,009	31,222
	<b>353,215</b>	<b>368,268</b>	<b>388,314</b>	<b>713,131</b>	<b>1,822,928</b>
<b>Net loss for the period before taxation</b>	<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>
<b>Taxation</b>	16 -	-	-	-	-
<b>Net loss for the period after taxation</b>	<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>
<b>Loss per unit</b>	17 <b>(55.49)</b>	<b>(34.34)</b>	<b>(5.01)</b>	<b>(16.47)</b>	

The annexed notes 1 to 28 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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

	For the period from 07 January 2019 to 30 June 2019				
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	-----Rupees-----				
Net loss for the period	(11,616,032)	(7,620,254)	(1,222,668)	(14,539,845)	(34,998,799)
Other comprehensive (loss) / income	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>

The annexed notes 1 to 28 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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND

## FOR THE PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

For the period from 07 January 2019 to 30 June 2019					
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	-----Rupees-----				
<b>Capital Value</b>	-	-	-	-	-
<b>Undistributed Income</b>					
- Realised income / (loss)	-	-	-	-	-
- Unrealised income	-	-	-	-	-
<b>Net assets at the beginning of the period</b> (Units: AAAIP Nil, AMAIP Nil, ACAIP Nil & AICPP Nil)	-	-	-	-	-
<b>Issue of units</b>					
Capital value (at net assets value per unit at the beginning of period)					
Aggressive - units 224,528	112,261,109	-	-	-	112,261,109
Moderate - units 231,886	-	115,949,600	-	-	115,949,600
Conservative - units 252,942	-	-	126,589,590	-	126,589,590
Preservation - units 882,929	-	-	-	445,403,437	445,403,437
<b>Total proceed on issuance of units</b>	<b>112,261,109</b>	<b>115,949,600</b>	<b>126,589,590</b>	<b>445,403,437</b>	<b>800,203,736</b>
<b>Redemption of units</b>					
Capital value (at net assets value per unit at the beginning of period)					
Aggressive - units 15,187	(7,720,713)	-	-	-	(7,720,713)
Moderate - units 9,989	-	(5,050,150)	-	-	(5,050,150)
Conservative - units 8,921	-	-	(4,499,313)	-	(4,499,313)
Preservation - units 3	-	-	-	(1,695)	(1,695)
<b>Amount paid out of Element of income</b> - Relating to net income for the period after taxation	-	-	-	-	-
	<b>(7,720,713)</b>	<b>(5,050,150)</b>	<b>(4,499,313)</b>	<b>(1,695)</b>	<b>(17,271,871)</b>
Total Comprehensive loss for the period	(11,616,032)	(7,620,254)	(1,222,668)	(14,539,845)	(34,998,799)
Distributions during the period	-	-	-	-	-
<b>Net loss for the period less distribution</b>	<b>(11,616,032)</b>	<b>(7,620,254)</b>	<b>(1,222,668)</b>	<b>(14,539,845)</b>	<b>(34,998,799)</b>
<b>Net assets at the end of the period</b> (Units: AAAIP 209,341, AMAIP 221,897, ACAIP 244,021 & AICPP 882,926)	<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
<b>Capital Value</b>	<b>104,540,396</b>	<b>110,899,450</b>	<b>122,090,277</b>	<b>445,401,742</b>	<b>782,931,865</b>
<b>Un distributed Income</b>					
- Realised income	2,080,513	3,831,669	6,563,967	13,706,840	26,182,989
- Unrealised loss	(13,696,545)	(11,451,923)	(7,786,635)	(28,246,685)	(61,181,788)
<b>Net assets at the end of the period</b>	<b>92,924,364</b>	<b>103,279,196</b>	<b>120,867,609</b>	<b>430,861,897</b>	<b>747,933,066</b>
<b>Net assets value per unit at beginning of the period</b>	-	-	-	-	-
<b>Net assets value per unit at end of the period</b>	<b>443.89</b>	<b>465.44</b>	<b>495.32</b>	<b>487.99</b>	

The annexed notes 1 to 28 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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# CASH FLOW STATEMENT

## FOR THE PERIOD FROM 07 JANUARY 2019 TO 30 JUNE 2019

For the period from 07 January 2019 to 30 June 2019					
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note -----Rupees-----</b>				
Net loss for the period after taxation	(11,616,032)	(7,620,254)	(1,222,668)	(14,539,845)	(34,998,799)
<b>Adjustments for:</b>					
Profit on deposits with banks	(193,221)	(188,521)	(224,986)	(1,044,581)	(1,651,309)
Dividend income	(2,215,272)	(4,056,011)	(6,793,212)	-	(13,064,495)
(Gain) / Loss on sale of investments at fair value through income statement - net	(25,235)	44,595	65,917	(69,883)	15,394
Net unrealised loss on re-measurement of investments 'classified as 'financial assets 'at fair value through profit or loss	13,696,545	11,451,923	7,786,635	28,246,685	61,181,788
	<b>(353,215)</b>	<b>(368,268)</b>	<b>(388,314)</b>	<b>12,592,376</b>	<b>11,482,579</b>
<b>(Increase) in assets</b>					
Preliminary expenses and floatation costs	(224,215)	(224,215)	(224,215)	(224,215)	(896,860)
Other receivables	(10,673)	(9,063)	(10,318)	(40,550)	(70,604)
	<b>(234,888)</b>	<b>(233,278)</b>	<b>(234,533)</b>	<b>(264,765)</b>	<b>(967,464)</b>
<b>Increase in liabilities</b>					
Payable to Atlas Asset Management Company - Management Company	289,269	290,209	293,107	328,355	1,200,940
Payable to Central Depository Company of Pakistan Limited - Trustee	8,847	9,747	11,246	40,315	70,155
Payable to the Securities and Exchange Commission of Pakistan	46,308	49,506	54,200	141,709	291,723
Accrued expenses and other liabilities	32,520	35,311	37,080	82,617	187,528
	<b>376,944</b>	<b>384,773</b>	<b>395,633</b>	<b>592,996</b>	<b>1,750,346</b>
Interest received	164,395	159,048	185,445	809,052	1,317,940
Dividend received	2,215,272	4,056,011	6,793,212	-	13,064,495
Investments made during the period	(116,492,886)	(122,629,524)	(132,620,375)	(456,305,507)	(828,048,292)
Investments sold during the period	11,000,000	9,000,000	5,800,000	5,000,000	30,800,000
	<b>(103,113,219)</b>	<b>(109,414,465)</b>	<b>(119,841,718)</b>	<b>(450,496,455)</b>	<b>(782,865,857)</b>
<b>Net cash used in operating activities</b>	<b>(103,324,378)</b>	<b>(109,631,238)</b>	<b>(120,068,932)</b>	<b>(437,575,848)</b>	<b>(770,600,396)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts against issuance of units	112,261,109	115,949,600	126,589,590	445,403,437	800,203,736
Payments against redemption of units	(7,720,713)	(5,050,150)	(4,499,313)	(1,695)	(17,271,871)
	<b>104,540,396</b>	<b>110,899,450</b>	<b>122,090,277</b>	<b>445,401,742</b>	<b>782,931,865</b>
<b>Net cash generated from financing activities</b>	<b>104,540,396</b>	<b>110,899,450</b>	<b>122,090,277</b>	<b>445,401,742</b>	<b>782,931,865</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,216,018</b>	<b>1,268,212</b>	<b>2,021,345</b>	<b>7,825,894</b>	<b>12,331,469</b>
Cash and cash equivalents at the beginning of the period	-	-	-	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,216,018</b>	<b>1,268,212</b>	<b>2,021,345</b>	<b>7,825,894</b>	<b>12,331,469</b>

The annexed notes 1 to 28 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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Fund of Funds (the Fund) is an open-ended Fund constituted under a trust deed entered into on 20 August 2018 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund is an open-ended Shariah compliant fund of funds and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to public (IPO) on 07 January 2019. Subsequent to the Initial Public Offering, the offer of units of the Allocation Plans at the Initial Offer Price discontinued. The units of the Allocation Plans could then be purchased at their Offer Price and redeemed at the Redemption Price, which shall be calculated on the basis of Net Asset Value (NAV) of each Allocation Plan. The duration of the fund is perpetual, however, the allocation plans may have a set time frame. Each Allocation Plan will announce separate NAVs which will rank pari passu inter se according to the number of units of the respective Allocation Plans. Units are offered for public subscription on a continuous basis. However, term-based plans, may be offered for a limited subscription period.

The objective of the Fund is to generate return on investments as per the respective Allocation Plan by investing in Shariah compliant mutual funds in line with the risk tolerance of the investor. The Management Company has appointed Dr. Mufti Muhammad Wasie Fasih Butt as its Shariah Advisor to ensure that the activities of the Funds are in compliance with the principles of Shariah.

The investment objectives and policies of each allocation plan are as follows;

### **Atlas Aggressive Allocation Islamic Plan (AAAIP)**

The "Aggressive Allocation Islamic Plan" is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to provide capital appreciation. It shall invest at least 65% and 25% of its net assets in Shariah Compliant Equity Funds and Islamic Income schemes, respectively, while the remaining portion is allocated to Shariah compliant bank deposits (excluding TDRs) in Islamic banks / Islamic windows of commercial banks and GOP Ijara Sukuk not exceeding 90 days remaining maturity. This Allocation Plan is suitable for Investors having a relatively higher risk tolerance and/or wish to save for long term.

### **Atlas Moderate Allocation Islamic Plan (AMAIIP)**

The "Moderate Allocation Islamic Plan" is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to provide a mix of capital appreciation and stable returns. It shall invest at least 45% and 45% of its net assets in Shariah Compliant Equity Funds and Islamic Income schemes, respectively, while the remaining portion is allocated to Shariah compliant bank deposits (excluding TDRs) in Islamic banks / Islamic windows of commercial banks and GOP Ijara Sukuk not exceeding 90 days remaining maturity. This Allocation Plan is suitable for Investors having a relatively moderate risk tolerance and/or wish to save for medium to long term.

### **Atlas Conservative Allocation Islamic Plan (ACAIP)**

The "Conservative Allocation Islamic Plan" is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to provide stable returns. It shall invest at least 20% and 70% of its net assets in Shariah Compliant Equity Funds and Islamic Income schemes, respectively, while the remaining portion is allocated to Shariah compliant bank deposits (excluding TDRs) in Islamic banks / Islamic windows of commercial banks and GOP Ijara Sukuk not exceeding 90 days remaining maturity. This Allocation Plan is suitable for Investors having a relatively low risk tolerance and/or wish to save for short to medium term.

### **Atlas Islamic Capital Preservation Plan (AICPP)**

The Atlas Islamic Capital Preservation Plan is a Shariah Compliant Allocation Plan under the Atlas Islamic Fund of Funds and primarily aims to earn a potentially high return through dynamic asset allocation between Shariah Compliant Equities, Shariah Compliant Income based Collective Investment Schemes and Shariah Compliant saving Accounts & Term Deposits, while aiming to provide capital preservation upon maturity of the allocation plan.

- 1.3 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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 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 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)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Financial instruments – Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019

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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019 respectively. The Fund expects that such improvements to the standards will not have any 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.

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.

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 2.3 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.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 2.4 Accounting convention

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

## 2.5 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.

### 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

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

##### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost, at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets.

##### 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;

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- 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.

### **i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### **ii) Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## **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.

#### **c) 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.

#### **d) 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."

#### **e) 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.

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

Cash and cash equivalents comprise balances with banks and 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 2019

### 3.3 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Rules.

### 3.4 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.

### 3.5 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. The Fund intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no provision is made for current and deferred taxation in these financial statements.

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

### 3.6 Distribution to unit holders

Distribution to unit holders is recognised upon declaring and approval by the Distribution Committee of the Board of Directors of the Management Company under powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Director of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that day. The offer price represents the net assets value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net assets value per unit as of the close of the business day less any back-end load (if applicable), any duties, taxes, charges on redemption and any provision for transaction costs, if applicable. Redemption of units is recorded on acceptance of application for redemption.

### 3.8 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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

## 3.9 Net assets value per unit

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Funds by the number of units in issue at the period end.

## 3.10 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.
- 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.

## 3.11 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.

## 3.12 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 EPU is not practicable.

## 4 BANK BALANCES

		30 June 2019			
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan
	Note	-----Rupees-----			
In local currency					
-Profit and loss sharing accounts	4.1	1,216,018	1,268,212	2,021,345	7,825,894
		<u>1,216,018</u>	<u>1,268,212</u>	<u>2,021,345</u>	<u>7,825,894</u>
		<u>12,331,469</u>			

4.1 The rate of return on these profit and loss sharing accounts ranges between 4.00% to 12.30% per annum.

## 5 INVESTMENTS

		30 June 2019			
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan
	Note	-----Rupees-----			
At fair value through profit or loss					
Units of mutual funds - listed	5.1	91,821,576	102,133,006	118,967,823	423,128,705
		<u>736,051,110</u>			

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5.1 At fair value through profit or loss - listed equity securities

5.11 Units of mutual funds

Name of the investee company	As at 07 January 2019	Purchases during the period	Sales during the period	As at 30 June 2019	Carrying Value as at 30 June 2019	Market Value as at 30 June 2019	Appreciation/ (diminution) as at June 30, 2019	Market Value as a % of net assets of the Sub-Fund	Market Value as a % of total value of investments of Plan
	-----Number of shares-----				-----Rupees-----			-----%age-----	
Aggressive Allocation Plan									
Atlas Islamic Income Fund	-	68,470	10,520	57,950	30,009,785	29,184,630	(825,155)	31.41	31.78
Atlas Islamic Dedicated Stock Fund	-	162,443	11,029	151,414	75,508,336	62,636,946	(12,871,390)	67.41	68.22
	-	230,913	21,549	209,364	105,518,121	91,821,576	(13,696,545)	98.82	100.00
Moderate Allocation Plan									
Atlas Islamic Income Fund	-	118,969	12,644	106,325	55,128,020	53,547,179	(1,580,841)	76.20	52.43
Atlas Islamic Dedicated Stock Fund	-	122,399	4,951	117,448	58,456,909	48,585,827	(9,871,082)	22.23	47.57
	-	241,368	17,595	223,773	113,584,929	102,133,006	(11,451,923)	98.43	100.00
Conservative Allocation Plan									
Atlas Islamic Income Fund	-	192,321	9,436	182,885	94,791,353	92,104,176	(2,687,177)	51.85	77.42
Atlas Islamic Dedicated Stock Fund	-	66,864	1,926	64,938	31,963,105	26,863,647	(5,099,458)	47.04	22.58
	-	259,185	11,362	247,823	126,754,458	118,967,823	(7,786,635)	98.89	100.00
Islamic Capital Preservation Plan									
Atlas Islamic Income Fund	-	614,603	9,666	604,937	308,375,390	304,658,573	(3,716,817)	70.71	72.00
Atlas Islamic Dedicated Stock Fund	-	286,381	-	286,381	143,000,000	118,470,132	(24,529,868)	27.50	28.00
	-	900,984	9,666	891,318	451,375,390	423,128,705	(28,246,685)	98.21	100.00
	-	1,632,450	60,172	1,572,278	797,232,898	736,051,110	(61,181,788)		

## 6 PRELIMINARY EXPENSES AND FLOATATION COSTS

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Opening balance	6.1	280,268	280,268	280,268	280,268	1,121,072
Less: Amortisation for the period		56,053	56,053	56,053	56,053	224,212
		<b>224,215</b>	<b>224,215</b>	<b>224,215</b>	<b>224,215</b>	<b>896,860</b>

6.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These are being amortised over a period of five years commencing from the end of the initial offering period in accordance with the Trust Deed of the Fund and the NBFC Regulations.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 7 OTHER RECEIVABLES

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	Note	-----Rupees-----				
Other receivables	7.1	10,673	9,063	10,318	40,550	70,604

- 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 sections 150 and 151. However, 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 by the withholder.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favor of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the cumulative amount of withholding tax deducted from profit on bank deposits by the Funds has been shown as other receivable as at 30 June 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

## 8 PAYABLE TO THE ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Remuneration of the Management Company	8.1	1,037	1,162	1,656	7,483	11,338
Sindh sales tax on remuneration of the Management Company	8.2	134	152	214	972	1,472
Sales load payable to the Management Company		-	-	1,016	3,955	4,971
Preliminary expenses and floatation charges payable		280,268	280,268	280,268	280,268	1,121,072
Accounting and operational charges reimbursable by the Fund		7,830	8,627	9,953	35,677	62,087
		289,269	290,209	293,107	328,355	1,200,940

- 8.1 In accordance with the provisions of the NBFC Regulations, No Management fee in case of investment is made in CIS of Atlas Asset Management Limited (AAML). However, the AAML shall charge a management fee of 1% of average annual net assets in case investment is made in Cash/ Near Cash instruments, savings and term deposits made with Islamic banks or Islamic banking windows of commercial banks.
- 8.2 During the period, an amount of Rs. 18,205 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. 16,733 has been paid to the Management Company which acts as a collecting agent.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Trustee fee	9.1	7,830	8,626	9,953	35,677	62,086
Sindh Sales Tax payable on trustee fee	9.2	1,017	1,121	1,293	4,638	8,069
		<b>8,847</b>	<b>9,747</b>	<b>11,246</b>	<b>40,315</b>	<b>70,155</b>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

### On net assets:

- up to Rs. 1,000 million Rs. 0.10% per annum
- On an amount exceeding Rs.1,000 million Rs. 1.0 million plus 0.075% per annum of Net Asset Value exceeding Rs. 1,000 million

9.2 During the year, an amount of Rs. 39,920 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. 31,851 was paid to the Trustee which acts as a collecting agent.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Annual fee payable	10.1	46,308	49,506	54,200	141,709	291,723
		<b>46,308</b>	<b>49,506</b>	<b>54,200</b>	<b>141,709</b>	<b>291,723</b>

10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an equity scheme is required to pay the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

## 11 ACCRUED EXPENSES AND OTHER LIABILITIES

		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Note		-----Rupees-----				
Auditors' remuneration payable		27,503	29,153	31,314	64,627	152,597
Withholding and capital gain tax payable		302	1,126	261	4,116	5,805
Shariah advisory fee payable		1,960	2,113	2,336	6,088	12,497
Printing charges		2,755	2,919	3,169	7,786	16,629
Provision for Sindh Workers' Welfare Fund	11.1	-	-	-	-	-
		<b>32,520</b>	<b>35,311</b>	<b>37,080</b>	<b>82,617</b>	<b>187,528</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**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, 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 21 May 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on Asset Management Companies and not on mutual funds.

### 12 CONTINGENCIES AND COMMITMENTS

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

### 13 AUDITORS' REMUNERATION

	For the Period from 07 January 2019 to 30 June 2019				
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
	-----Rupees-----				
Audit fee	22,760	24,110	25,859	52,272	125,001
NAV certification charges	8,979	9,279	9,380	2,362	30,000
Income certification charges	3,641	3,858	4,137	8,364	20,000
Out of pocket expenses	1,820	1,928	2,069	4,182	9,999
	<b>37,200</b>	<b>39,175</b>	<b>41,445</b>	<b>67,180</b>	<b>185,000</b>

### 14 ACCOUNTING AND OPERATIONAL CHARGES

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 (I) /2019 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 15 TOTAL EXPENSE RATIO

In accordance with the directive 23 of 2016 dated July 20, 2016 issued by the Securities and Exchange Commission of Pakistan, the total expense ratio of the Fund for the period ended June 30, 2019 is as follows :

	30 June 2019			
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan
Total expense ratio	0.35	0.34	0.32	0.23
Government Levies and SECP Fee	0.06	0.06	0.05	0.06

## 16 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 Fund has incurred net loss for the period hence, no distribution has been made by the Fund.

## 17 EARNING PER UNIT

Earning 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.

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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.

Transactions with connected persons essentially comprise sale and repurchase of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

		For the period from 07 January 2019 to 30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
18.1	Details of transaction with related parties during the period are as follows:	Rupees-----				
	<b>Atlas Asset Management Limited (Management Company)</b>					
	Remuneration for the period	20,336	20,985	23,257	75,478	140,056
	Sindh sales tax on remuneration of the Management Company	2,643	2,728	3,023	9,811	18,205
	Remuneration paid	19,299	19,823	21,601	67,995	128,718
	Accounting and operational charges	48,746	52,112	57,054	149,168	307,080
	Issuance in amounts	10,003,566	10,003,257	19,970,845	-	39,977,668
	Issue of units	20,008	20,007	39,737	-	-
	Redemption in amount	5,000,000	5,000,000	-	-	10,000,000
	Redemption of units	9,878	9,889	-	-	-
	<b>Central Depository Company of Pakistan Limited</b>					
	Remuneration of the Trustee	48,746	52,112	57,054	149,168	307,080
	Sindh Sales Tax on remuneration of the Trustee	6,337	6,774	7,417	19,392	39,920
	Remuneration paid	40,916	43,486	47,101	113,491	244,994
	<b>Shirazi Investments (Private) Limited - Group Company</b>					
	Issuance in amounts	99,039,349	99,735,352	99,819,514	200,000,000	498,594,215
	Issue of units	198,079	199,471	199,639	396,267	993,456
	<b>Atlas Honda Limited - Group Company</b>					
	Issuance in amounts	-	-	-	200,000,000	200,000,000
	Issue of units	-	-	-	396,267	396,267
	<b>Atlas Islamic Dedicated Stock Fund</b>					
	Purchase in Rupees	81,028,277	60,936,757	32,928,953	143,000,000	317,893,987
	Purchase of units	162,443	122,399	66,864	286,381	638,087
	Redemption in Rupees	5,600,000	2,500,000	1,000,000	-	9,100,000
	Redemption of units	11,029	4,951	1,926	-	17,906
	<b>Atlas Islamic Income Fund</b>					
	Purchase in Rupees	35,464,610	59,878,241	96,767,195	322,606,111	514,716,157
	Purchase of units	68,470	118,969	177,548	614,603	979,590
	Redemption in Rupees	5,400,000	6,500,000	4,800,000	5,000,000	21,700,000
	Redemption of units	10,520	12,644	9,436	9,666	42,266
	Dividend Entitlement	2,215,272	4,056,011	6,793,212	13,305,507	26,370,002
	<b>Directors and their close family members and key management personnel of the Management Company</b>					
	Issuance in amounts	2,571,054	2,500,000	-	3,500,000	8,571,054
	Issue of units	5,152	4,993	-	6,997	17,142
	Redemption in Rupees	2,644,251	-	-	-	2,644,251
	Redemption of units	5,145	-	-	-	5,145
		30 June 2019				
		Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
18.2	Details of balances with related parties as at the period end are as follows:	Rupees-----				
	<b>Atlas Asset Management Limited (Management Company)</b>					
	Remuneration payable to the management company	1,037	1,162	1,656	7,483	11,338
	Sindh Sales tax payable on remuneration of the Management Company	134	152	214	972	1,472
	Sales Load Payable	-	-	1,016	3,955	4,971
	Preliminary expenses and floatation charges payable	280,268	280,268	280,268	280,268	1,121,072
	Accounting and operational charges payable	7,830	8,627	9,953	35,677	62,087
	Outstanding amount - at net asset value	4,496,533	4,709,470	19,682,443	-	28,888,445
	Outstanding units	10,130	10,118	39,737	-	59,985
	<b>Central Depository Company of Pakistan Limited (Trustee)</b>					
	Trustee fee payable	7,830	8,626	9,953	35,677	62,086
	Sindh Sales tax payable on remuneration of trustee	1,017	1,121	1,293	4,638	8,069
	<b>Shirazi Investments (Private) Limited - Group Company</b>					
	Outstanding amount - at net asset value	87,925,153	92,841,644	98,885,203	193,374,413	473,026,414
	Outstanding units	198,079	199,471	199,639	396,267	993,456
	<b>Atlas Honda Limited - Group Company</b>					
	Outstanding amount - at net asset value	-	-	-	193,374,413	193,374,413
	Outstanding units	-	-	-	396,267	396,267

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2019

	Aggressive Allocation Islamic Plan				Moderate Allocation Islamic Plan			
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	-----Rupees-----				-----Rupees-----			
<b>Financial assets</b>								
Bank balances	1,216,018	-	-	1,216,018	1,268,212	-	-	1,268,212
Investments - net	-	91,821,576	-	91,821,576	-	102,133,006	-	102,133,006
Profit receivable on deposit with banks	28,826	-	-	28,826	29,473	-	-	29,473
	<b>1,244,844</b>	<b>91,821,576</b>	<b>-</b>	<b>93,066,420</b>	<b>1,297,685</b>	<b>102,133,006</b>	<b>-</b>	<b>103,430,691</b>
		At fair value through profit or loss	At amortised Cost	Total		At fair value through profit or loss	At amortised Cost	Total
		-----Rupees-----				-----Rupees-----		
<b>Financial liabilities</b>								
Payable to Atlas Asset Management Limited - Management Company		-	289,269	289,269		-	290,209	290,209
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	8,847	8,847		-	9,747	9,747
Accrued expenses and other liabilities		-	32,218	32,218		-	34,185	34,185
		<b>-</b>	<b>330,334</b>	<b>330,334</b>		<b>-</b>	<b>334,141</b>	<b>334,141</b>

30 June 2019

	Conservative Allocation Islamic Plan				Islamic Capital Preservation Plan			
	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total	At amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	-----Rupees-----				-----Rupees-----			
<b>Financial assets</b>								
Bank balances	2,021,345	-	-	2,021,345	7,825,894	-	-	7,825,894
Investments - net	-	118,967,823	-	118,967,823	-	423,128,705	-	423,128,705
Profit receivable on deposit with banks	39,541	-	-	39,541	235,529	-	-	235,529
	<b>2,060,886</b>	<b>118,967,823</b>	<b>-</b>	<b>121,028,709</b>	<b>8,061,423</b>	<b>423,128,705</b>	<b>-</b>	<b>431,190,128</b>
		At fair value through profit or loss	At amortised Cost	Total		At fair value through profit or loss	At amortised Cost	Total
		-----Rupees-----				-----Rupees-----		
<b>Financial liabilities</b>								
Payable to Atlas Asset Management Limited - Management Company		-	293,107	293,107		-	328,355	328,355
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	11,246	11,246		-	40,315	40,315
Accrued expenses and other liabilities		-	36,819	36,819		-	78,501	78,501
		<b>-</b>	<b>341,172</b>	<b>341,172</b>		<b>-</b>	<b>447,171</b>	<b>447,171</b>

## 20 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 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 20.1 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 profit rates, foreign exchange rates and equity prices.

### (i) Profit rate risk

Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. As of 30 June 2019, the Fund is exposed to such 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

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the income statement by Rs. 12,160, Rs. 12,682, Rs. 20,213 and Rs. 78,259 for AAAIP, AMAIP, ACAIP and AICPP respectively and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

#### 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 profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

Yield / profit 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 profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

30 June 2019

30 June 2019	Aggressive Allocation Islamic Plan						Moderate Allocation Islamic Plan					
	Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year				Upto three months	More than three months and upto one year	More than one year		
Financial assets		Rupees						Rupees				
Bank balances	9.5-10.25	1,216,018	-	-	-	1,216,018	9.5-10.25	1,268,212	-	-	-	1,268,212
Investments		-	-	-	91,821,576	91,821,576		-	-	-	102,133,006	102,133,006
Profit receivable on deposit with banks		-	-	-	28,826	28,826		-	-	-	29,473	29,473
		<u>1,216,018</u>	<u>-</u>	<u>-</u>	<u>91,850,402</u>	<u>93,066,420</u>		<u>1,268,212</u>	<u>-</u>	<u>-</u>	<u>102,162,479</u>	<u>103,430,691</u>
Financial liabilities												
Payable to Atlas Asset Management Limited - Management Company		-	-	-	289,269	289,269		-	-	-	290,209	290,209
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	8,847	8,847		-	-	-	9,747	9,747
Accrued expenses and other liabilities		-	-	-	32,218	32,218		-	-	-	34,185	34,185
		<u>-</u>	<u>-</u>	<u>-</u>	<u>330,334</u>	<u>330,334</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>334,141</u>	<u>334,141</u>
On-balance sheet gap (a)		<u>1,216,018</u>	<u>-</u>	<u>-</u>	<u>91,520,068</u>	<u>92,736,086</u>		<u>1,268,212</u>	<u>-</u>	<u>-</u>	<u>101,828,338</u>	<u>103,096,550</u>
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap (a+b)		<u>1,216,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>1,268,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative interest rate sensitivity gap		<u>1,216,018</u>	<u>1,216,018</u>	<u>1,216,018</u>	<u>-</u>	<u>-</u>		<u>1,268,212</u>	<u>1,268,212</u>	<u>1,268,212</u>	<u>-</u>	<u>-</u>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

30 June 2019

30 June 2019	Conservative Allocation Islamic Plan						Islamic Capital Preservation Plan					
	Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year				Upto three months	More than three months and upto one year	More than one year		
Financial assets		Rupees						Rupees				
Bank balances	9.5-10.25	2,021,345	-	-	-	2,021,345	9.5-10.25	7,825,894	-	-	-	7,825,894
Investments		-	-	-	118,967,823	118,967,823		-	-	-	423,128,705	423,128,705
Profit receivable on deposit with banks		-	-	-	39,541	39,541		-	-	-	235,529	235,529
		<u>2,021,345</u>	<u>-</u>	<u>-</u>	<u>119,007,364</u>	<u>121,028,709</u>		<u>7,825,894</u>	<u>-</u>	<u>-</u>	<u>423,364,234</u>	<u>431,190,128</u>
Financial liabilities												
Payable to Atlas Asset Management Limited - Management Company		-	-	-	293,107	293,107		-	-	-	328,355	328,355
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	11,246	11,246		-	-	-	40,315	40,315
Accrued expenses and other liabilities		-	-	-	36,819	36,819		-	-	-	78,501	78,501
		<u>-</u>	<u>-</u>	<u>-</u>	<u>341,172</u>	<u>341,172</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>447,171</u>	<u>447,171</u>
On-balance sheet gap (a)		<u>2,021,345</u>	<u>-</u>	<u>-</u>	<u>118,666,192</u>	<u>120,687,537</u>		<u>7,825,894</u>	<u>-</u>	<u>-</u>	<u>422,917,063</u>	<u>430,742,957</u>
Off-balance sheet financial instruments		-	-	-	-	-		-	-	-	-	-
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest rate sensitivity gap (a+b)		<u>2,021,345</u>	<u>-</u>	<u>-</u>				<u>7,825,894</u>	<u>-</u>	<u>-</u>		
Cumulative interest rate sensitivity gap		2,021,345	2,021,345	2,021,345				7,825,894	7,825,894	7,825,894		

## (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

## (iii) Price risk

Other 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 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.

A reasonably possible change of 5% increase or decrease in fair values of investee funds at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs.4,591,079, Rs.5,106,650 , Rs. 5,948,391 and Rs. 21,156,435 for AAAIP, AMAIP, ACAIP and AICPP respectively and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

## 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 the daily settlement of equity securities and to daily redemptions, if any. 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 investments that are traded in an active market and can be readily disposed off. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

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.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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:

30 June 2019

	Aggressive Allocation Islamic Plan						Moderate Allocation Islamic Plan					
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
<b>Financial assets</b>	Rupees						Rupees					
Bank balances	1,216,018	-	-	-	-	1,216,018	1,268,212	-	-	-	-	1,268,212
Investments	-	-	-	-	91,821,576	91,821,576	-	-	-	-	102,133,006	102,133,006
Profit receivable on deposit with banks	28,826	-	-	-	-	28,826	29,473	-	-	-	-	29,473
	<b>1,244,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,821,576</b>	<b>93,066,420</b>	<b>1,297,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,133,006</b>	<b>103,430,691</b>
<b>Financial liabilities</b>												
Payable to Atlas Asset Management Limited - Management Company	289,269	-	-	-	-	289,269	290,209	-	-	-	-	290,209
Payable to the Central Depository Company of Pakistan Limited - Trustee	8,847	-	-	-	-	8,847	9,747	-	-	-	-	9,747
Accrued expenses and other liabilities	-	32,218	-	-	-	32,218	-	34,185	-	-	-	34,185
	<b>298,116</b>	<b>32,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330,334</b>	<b>299,956</b>	<b>34,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>334,141</b>
<b>Net assets / (liabilities)</b>	<b>946,728</b>	<b>(32,218)</b>	<b>-</b>	<b>-</b>	<b>91,821,576</b>	<b>92,736,086</b>	<b>997,729</b>	<b>(34,185)</b>	<b>-</b>	<b>-</b>	<b>102,133,006</b>	<b>103,096,550</b>

30 June 2019

	Conservative Allocation Islamic Plan						Islamic Capital Preservation Plan					
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
<b>Financial assets</b>	Rupees						Rupees					
Bank balances	2,021,345	-	-	-	-	2,021,345	7,825,894	-	-	-	-	7,825,894
Investments	-	-	-	-	118,967,823	118,967,823	-	-	-	-	423,128,705	423,128,705
Profit receivable on deposit with banks	39,541	-	-	-	-	39,541	235,529	-	-	-	-	235,529
	<b>2,060,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,967,823</b>	<b>121,028,709</b>	<b>8,061,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>423,128,705</b>	<b>431,190,128</b>
<b>Financial liabilities</b>												
Payable to Atlas Asset Management Limited - Management Company	293,107	-	-	-	-	293,107	328,355	-	-	-	-	328,355
Payable to the Central Depository Company of Pakistan Limited - Trustee	11,246	-	-	-	-	11,246	70,155	-	-	-	-	70,155
Accrued expenses and other liabilities	-	36,819	-	-	-	36,819	-	78,501	-	-	-	78,501
	<b>304,353</b>	<b>36,819</b>	<b>-</b>	<b>-</b>	<b>304,353</b>	<b>341,172</b>	<b>398,510</b>	<b>78,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477,011</b>
<b>Net assets / (liabilities)</b>	<b>1,756,533</b>	<b>(36,819)</b>	<b>-</b>	<b>-</b>	<b>118,663,470</b>	<b>120,687,537</b>	<b>7,662,913</b>	<b>(78,501)</b>	<b>-</b>	<b>-</b>	<b>423,128,705</b>	<b>430,713,117</b>

## 20.3 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments and profit receivable on bank balances.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

	Balance as per statement of assets and liabilities					Maximum exposure				
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	Total
Bank balances	1,216,018	1,268,212	2,021,345	7,825,894	12,331,469	1,216,018	1,268,212	2,021,345	7,825,894	12,331,469
Investments	91,821,576	102,133,006	118,967,823	423,128,705	736,051,110	91,821,576	102,133,006	118,967,823	423,128,705	736,051,110
Profit receivable on bank balances	28,826	29,473	39,541	235,529	333,369	28,826	29,473	39,541	235,529	333,369
	<b>93,066,420</b>	<b>103,430,691</b>	<b>121,028,709</b>	<b>431,190,128</b>	<b>748,715,948</b>	<b>93,066,420</b>	<b>103,430,691</b>	<b>121,028,709</b>	<b>431,190,128</b>	<b>748,715,948</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 20.3.1 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 amount placed with Banks

	% of financial assets exposed to credit risk				Total
	Aggressive Allocation Islamic Plan	Moderate Allocation Islamic Plan	Conservative Allocation Islamic Plan	Islamic Capital Preservation Plan	
AAA	-	-	-	0.13	0.08
AA+	-	-	-	21.57	13.69
A+	-	-	-	78.30	49.69
AA	16.16	21.82	3.08	-	4.34
A	83.84	78.18	96.92	-	32.20
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 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.

## 20.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. 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 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.

## 20.5 Fair value hierarchy

Following hierarchy is used in determining and disclosing the fair value of the following financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days which is considered as Level 2 valuation. Fair value of remaining financial assets is not significantly different from their carrying value.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

## 21 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 the 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 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 20, 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	Aggressive Allocation Islamic Plan			Moderate Allocation Islamic Plan			Conservative Allocation Islamic Plan			Islamic Capital Preservation Plan		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	8	502,618	0.54	17	5,728,801	5.55	25	2,300,751	1.90	34	32,685,848	7.59
Retirement Funds	-	-	-	-	-	-	-	-	-	2	4,879,345	1.13
Associated Companies/ Directors	2	92,421,746	99.46	2	97,550,395	94.45	2	118,566,859	98.10	4	389,191,173	90.33
Others	-	-	-	-	-	-	-	-	-	1	4,105,531	0.95
	10	92,924,364	100.00	19	103,279,196	100.00	27	120,867,609	100.00	41	430,861,897	100.00

## 23 THE 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

## 24 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Stock Market Fund Atlas Islamic Stock Fund Atlas Islamic Dedicated Stock Fund

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

Name of Directors	Meeting held on		
	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	L	P	P
Mr. Tariq Amin	P	P	P
Mr. Frahim Ali Khan	P	P	P
Mr. Ali H. Shirazi	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P
Ms Zehra Naqvi	P	P	P
Mr. M. Abdul Samad	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P
Ms Zainab Kazim	P	P	P
P	Present		
L	Leave of absence		

## 26 RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2018: AM2+ (AM Two Plus)] on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

## 27 GENERAL

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

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

**27.3** This is the first year of operations of the Fund hence, there is no comparative information to report in the financial statements.

## 28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

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# Atlas Islamic Dedicated Stock Fund

## Corporate Information

### Trustee

Central Depository Company of Pakistan Limited  
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal  
Karachi - 74400

### Shariah Advisor

Dr. Mufti Muhammad Wasih Fasih Butt

### Auditors

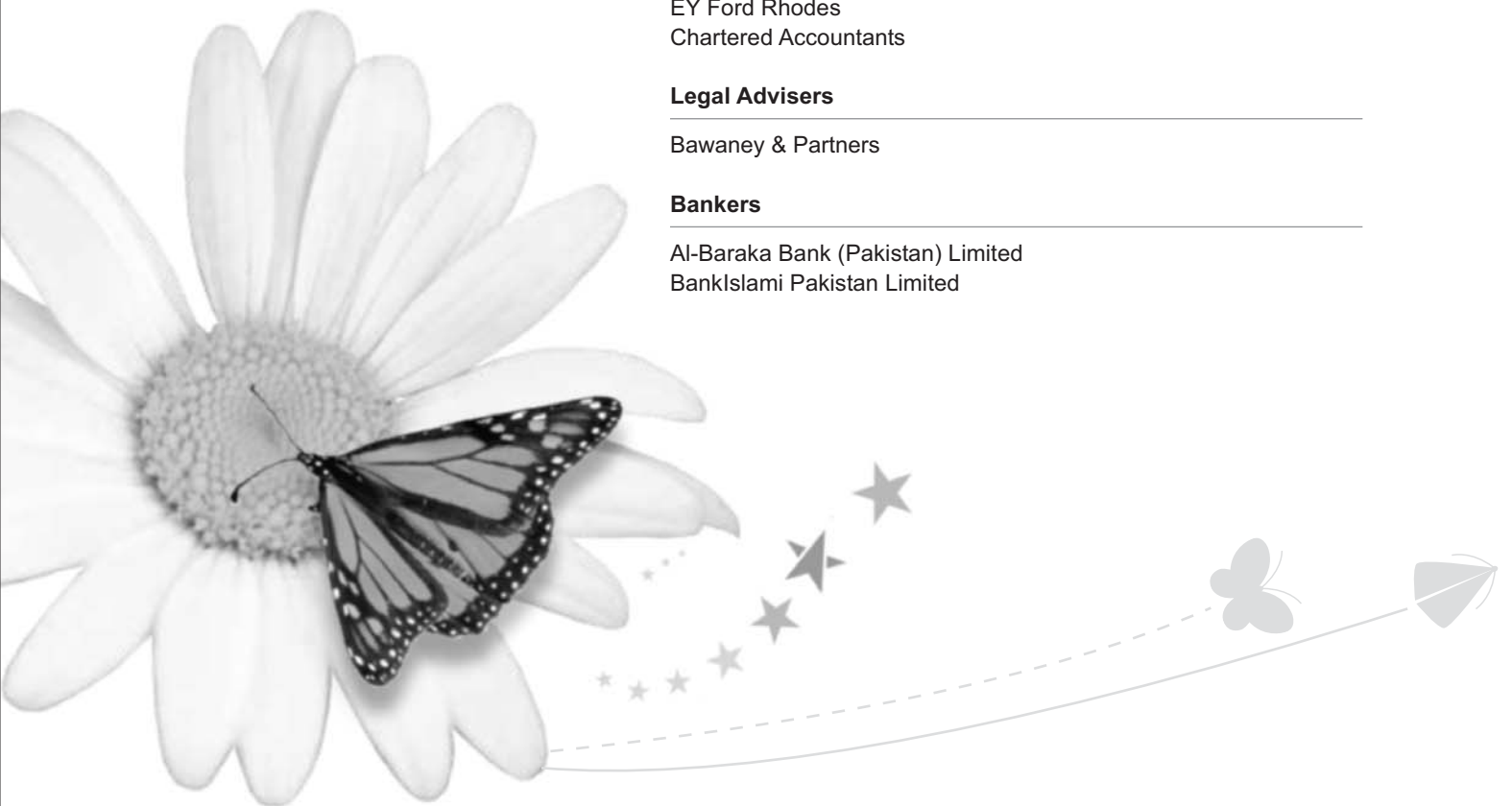
EY Ford Rhodes  
Chartered Accountants

### Legal Advisers

Bawaney & Partners

### Bankers

Al-Baraka Bank (Pakistan) Limited  
BankIslami Pakistan Limited



## Fund Manager's Report

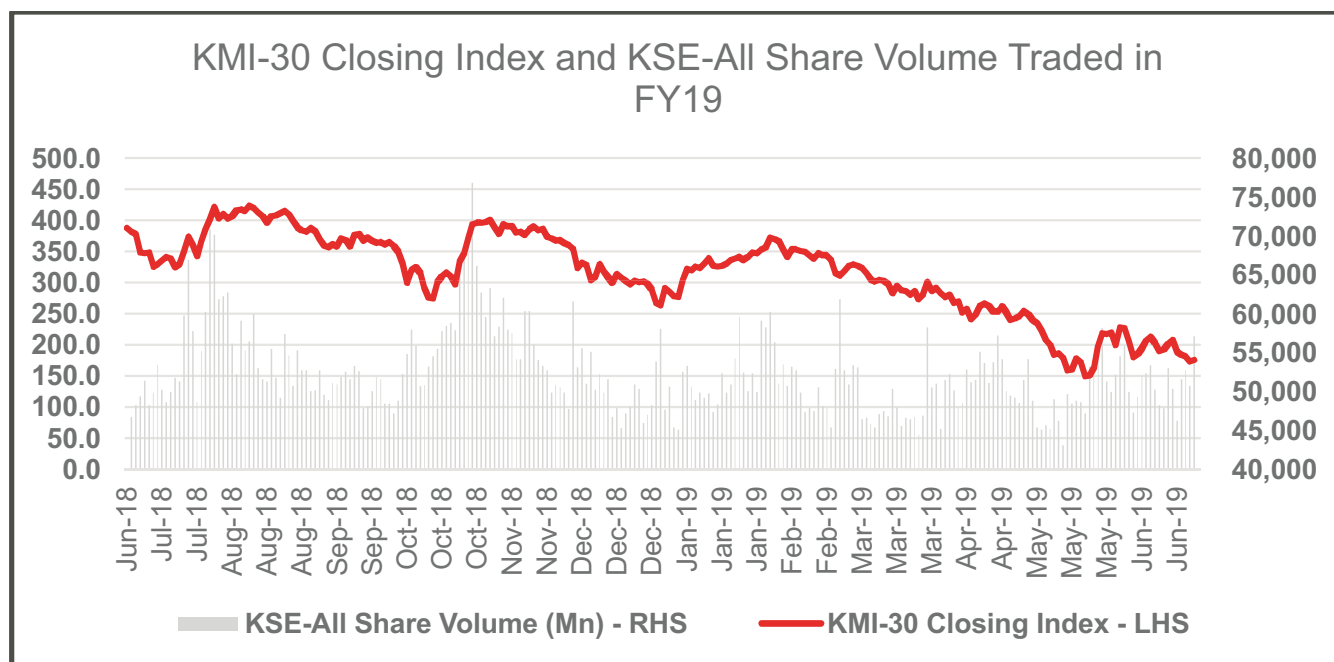
Atlas Islamic Dedicated Stock Fund (AIDSF) is an open-ended equity fund. The objective of AIDSF is to provide long term capital growth from an actively managed portfolio invested in Shariah compliant listed companies in Pakistan.

The Fund's strategy revolves around Shariah Compliance while making investments in stocks with attractive fundamentals and a potential to outperform the market to generate high returns. The Fund observes the investment limitations as set out by the Shariah code, according to the guidance of the Shariah Advisors and emphasizes on medium to long term investment views, by making investment decisions based upon fundamental analysis. The Fund makes use of portfolio management skills for sector and stock selection in order to efficiently manage the fund's portfolio.

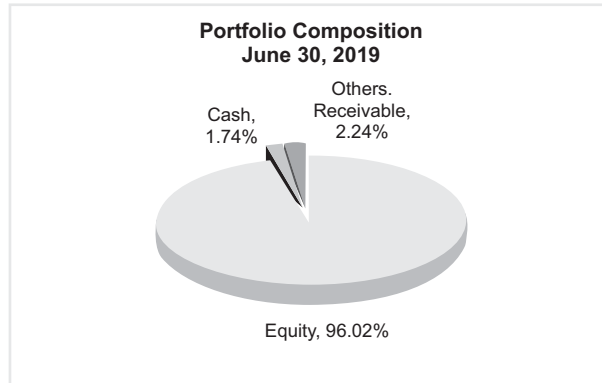
KMI - 30 Index serves as the performance benchmark of Atlas Islamic Dedicated Stock Fund.

The KMI-30 index decreased 23.84% from 71,060.34 points as on June 29, 2018 to 54,118.51 as on June 28, 2019. The major outperformers for the index were LOTCHEM, ENGRO, EFERT, HUBC, OGDC, POL and PPL posting 38.64%, 0.26%, -1.55%, -8.33%, -8.75%, -21.28% and -22.16% returns, respectively. Scripts that underperformed KMI-30 index were NRL, HASCOL, DGKC, PAEL, FCCL and LUCK posting -73.57%, -69.55%, -47.92%, 43.54%, -25.59% and -23.90% returns, respectively.

The average volumes during the year decreased by 11.07% to 155.21 million shares from 174.53 million shares traded last year. Net Foreign portfolio outflow during FY19 was recorded at USD356 million compared to outflow of USD289 million in FY18. On the local front Individuals, Insurance Companies and Companies were the most active participants investing USD166 million, USD150 million and USD111 million during FY19. Mutual Funds and Broker Proprietary Trading Accounts were net sellers USD146 million and USD15 million, respectively.



AIDSF was launched on January 10, 2019. The Net Asset Value per unit of AIDSF has decreased by 17.27% to Rs 413.63 as on June 30, 2019. The benchmark KMI-30 index has decreased by 18.19% during the same period. The KMI-30 index has decreased from 66,152.07 points as on January 10, 2019 to 54,118.51 points as on June 30, 2019. AIDSF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earnings growth prospects. AIDSF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer, and Islamic Commercial Banks sectors. The Net Assets of the Fund stood at Rs.256.53 million, with 620,181 units outstanding as of June 30, 2019.



**Breakdown of Unit holding by size:**

Type of Investor	No. of Investors	Amount of Investment (Rs.)	Percentage (%)
Banks/DFIs/NBFC	4	256,527,144	100
Total	4	256,527,144	100

The Total Expense Ratio (TER) of the Fund is 1.67% including expenses representing Government levy and SECP Fee of 0.25%.

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

Karachi: 26 September 2019

**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 Islamic Dedicated Stock Fund

	Resolution	For	Against	Abstain
<b>Number</b>	32	32	-	N/A
<b>(%)</b>	100%	100%	-	-

**Note:** The Proxy voting policy of the Atlas Islamic Dedicated Stock Fund (AISF) 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

	2019*
Net Assets (Rs. in '000)	256,527
Number of units in issue	620,181
Net assets value per unit (Rs.)	413.63
Net (loss) / income (Rs. in '000)	(52,158)
Earnings per unit (Rs.)	(84.10)
Annual return of the fund (%)	(17.27)
Offer Price ** (Rs.)	422.98
Redemption Price ** (Rs.)	413.63
Distribution	-
Distribution as a % of Opening Ex- NAV of units	-
Date of Distribution	-
Highest offer price per unit (Rs.)	533.64
Lowest offer price per unit (Rs.)	411.79
Highest redemption price per unit (after applicable back-end load) (Rs.)	521.85
Lowest redemption price per unit (after applicable back-end load) (Rs.)	402.69

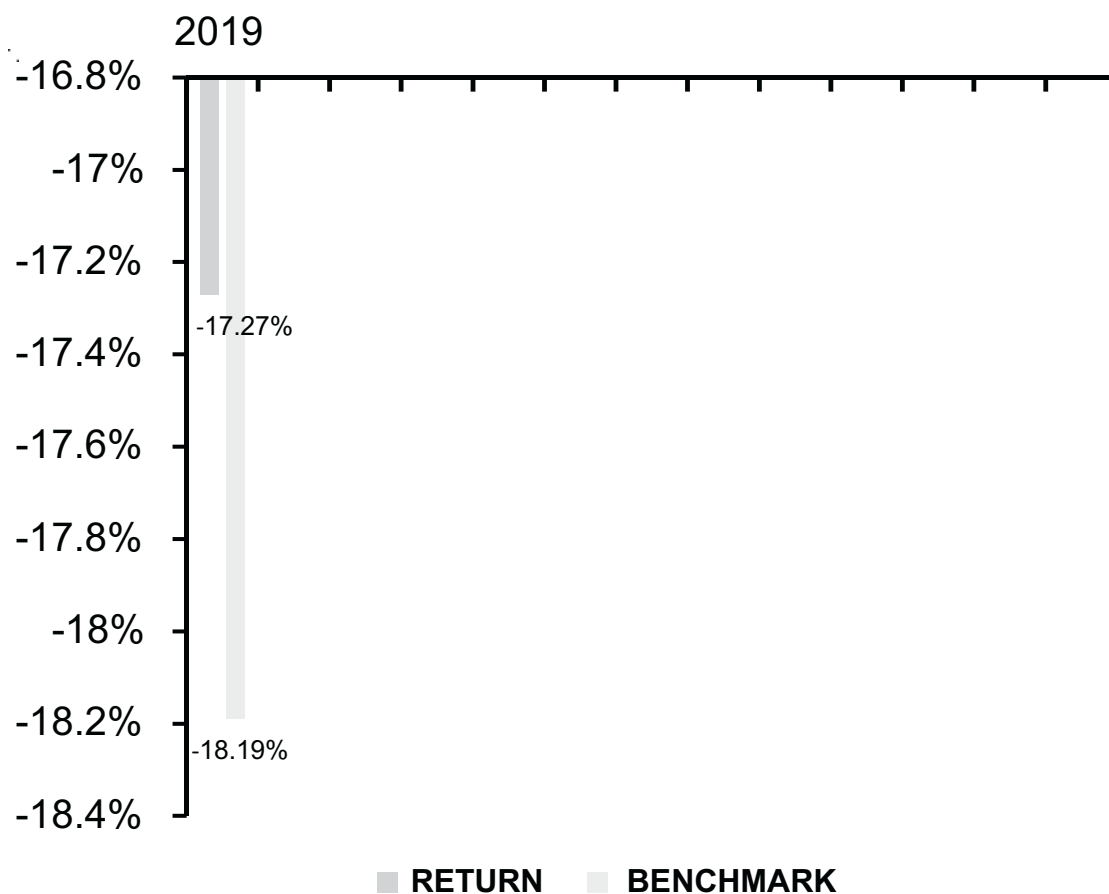
\*Period from 10 January 2019 to 30 June 2019 (Date of Launch: January 10, 2019)

\*\* Relates to announced prices.

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



## Yearly Performance



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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 Islamic Dedicated Stock 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, 2019 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: 27 September 2019

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

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## REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Adviser of the Atlas Islamic Dedicated Stock Fund (AIDSF), I am issuing this report in accordance with clause 11.3 (b) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Adviser, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy can be objectively verified.

For screening investment in equities, I have advised a criteria on the basis of the following: (i) nature of business, (ii) interest bearing debt in relation to the total assets, (iii) illiquid assets in relation to the total assets, (iv) investment in non-Shariah compliant activities to total assets and income from non-compliant investments to gross revenues, and (v) net liquid assets per share vs. share price.

As part of my mandate as the Shariah Adviser to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended June 30, 2019 are in compliance with the Shariah principles.

There are investments made by AIDSF where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Fund Manager, in consultation with me, the Shariah Board of the Fund, have determined the Haram portion of the income of the Fund and marked to charity in order to purify the whole income.

Karachi: 30 June 2019

**Dr. Mufti Muhammad Wasie Fasih Butt**  
Shariah Advisor

# INDEPENDENT AUDITOR'S REPORT

## To the Unitholders of Atlas Islamic Dedicated Stock Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Atlas Islamic Dedicated Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2019, and the income statement, statement of comprehensive income, cash flows statement and statement of movement in unit holders' fund for the period 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 2019, and of its financial performance and its cash flows for the period 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 period ended 30 June 2019, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the period end.</p> <p>Further, the adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Fund.</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, classification and valuation of investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>We tested controls over acquisition, disposals and periodic valuation of investment portfolio.</li> <li>We performed substantive audit procedures on period-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 2019.</li> <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</li> </ul>

Key Audit Matter	How our audit addressed the key audit matter
	<p>investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</p> <ul style="list-style-type: none"> <li>• We evaluated the appropriateness of the new accounting policies for classification and measurement of equity investments adopted by the Fund in accordance with the requirements of IFRS 9.</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.

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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 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.

**EY Ford Rhodes**  
Chartered Accountants

Karachi: 26 September 2019

**Engagement Partner: Arslan Khalid**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2019

	Note	2019 ----Rupees ----
<b>ASSETS</b>		
Bank balances	4	4,490,047
Investments	5	248,332,196
Receivable against sale of investment		932,900
Profit receivable on bank balances		21,465
Dividend receivable		431,875
Deferred formation cost	6	888,860
Advances, deposits and other receivables	7	3,515,578
<b>Total assets</b>		<b>258,612,921</b>
<b>LIABILITIES</b>		
Payable to Atlas Asset Management Limited - Management Company	8	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	9	54,810
Payable to the Securities and Exchange Commission of Pakistan	10	104,474
Accrued expenses and other liabilities	11	302,079
<b>Total liabilities</b>		<b>2,085,777</b>
<b>NET ASSETS</b>		<b>256,527,144</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>256,527,144</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>620,181</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>413.63</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# INCOME STATEMENT

FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

For the Period from  
10 January 2019 to  
30 June 2019  
-----Rupees-----

## INCOME

Profit on bank balances		726,956
Dividend income		5,400,600
Capital loss on sale of investments - net		(5,838,674)
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(48,527,514)
		<b>(54,366,188)</b>
<b>Total loss</b>		<b>(48,238,632)</b>
<b>EXPENSES</b>		
Remuneration of Atlas Asset Management Limited - Management Company	8.1	2,199,498
Sindh sales tax on remuneration of the Management Company	8.2	285,935
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	219,949
Sindh sales tax on remuneration of the Trustee	9.2	28,593
Annual fee - Securities and Exchange Commission of Pakistan	10	104,474
Accounting and operational charges	13	109,975
Shariah advisory fee		25,000
Auditors' remuneration	15	167,400
Securities transaction cost		542,128
Printing charges		5,959
Amortisation of formation cost	6	222,215
Bank charges		8,228
		<b>3,919,354</b>
<b>Net loss for the period before taxation</b>		<b>(52,157,986)</b>
<b>Taxation</b>	16	-
<b>Net loss for the period after taxation</b>		<b>(52,157,986)</b>
<b>Loss per unit</b>	17	

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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director



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## STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

For the Period from  
10 January 2019 to  
30 June 2019  
-----Rupees-----

Net loss for the period after taxation	(52,157,986)
Other comprehensive (loss) / income	-
<b>Total comprehensive loss for the period</b>	<b>(52,157,986)</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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

## STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

For the Period from 10 January 2019 to 30 June 2019

	Capital Value	Undistributed income	Net Assets
	-----Rupees-----		
<b>Net assets at the beginning of the period</b>	-	-	-
Issue of 638,087 units	317,893,987	-	317,893,987
Redemption of 17,906 units	(9,100,000)	-	(9,100,000)
Total comprehensive loss for the period	-	(52,157,986)	(52,157,986)
Shariah non-compliant income set-aside for charity	-	(108,857)	(108,857)
<b>Net assets at end of the period</b>	<b>308,793,987</b>	<b>(52,266,843)</b>	<b>256,527,144</b>
<b>(Units outstanding: 620,181) (Rs. 413.63 per unit)</b>			
<b>Undistributed loss carried forward</b>			
- Realised loss	-	(3,739,329)	-
- Unrealised loss	-	(48,527,514)	-
	<b>-</b>	<b>(52,266,843)</b>	<b>-</b>

# CASH FLOW STATEMENT

FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

For the Period from  
10 January 2019 to  
30 June 2019

Note -----Rupees-----

## CASH FLOWS FROM OPERATING ACTIVITIES

Net loss for the period after taxation	(52,157,986)
<b>Adjustments for:</b>	
Profit on bank balances	(726,956)
Dividend income	(5,400,600)
Capital loss on sale of investments - net	5,838,674
Net unrealised loss on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	48,527,514
Amortisation of formation cost	222,215
	<b>48,460,847</b>
<b>Increase in assets</b>	
Receivable against sale of investments	(932,900)
Deferred formation cost	(1,111,075)
Advances, deposits and other receivables	(3,515,578)
	<b>(5,559,553)</b>
<b>Increase in liabilities</b>	
Payable to Atlas Asset Management Limited - Management Company	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	54,810
Payable to the Securities and Exchange Commission of Pakistan	104,474
Accrued expenses and other liabilities	302,079
	<b>2,085,777</b>
Profit received on bank balances	705,491
Dividend received	4,968,725
Investments made during the period	(337,616,046)
Investments sold during the period	34,917,662
<b>Net cash (used in) operating activities</b>	<b>(304,195,083)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net receipts from issuance of units	317,893,987
Net payments against redemption of units	(9,100,000)
Shariah non-compliant income set-aside for charity	(108,857)
<b>Net cash generated from financing activities</b>	<b>308,685,130</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>4,490,047</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>4,490,047</b>

4

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

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Dedicated Stock Fund (the Fund) is an open-ended shariah compliant scheme constituted under a trust deed entered into on 03 September 2018 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahr-e-Firdousi, Clifton, Karachi. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on 09 October 2018.
- 1.2 The Fund is an open-ended Shariah compliant fund and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered to public (IPO) on 10 January 2019. The units are transferable and can also be redeemed by surrendering to the Fund.
- 1.3 According to the Trust Deed, the principal activity of the Fund is to provide capital appreciation to investors schemes by investing in Shariah Compliant equity securities.
- 1.4 The titles of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS OF 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), 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 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)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations – Previously held interests in a joint operation	01 January 2019
IFRS Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial instruments – Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements –Previously held interests in a joint operation	01 January 2019
IFRS 16 - Leases	01 January 2019
Definition of Material – Amendments to IAS 1 and IAS 8	01 January 2019
IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019

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.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019 respectively. The Fund expects that such improvements to the standards will not have any 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.

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

## 2.3 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

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

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.

### 2.4 Accounting convention

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

### 2.5 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.

### 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

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

##### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets."

##### 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;

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

- 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.

### **i) Financial assets (equity and debt instruments) measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### **ii) Financial assets (debt instruments) measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category accrued income and other receivables.

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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## **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.

### **c) 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.

### **d) Impairment of financial assets**

The Fund only considers expected credit losses for bank balances, trade and other receivables and measures expected credit losses 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.

### **e) 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.

## **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 PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

### 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

Distribution to unit holders is recognised upon declaring and approval by the Distribution Committee of the Board of Directors of the Management Company under powers delegated to them by the Board of Directors of the Management Company or declaration and approval by the Board of Director of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

### 3.6 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 August 3, 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

- 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 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. The Fund intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no provision is made for current and deferred taxation in these financial statements.

### 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.

	Note	June 30 2019 -----Rupees-----
<b>4 BANK BALANCES</b>		
In local currency		
- Profit and loss sharing accounts	4.1	4,490,047
		<b>4,490,047</b>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6.00% to 11.00% per annum.

	Note	June 30 2019 -----Rupees-----
<b>5 INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
- Listed equity securities	5.1	248,332,196
		<b>248,332,196</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 5.1 At fair value through profit or loss - Listed equity securities

Shares of listed companies - fully paid up ordinary shares with a face value of Rs 10 each unless stated otherwise.

Name of Investee Company	Note	As at 10 January 2019	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 30 June 2019	Carrying cost as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Total paid up capital of the Investee Company
<div>-----Number of shares-----Rupees-----Percentage-----</div>											
Inv. Bank/Inv. Companies/Securities Co.											
Dawood Hercules Corporation Limited		-	24,300	-	500	23,800	2,890,122	2,647,512	1.07	1.03	0.00
		-	24,300	-	500	23,800	2,890,122	2,647,512	1.07	1.03	0.00
Banks											
BankIslami Pakistan Limited		-	241,000	-	-	241,000	3,444,455	2,769,090	1.12	1.08	0.02
Meezan Bank Limited		-	296,500	22,400	10,500	308,400	26,086,022	26,880,144	10.82	10.48	0.02
		-	537,500	22,400	10,500	549,400	29,530,477	29,649,234	11.94	11.56	
Textile Composite											
Interloop Limited		-	67,500	-	-	67,500	3,111,750	2,988,225	1.20	1.16	0.01
Kohinoor Textile Mills Limited		-	146,000	-	6,000	140,000	5,985,721	3,507,000	1.41	1.37	0.05
Nishat Mills Limited		-	63,100	-	37,000	26,100	3,642,724	2,436,174	0.98	0.95	0.01
		-	276,600	-	43,000	233,600	12,740,195	8,931,399	3.60	3.48	
Cement											
Attock Cement Pakistan Limited		-	22,000	-	400	21,600	2,351,290	1,542,456	0.62	0.60	0.02
Cherat Cement Company Limited		-	49,500	-	1,000	48,500	3,430,078	1,501,560	0.60	0.59	0.03
D.G. Khan Cement Company Limited		-	86,500	-	6,000	80,500	7,075,422	4,551,470	1.83	1.77	0.02
Lucky Cement Limited		-	45,600	-	7,700	37,900	17,748,163	14,419,813	5.81	5.62	0.01
Maple Leaf Cement Factory Limited		-	36,000	-	1,000	35,000	1,595,854	836,150	0.34	0.33	0.01
		-	239,600	-	16,100	223,500	32,200,807	22,851,449	9.20	8.91	
Refinery											
Attock Refinery Limited		-	4,600	-	4,600	-	-	-	-	-	-
National Refinery Limited		-	9,400	-	9,400	-	-	-	-	-	-
		-	14,000	-	14,000	-	-	-	-	-	
Power Generation & Distribution											
K-Electric Limited (face value Rs. 3.5)		-	538,500	-	10,000	528,500	3,304,758	2,320,115	0.93	0.90	0.00
The Hub Power Company Limited		-	245,000	27,403	8,500	263,903	21,772,645	20,782,361	8.37	8.10	0.02
		-	783,500	27,403	18,500	792,403	25,077,403	23,102,476	9.30	9.01	
Oil & Gas Marketing Companies											
Attock Petroleum Limited		-	14,600	-	200	14,400	6,152,861	4,154,544	1.67	1.62	0.01
Hascol Petroleum Limited		-	12,300	-	12,300	-	-	-	-	-	-
Pakistan State Oil Company Limited		-	70,100	-	600	69,500	15,034,832	11,789,285	4.75	4.60	0.02
Sui Northern Gas Pipelines Limited		-	44,000	-	1,000	43,000	3,497,270	2,988,070	1.20	1.16	0.01
		-	141,000	-	14,100	126,900	24,684,963	18,931,899	7.62	7.38	
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited		-	13,440	-	160	13,280	16,467,349	13,403,902	5.40	5.23	0.01
Oil & Gas Development Company Limited 5.3		-	236,000	-	1,500	234,500	33,871,106	30,834,405	12.42	12.02	0.01
Pakistan Oilfields Limited		-	41,400	-	400	41,000	18,496,700	16,641,490	6.70	6.49	0.01
Pakistan Petroleum Limited	5.3	-	177,400	-	10,200	167,200	30,141,182	24,148,696	9.72	9.41	0.01
		-	468,240	-	12,260	455,980	98,976,337	85,028,493	34.24	33.15	
Engineering											
International Industries Limited		-	63,800	-	7,000	56,800	7,438,123	4,377,576	1.76	1.71	0.05
International Steels Limited		-	21,000	-	-	21,000	1,263,050	833,910	0.34	0.33	0.00
		-	84,800	-	7,000	77,800	8,701,173	5,211,486	2.10	2.03	
Technology & Communications											
Systems Limited		-	40,500	-	40,500	-	-	-	-	-	-
		-	40,500	-	40,500	-	-	-	-	-	
Fertilizer											
Engro Corporation Limited	5.3	-	91,700	9,020	5,300	95,420	28,226,638	25,343,552	10.21	9.88	0.02
Engro Fertilizers Limited		-	313,000	-	34,000	279,000	20,958,313	17,847,630	7.19	6.96	0.02
		-	404,700	9,020	39,300	374,420	49,184,951	43,191,182	17.39	16.84	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

Name of Investee Company	Note	Number of shares					Rupees		Percentage		
		As at 10 January 2019	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 30 June 2019	Carrying cost as at 30 June 2019	Market value as at 30 June 2019	Market value as a percentage of total investments	Market value as a percentage of net assets	Total paid up capital of the Investee Company
<div>-----Number of shares-----<div>Rupees-----Percentage-----</div></div>											
Pharmaceuticals											
Glaxosmithkline Pakistan Limited		-	12,700	-	200	12,500	1,633,361	1,191,625	0.48	0.46	0.00
AGP Limited		-	8,500	-	-	8,500	762,860	582,505	0.23	0.23	0.00
Ferozsons Laboratories Limited		-	14,000	-	-	14,000	2,408,586	1,565,480	0.63	0.61	0.05
The Searle Company Limited		-	31,700	-	6,700	25,000	5,949,784	3,664,000	1.48	1.43	0.01
		-	66,900	-	6,900	60,000	10,754,591	7,003,610	2.82	2.73	
Chemicals											
Engro Polymer & Chemicals Limited		-	139,000	-	89,000	50,000	1,399,999	1,348,000	0.54	0.53	0.01
Lotte Chemical Pakistan Limited		-	97,500	-	97,500	-	-	-	-	-	-
		-	236,500	-	186,500	50,000	1,399,999	1,348,000	0.54	0.53	
Paper & Board											
Cherat Packaging Limited		-	20,500	-	15,100	5,400	718,692	435,456	0.18	0.17	0.01
		-	20,500	-	15,100	5,400	718,692	435,456	0.18	0.17	
Vanaspati & Allied Industries											
Unity Foods Limited		-	75,000	-	75,000	-	-	-	-	-	-
		-	75,000	-	75,000	-	-	-	-	-	-
Glass & Ceramics											
Tariq Glass Industries Limited		-	28,500	-	28,500	-	-	-	-	-	-
		-	28,500	-	28,500	-	-	-	-	-	-
Total as at 30 June 2019							296,859,710	248,332,196	100.00	96.81	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

- 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 sections 150 and 151. However, 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 by the withholder. Such deductions aggregate to Rs. 0.76 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in 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 Funds has been shown as other receivable as at 30 June 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		June 30 2019 -----Rupees-----
<b>8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY</b>	<b>Note</b>	
Remuneration of the Management Company	8.1	435,033
Sindh sales tax payable on remuneration of the Management Company	8.2	56,554
Accounting and operational charges payable	13	21,752
Formation cost payable		1,111,075
		<b>1,624,414</b>

- 8.1 During the period ended 30 June 2019 the Management Company has charged its remuneration at the rate of 2% per annum of the average annual net assets of the Fund for the period. The fee is payable to the Management Company monthly in arrears.

- 8.2 During the period, an amount of Rs. 285,935 was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 229,381 has been paid to the Management Company which acts as the collecting agent.

		June 30 2019 -----Rupees-----
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY</b>	<b>Note</b>	
Trustee fee	9.1	43,504
Sindh sales tax payable on trustee fee	9.2	5,656
Settlement charges		5,000
Sindh sales tax payable on settlement charges		650
		<b>54,810</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

**9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs. 1,000 million Rs. 0.7 million or 0.20% per annum of Net Asset Value whichever is higher
- On an amount exceeding Rs.1,000 million Rs. 2.0 million plus 0.10% per annum of Net Asset Value exceeding Rs. 1,000 million

**9.2** During the period, an amount of Rs. 28,593 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. 22,937 was paid to the Trustee which acts as a collecting agent.

<b>10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)</b>		<b>June 30 2019</b>
	<b>Note</b>	<b>-----Rupees-----</b>
Annual fee payable	10.1	<b>104,474</b>

**10.1** In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an equity scheme is required to pay the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		<b>June 30 2019</b>
	<b>Note</b>	<b>-----Rupees-----</b>
Auditors' remuneration payable		134,999
Charity payable	11.1	90,950
Transaction charges payable		44,263
Withholding tax payable		13,408
Payable to Shariah Advisor		12,500
Printing charges payable		5,959
		<b>302,079</b>

**11.1** The Shariah Advisor of the Fund, has certified an amount of Rs. 108,857 against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity.

## **12 CONTINGENCIES AND COMMITMENTS**

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

## **13 ACCOUNTING AND OPERATIONAL CHARGES**

Uptil 19 June 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 (I) /2019 dated 20 June 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from 20 June 2019.

However, the management continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from 01 July 2018 to 19 June 2019 and from 20 June 2019 to 30 June 2019, being lower than actual expenses.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 June 2019 is 1.67% which includes 0.25% 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.

**For the Period from  
10 January 2019 to  
30 June 2019  
-----Rupees-----**

## 15 AUDITORS' REMUNERATION

Audit fee	125,000
Certification charges	20,000
Out of pocket expenses	10,000
Sindh sales tax on services	12,400
	<b>167,400</b>

## 16 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 Fund has incurred net loss for the period hence, no distribution has been made by the Fund.

## 17 LOSS PER UNIT

Loss 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 loss per unit is not practicable.

## 18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** 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.
- 18.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 18.3** 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.
- 18.4** The details of transactions carried out by the Fund with connected persons during the period and the balances with them at the period end are as follows:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

	June 30 2019 -----Rupees-----
<b>Atlas Asset Management Limited (Management Company)</b>	
Remuneration of the Management Company	2,199,498
Remuneration paid	1,764,465
Sindh sales tax on remuneration of the Management Company	285,935
Accounting and operational charges	109,975
<b>Central Depository Company of Pakistan Limited (Trustee)</b>	
Remuneration of the Trustee	219,949
Sindh sales tax on remuneration of the Trustee	28,593
Remuneration paid	176,445
Settlement charges	24,647
Sindh sales tax on settlement charges	3,204
<b>Atlas Aggressive Allocation Islamic Plan</b>	
Issue of 162,443 units	81,028,277
Redemption of 11,029 units	5,600,000
Outstanding 151,414 units at net asset value	62,629,378
<b>Atlas Moderate Allocation Islamic Plan</b>	
Issue of 122,399 units	60,936,757
Redemption of 4,951 units	2,500,000
Outstanding 117,448 units at net asset value	48,579,954
<b>Atlas Conservative Allocation Islamic Plan</b>	
Issue of 66,864 units	32,928,953
Redemption of 1,926 units	1,000,000
Outstanding 64,938 units at net asset value	26,860,400
<b>Atlas Islamic Capital Preservation Plan</b>	
Issue of 286,381 units	143,000,000
Outstanding 286,381 units at net asset value	118,455,813

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

### 19 FINANCIAL INSTRUMENTS BY CATEGORY

	-----As at 30 June 2019-----			
	Amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	----- (Rupees) -----			
<b>Financial Assets</b>				
Bank balances	4,490,047	-	-	4,490,047
Investments	-	248,332,196	-	248,332,196
Receivable against sale of investment	932,900	-	-	932,900
Profit receivable on bank balances	21,465	-	-	21,465
Dividend receivable	431,875	-	-	431,875
Advances, deposits and other receivables	2,754,957	-	-	2,754,957
	<b>8,631,244</b>	<b>248,332,196</b>	<b>-</b>	<b>256,963,440</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

	-----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	-	1,624,414	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	-	54,810	54,810
Accrued expenses and other liabilities	-	288,671	288,671
	-	<b>1,967,895</b>	<b>1,967,895</b>

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**20.1** 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.

### 20.2 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 profit rates, foreign exchange rates and equity prices.

#### (i) Profit rate risk

Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. As of 30 June 2019, the Fund is exposed to such 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 / decrease in market interest rates as at 30 June 2019, with all other variables held constant, the net income for the year and net assets would have been higher / lower by Rs. 44,900.

#### 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 profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

Yield / profit 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 profit rate sensitivity related to financial assets and financial liabilities as at 30 June 2019 can be determined as follows:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

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

Effective yield / profit rate %	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- (Rupees) -----

### Financial Assets

Bank balances	6.0 - 11.0	4,490,047	-	-	-	4,490,047
Investments		-	-	-	248,332,196	248,332,196
Receivable against sale of investment		-	-	-	932,900	932,900
Profit receivable on bank balances		-	-	-	21,465	21,465
Dividend receivable		-	-	-	431,875	431,875
Advances, deposits and other receivables		-	-	-	2,754,957	2,754,957
		<b>4,490,047</b>	<b>-</b>	<b>-</b>	<b>252,473,393</b>	<b>256,963,440</b>

### Financial Liabilities

Payable to Atlas Asset Management Limited - Management Company		-	-	-	1,624,414	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	54,810	54,810
Accrued expenses and other liabilities		-	-	-	288,671	288,671
		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,967,895</b>	<b>1,967,895</b>

<b>On-balance sheet gap (a)</b>		<b>4,490,047</b>	<b>-</b>	<b>-</b>	<b>250,505,498</b>	<b>254,995,545</b>
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<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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<b>Total interest rate sensitivity gap (a + b)</b>		<b>4,490,047</b>	<b>-</b>	<b>-</b>		
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<b>Cumulative interest rate sensitivity gap</b>		<b>4,490,047</b>	<b>4,490,047</b>	<b>4,490,047</b>		
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### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### (iii) Equity 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 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

In case of 5% increase / decrease in KMI 30 index on 30 June 2019, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs. 12,416,610 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 KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

### 20.3 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 the daily settlement of equity securities and to daily redemptions, if any. 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 investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realisable, as they are listed on the Pakistan Stock Exchange Limited.

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 period.

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:

	-----As at 30 June 2019-----					
	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
	-----Rupees-----					
<b>Financial Assets</b>						
Bank balances	4,490,047	-	-	-	-	4,490,047
Investments	-	-	-	-	248,332,196	248,332,196
Receivable against sale of investment	932,900	-	-	-	-	932,900
Profit receivable on bank balances	21,465	-	-	-	-	21,465
Dividend receivable	431,875	-	-	-	-	431,875
Advances, deposits and other receivables	-	-	-	-	2,754,957	2,754,957
	<b>5,876,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251,087,153</b>	<b>256,963,440</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	1,624,414	-	-	-	-	1,624,414
Payable to Central Depository Company of Pakistan Limited - Trustee	54,810	-	-	-	-	54,810
Accrued expenses and other liabilities	44,263	244,408	-	-	-	288,671
	<b>1,723,487</b>	<b>244,408</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,967,895</b>
<b>Net assets / (liabilities)</b>	<b>4,152,800</b>	<b>(244,408)</b>	<b>-</b>	<b>-</b>	<b>251,087,153</b>	<b>254,995,545</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 20.4 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, receivable against sale of investment, profit receivable on bank balances and advances, deposits and other receivables.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

	June 30 2019	
	Balance as per statement of assets and liabilities	Maximum exposure
Bank balances	4,490,047	4,490,047
Investments	248,332,196	-
Receivable against sale of investment	932,900	932,900
Profit receivable on bank balances	21,465	21,465
Dividend receivable	431,875	431,875
Advances, deposits and other receivables	2,754,957	2,754,957
	<b>256,963,440</b>	<b>8,631,244</b>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 248.332 million is not exposed to credit risk.

### 20.4.1 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 in banks. The credit rating profile of balances with banks is as follows:

	June 30 2019
Ratings of amounts placed with banks	% of financial assets exposed to credit risk
A+	92.26
A	7.74
	<b>100</b>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2019 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 credit worthy counterparties.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

## 20.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

## 20.6 Fair value hierarchy

Following hierarchy is used in determining and disclosing the fair value of the following financial instruments by valuation technique:

- Level 1:** quoted prices in active markets for identical assets.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fund recognises equity securities at fair value which is determined using the rate at which they are quoted on the Stock Exchange (level 1). Fair value of remaining financial assets is not significantly different from their carrying value.

## 21 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 the 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 maintained and complied with the requirement of minimum fund size during the current period.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 20, 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	June 30 2019		
	Number of unit holders	Rupees	% of total
Banks/DFIs/NBFC	4	256,527,144	100.00
	<b>4</b>	<b>256,527,144</b>	<b>100.00</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

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

Name of broker	2019 Percentage of commission paid
Shajar Capital Pakistan (Private) Limited	9.68
Intermarket Securities Limited	9.47
Taurus Securities Limited	8.61
Optimus Capital Management (Private) Limited	8.20
Pearl Securities Limited	8.05
IGI Finex Securities Limited	5.79
BIPL Securities Limited	5.09
ABA Ali Habib Securities (Private) Limited	4.90
AlFalah Securities (Private) Limited	4.48
Foundation Securities (Private) Limited	4.46

### 24 THE 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	19 Years
Mr. Ali H. Shirazi	Director	Masters in Law	15.5 years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	15 Years
Mr. Muhammad Umar Khan	Head of Portfolio Management	MSc - Finance	11 Years
Mr. Fawad Javaid	Head of Fixed Income	CMA	11 Years
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	8 Years

### 25 NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Head of Equities	MBA, CFA	Atlas Stock Market Fund Atlas Islamic Stock Fund Atlas Islamic Fund of Funds

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 10 JANUARY 2019 TO 30 JUNE 2019

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

The details of dates of Board meetings of the management company of the Fund, and the attendance of the Board members are given below:

Name of Directors	Meeting held on		
	28 February 2019	29 April 2019	20 June 2019
Mr. Yusuf H. Shirazi	L	P	P
Mr. Tariq Amin	P	P	P
Mr. Frahim Ali Khan	P	P	P
Mr. Ali H. Shirazi	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P
Ms Zehra Naqvi	P	P	P
Mr. M. Abdul Samad	P	P	P
Ms Qurrat-ul-ain Jafari	P	P	P
Ms Zainab Kazim	P	P	P

P Present

L Leave of absence

## 27 RATING OF THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) on 28 June 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

## 28 GENERAL

**28.1** Figures have been rounded off to the nearest Rupee.

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

**28.3** This is the first year of operations of the Fund hence, there is no comparative information to report in the financial statements.

## 29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 26 September 2019.

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

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

**Muhammad Abdul Samad**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Tariq Amin**  
Director

• انویسٹمنٹ کمپنی۔ انچاس میٹنگز منعقد ہوئیں دوران سال اور شرکت 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	۴۵
۳	جناب خالد محمود (ایگزیکٹو مینجمنٹ)	چیف انویسٹمنٹ آفیسر۔ رکن آئی سی	۴۶
۴	جناب ایم عمر خان (ایگزیکٹو مینجمنٹ)	ہیڈ آف پورٹ فولیو مینجمنٹ۔ رکن آئی سی	۴۰
۵	جناب فواد جاوید (ایگزیکٹو مینجمنٹ)	ہیڈ آف فکسڈ انکم۔ رکن آئی سی	۴۷
۶	جناب فاران الحق (ایگزیکٹو مینجمنٹ)	ہیڈ آف ایکویٹیز۔ سیکریٹری آئی سی	۴۳

ادارے پر عائد معاشرتی ذمہ داریاں اور (سی ایس آر) عطیات

بورڈ سے منظور شدہ کمپنی کے عطیات دینے کے اصول و ضوابط کے تحت ہر سال کمپنی، منظم کمپنی کے منافع، بعد از ادائیگی محصول، کا ایک فیصد عطیہ کرتی ہے۔ اس کے علاوہ شرعی اصولوں پر عمل پیرا ”اٹلس اسلامک اشاک فنڈ“ اور ”اٹلس اسلامک انکم فنڈ“ کی تاسیسی دستاویزات کے تحت یہ لازم ہے کہ فنڈز کی آمدنی کو اس میں شامل حرام جزو سے پاک کیا جائے۔ شرعی مشیر کی تصدیق کے بعد اس طرح کی آمدنی کو سہ ماہی بنیادوں پر، شرعی مشیر کی جانب سے منظور کردہ خیراتی اداروں کو عطیہ کر دیا جاتا ہے۔

تازہ ترین درج بندی

اثاثہ جات منیجر کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پیکرا) نے مینجمنٹ کمپنی کی اسٹیٹ منیجر ریٹنگ اے ایم ۲+ (اے ایم ٹوپلس) ترتیب دی ہے۔ [اے ایم ٹوپلس) + (اے ایم ۲: ۲۰۱۸ء] بتاریخ ۳۰ جون ۲۰۱۹ء کو۔ یہ درجہ بندی کمپنی کی تجربہ کار ٹیم، منظم سرمایہ کاری نظام اور ہم آہنگ معیار نظام اور طریقہ کار کی عکاسی کرتی ہے۔

مستحکم درجہ بندی۔ اے آئی آئی ایف

پیکرا نے اے آئی آئی ایف کی درجہ بندی برائے استحکام فنڈ ترتیب دی ہے ”(اے اے - ایف)“ ”(ڈبل اے مائنس: فنڈ ریٹنگ) بتاریخ ۱۷ اپریل ۲۰۱۹ء کو۔ فنڈز 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 ۲۴ ستمبر ۲۰۱۹ء میں، میسرز ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹینٹس کراچی، کو اٹلس اسلامک انکم فنڈ، اٹلس اسلامک اشاک فنڈ، اٹلس اسلامک فنڈ آف فنڈز اور اٹلس اسلامک ڈیڈ کیپیٹل اشاک فنڈ کیلئے دوبارہ بطور اہل تقرری کیلئے تجویز کیا، برائے اختتام سال ۳۰ جون ۲۰۲۰ء۔

توثیق

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹران، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی قابل قدر حمایت، مدد اور رہنمائی کا شکریہ ادا کرتے ہیں۔ مینجمنٹ کمپنی کے ملازمین اور اسٹی کا ان کی لگن اور محنت کیلئے، اور مینجمنٹ 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: ۲۶ ستمبر، ۲۰۱۹ء



- ☆ کارپوریٹ نظم و ضبط کے اصولوں سے، جن کی تفصیل لسٹنگ قواعد میں دی گئی ہے، کوئی انحراف نہیں کیا گیا ہے۔
- ☆ اہم مالیاتی اعداد و شمار / کارکردگی کے چارٹ، (اے آئی آئی ایف)، (اے آئی ایس ایف)، (اے آئی ایف ایف)، (اے آئی ایف او ایف) اور (اے آئی ڈی ایس ایف) کی سالانہ رپورٹس کے صفحات ۲۲، ۶۲، ۱۰۶ اور ۱۴۲ پر علی الترتیب شائع کئے گئے ہیں۔
- ☆ کفالتی فنڈ کی سرمایہ کاری کی قدر کے گوشوارے کا اطلاق میوچل فنڈ پر نہیں ہوتا کیوں کہ ملازمین کے ریٹائرمنٹ فوائد سے متعلق اخراجات منتظم کمپنی برداشت کرتی ہے۔

☆ نوٹس کی ملکیت کا انداز (اے آئی آئی ایف)، (اے آئی ایس ایف)، (اے آئی ایف او ایف) اور (اے آئی ڈی ایس ایف) کے مالیاتی گوشواروں کے علی الترتیب نوٹس نمبر ۲۳، ۲۲، ۲۲ اور ۲۲ میں دیا گیا ہے۔

#### مینجمنٹ کمپنی اور کمیٹی کے بورڈ آف ڈائریکٹران

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹر ایک ایگزیکٹو اور چھ نان ایگزیکٹو ڈائریکٹران پر مشتمل ہیں۔ اے اے ایم ایل کے ڈائریکٹران میں شامل ہیں جناب یوسف ایچ شیرازی، چیئرمین، جناب فراہیم علی خان ڈائریکٹر، جناب ایم حبیب الرحمن ڈائریکٹر، جناب طارق امین آزاد ڈائریکٹر، جناب علی ایچ شیرازی ڈائریکٹر، مس زہرا نقوی آزاد ڈائریکٹر اور جناب محمد عبدالصمد چیف ایگزیکٹو آفیسر / ڈائریکٹر

۱۹-۲۰۱۸ء مالیاتی سال کے دوران چھ بورڈ مینٹگ منعقد کی گئیں اور اس میں شرکت کی گئی۔ مینٹنگز کی تاریخیں اور شریک ہونیوالے ڈائریکٹران کی تفصیلات، جیسا کہ این بی ایف سی کے قواعد و ضوابط ۲۰۰۸ء کے تحت درکار ہے، اے آئی آئی ایف، اے آئی ایس ایف، اے آئی ایف او ایف، اور اے آئی ڈی ایس ایف کی مالیاتی تفصیلات کے نوٹس ۲۸، ۲۶، ۲۵ اور ۲۶ میں بالترتیب منسلک ہیں۔

بورڈ کی کمیٹیوں میں شامل ہیں آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میٹوریشن کمیٹی، اور انویسٹمنٹ کمیٹی (جس میں ایگزیکٹو مینجمنٹ کے افراد شامل ہیں جیسا کہ این بی ایف سی قواعد ۲۰۰۸ء میں درکار ہے)۔ مندرجہ ذیل تفصیل کے مطابق ان مینٹنگز میں ڈائریکٹران نے شرکت کی تھی۔

#### • آڈٹ کمیٹی (اے سی)۔ چار اے سی مینٹنگز دوران سال منعقد کی گئیں، اور درج ذیل شرکت کی گئی:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	مینٹنگ میں شرکت
۱	جناب طارق امین	آزاد ڈائریکٹر	۴
۲	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۴
۴	جناب ایم حبیب الرحمن	نان ایگزیکٹو ڈائریکٹر	۴

#### • ہیومن ریسورس اینڈ ری میٹوریشن کمیٹی (ایچ آر اینڈ آری)۔ دو مینٹنگز منعقد ہوئیں دوران سال اور شرکت کی گئی درج ذیل:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	مینٹنگ میں شرکت
۱	جناب فراہیم علی خان	نان ایگزیکٹو ڈائریکٹر	۲
۲	جناب علی ایچ شیرازی	نان ایگزیکٹو ڈائریکٹر	۲
۳	جناب ایم عید الصمد	چیف ایگزیکٹو آفیسر	۲

## تقسیم آمدن۔ اے آئی آئی ایف

منتظم کمپنی کی سرمایہ کاری کمیٹی برائے اے آئی آئی ایف کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس کو ۴۱.۰۰ روپے فی یونٹ منافع (۲۰۱۸: ۲۴.۵۰ روپے فی یونٹ پورے سال کیلئے) برائے اختتام مالیاتی سال ۳۰ جون ۲۰۱۹ء کیلئے فی یونٹ تقسیم کا اعلان کیا، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۸.۲۰ فیصد (۲۰۱۸ء: ۲۴.۵۰ روپے فی یونٹ عبوری منافع، ۵۰۰ روپے فی یونٹ کی اصل قیمت پر ۴.۹۰ فیصد)۔

## تقسیم آمدن۔ اے آئی ایس ایف

اے اے ایم ایل کے بورڈ آف ڈائریکٹران، اے آئی ایس ایف کی میجسٹ کمپنی، نے اپنی میٹنگ منعقدہ ۴ جولائی ۲۰۱۹ء کو مالیاتی سال برائے اختتام ۳۰ جون ۲۰۱۹ء کیلئے فنڈ کو خسارے کی وجہ سے کسی منافع کا اعلان نہیں کیا۔ (۲۰۱۸ء: صفر روپے فی یونٹ)۔

## چیئر مین کا جائزہ:

اے آئی آئی ایف، اے آئی ایس ایف، اے آئی ایف او ایف اور اے آئی ڈی ایس ایف کی سالانہ رپورٹ میں شامل جائزہ منجملہ 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۔

مقاپ کو اس سال کردہ ایس ای سی پی لیٹر نمبر ۲۰۱۸/۳۴۶/مقاپ / آر ایس / ایس سی ڈی مورخہ ۱۸ اپریل ۲۰۱۸ء کے مطابق جس کے تحت غیر محدود مجموعی سرمایہ کاری منصوبہ نیز غیر مندرج میجسٹ کمپنیاں، جو اس طرح کے مجموعی سرمایہ کاری منصوبہ چلا رہی ہیں، نئی لسٹنگ کمپنیز (ضابطہ برائے انتظامی تشکیل) کے قواعد و ضوابط ۲۰۱۷ء کی ضروریات سے مستثنیٰ ہیں۔

## بورڈ کے ڈائریکٹران کی جانب سے توثیق نامہ

بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ (اے آئی آئی ایف)، (اے آئی ایس ایف)، (اے آئی ایف او ایف) اور (اے آئی ڈی ایس 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 اگر کہیں انحراف ہوا ہے تو اسے مناسب طریقے سے ظاہر کر دیا گیا ہے۔

☆ اندرونی نظم و ضبط کا نظام موثر نگرانی میں مستحکم بنیادوں پر نافذ ہے۔

☆ فنڈز کے مستقل بنیادوں پر جاری رہنے پر کوئی شبہ نہیں ہے۔

## ڈائریکٹر رپورٹ:

اٹلس ایسیٹ منیجمنٹ لمیٹڈ، (اے اے ایم ایل) منتظم برائے اٹلس اسلامک انکم فنڈ (اے آئی آئی ایف) "اٹلس اسلامک اسٹاک فنڈ (اے آئی ایس ایف)، اٹلس اسلامک فنڈ آف فنڈز (اے آئی ایف او ایف) اور اٹلس اسلامک ڈیڈویکینڈ اسٹاک فنڈ (اے آئی ڈی ایس ایف)، کے ڈائریکٹر صاحبان مذکورہ فنڈز کے آڈٹ شدہ مالیاتی نتائج برائے اختتام سال ۲۰۱۹ء، آڈیٹرز کی رپورٹ کے ہمراہ پیش کرتے ہوئے دلی مسرت محسوس کرتے ہیں۔

آمدنی فی یونٹ، ریٹرن، مجموعی اثاثہ جات اور خلاصہ فروخت / تلافی

آمدنی فی یونٹ، ریٹرن، مجموعی اثاثہ جات، اور اے آئی آئی ایف اور اے آئی ایس ایف، اے آئی ایف او ایف اور اے آئی ڈی ایس ایف کا خلاصہ فروخت / تلافی برائے اختتام سال ۲۰۱۹ء اور ۲۰۱۸ء درج ذیل ہیں۔

تفصیلات	اے آئی آئی ایف	اے آئی ایس ایف	اے آئی ایف او ایف	اے آئی ڈی ایس ایف
	۲۰۱۹ء	۲۰۱۸ء	۲۰۱۹ء	۲۰۱۸ء
آمدنی / (خسارہ) فی یونٹ - روپے	۲۸.۷۰	۳۳.۲۱	(۱۰۱.۶۰)	(۸۳.۱۰)
ریٹرن	۸.۴۸ فیصد	۴.۹۲ فیصد	(۱۸.۹۵) فیصد	(۷.۸۸) فیصد
مجموعی اثاثہ جات - ملین روپے	۱,۳۹۲.۲۳	۸۷۲.۲۲	۱۲۰۴.۹۹	۲,۲۶۲.۱۹
فروخت - ملین روپے	۱,۵۰۹.۰۷	۱,۵۰۷.۷۵	۱,۲۰۴.۴۸	۱,۷۶۳.۵۹
فروخت - بالحاظ یونٹس	۲,۹۳۵,۳۳۱	۲,۹۲۶,۸۳۰	۲,۴۳۷,۳۸۵	۳,۲۸۳,۰۱۰
ریڈمپشن - ملین روپے	۹۳۶.۵۳	۲,۳۰۶.۳۵	۱,۹۷۵.۵۳	۱,۶۵۳.۴۶
ریڈمپشن - بالحاظ یونٹس	۱,۸۲۵,۸۳۵	۴,۴۸۳,۹۸۴	۳,۸۹۹,۴۱۳	۳,۰۷۶,۵۵۱
یونٹس بقایا جات بوقت اختتام سال	۲,۷۶۲,۷۶۶	۱,۶۵۳,۲۷۰	۲,۸۰۳,۱۰۹	۸,۶۵۷,۹۳۶








تفصیلات	اٹلس ایگریسیو	اٹلس کنزرویٹو	اٹلس اسلامک	اٹلس اسلامک کیپیٹل
	ایلوکیشن اسلامک پلان	ایلوکیشن اسلامک پلان	ایلوکیشن اسلامک پلان	پریزرویشن پلان
آمدنی / (خسارہ) فی یونٹ - روپے	(۵۵.۴۹)	(۳۴.۳۴)	(۵.۰۱)	(۱۶.۴۷)
ریٹرن	(۱۱.۲۲) فیصد	(۶.۹۱) فیصد	(۰.۹۴) فیصد	(۲.۴) فیصد
مجموعی اثاثہ جات - ملین روپے	۹۲.۹۲	۱۰۳.۲۸	۱۲۰.۸۷	۴۳۰.۸۶
فروخت - ملین روپے	۱۱۲.۲۶	۱۱۵.۹۵	۱۲۶.۵۹	۴۴۵.۴۰
فروخت - بالحاظ یونٹس	۲۲۴,۵۲۹	۲۳۱,۸۸۶	۲۵۲,۹۴۲	۸۸۲,۹۳۰
ریڈمپشن - ملین روپے	۷.۷۲	(۵.۰۵)	(۴.۵۰)	-
ریڈمپشن - بالحاظ یونٹس	۱۵,۱۸۷	۹,۹۸۹	۸,۹۴۱	۳
یونٹس بقایا جات بوقت اختتام سال	۲۰۹,۳۴۱	۲۲۱,۸۹۷	۲۴۴,۰۲۱	۸۸۲,۹۳۶










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